

104TH CONGRESS
2D SESSION

S. 1904

To implement the Project for American Renewal, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25, 1996

Mr. COATS introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To implement the Project for American Renewal, and for
other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Project for American Renewal Act”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—EFFECTIVE COMPASSION

Subtitle A—Charity Tax Credit

PART I—CHARITY TAX CREDIT

Sec. 101. Credit for charitable contributions to certain private charities providing assistance to the poor.

PART II—BUDGET OFFSETS

SUBPART A—TAX OFFSETS

Sec. 111. Repeal of earned income credit for individuals without children.

Sec. 112. Legislation to eliminate corporate tax subsidies.

SUBPART B—FOOD STAMP PROGRAM

Sec. 121. Alternative authorizations of appropriations.

SUBPART C—REDUCTIONS UNDER SOCIAL SECURITY ACT

Sec. 131. Reduction of amounts paid to States under part A of title IV of the Social Security Act.

Sec. 132. Repeal of block grants to States for social services.

SUBPART D—HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Sec. 141. Reduction of community development block grant amounts.

Sec. 142. Repeal of home program.

Subtitle B—Other Provisions

Sec. 151. Credit for charitable contributions to individuals providing home care to certain individuals in need.

Sec. 152. Medical volunteer tort claim immunity.

Sec. 153. Community partnership grant program.

TITLE II—COMMUNITY EMPOWERMENT

Subtitle A—Education

Sec. 201. Short title.

Sec. 202. Purpose.

Sec. 203. Definitions.

Sec. 204. Authorization of appropriations.

Sec. 205. Program authorized.

Sec. 206. Authorized projects; priority.

Sec. 207. Applications.

Sec. 208. Education certificates.

Sec. 209. Effect on other programs; use of school lunch data; construction provisions.

Sec. 210. Parental notification.

Sec. 210A. Evaluation.

Sec. 210B. Reports.

Subtitle B—Restitution and Responsibility

Sec. 211. Restitution and responsibility grant program.

Subtitle C—Independence

Sec. 221. Findings.

Sec. 222. Individual development account demonstration projects.

Sec. 223. Individual development accounts.

Sec. 224. Funds in individual development accounts of demonstration project participants disregarded for purposes of all means-tested Federal programs.

Subtitle D—Housing

PART I—URBAN HOMESTEADS

Sec. 231. Urban homestead provisions.

PART II—MATERNITY SHELTER

Sec. 232. Findings.

SUBPART A—MATERNAL HEALTH CERTIFICATES PROGRAM

Sec. 233. Maternal health certificates for eligible pregnant women.

SUBPART B—MATERNITY HOME DEMONSTRATIONS

Sec. 236. Purposes.

Sec. 237. Establishment of demonstration program.

SUBPART C—REHABILITATION GRANTS FOR MATERNITY HOUSING AND SERVICES FACILITIES

Sec. 241. Establishment of grant program.

Sec. 242. Authority and applications.

Sec. 243. Grant limitations.

Sec. 244. Reports.

Sec. 245. Definitions.

Sec. 246. Authorization of appropriations.

SUBPART D—MISCELLANEOUS PROVISIONS

Sec. 248. Evaluations and reports.

Sec. 249. Prohibition on abortion.

TITLE III—OTHER AMERICAN RENEWAL INCENTIVES

Subtitle A—Housing

Sec. 301. Public housing for intact families.

Sec. 302. Effective date.

Subtitle B—Responsible Parenting

Sec. 311. Amendments to the Social Security Act.

Sec. 312. Integration of family planning and maternal and child health services.

Sec. 313. Abstinence services.

Sec. 314. Use of funds.

Sec. 315. Application for block grant funds.

Sec. 316. Reports and audits.

- Sec. 317. Evaluation.
- Sec. 318. Repeal of certain programs.
- Sec. 319. Effective date.

Subtitle C—Character Development

- Sec. 321. Purposes.
- Sec. 322. Definitions.
- Sec. 323. Mentoring programs.
- Sec. 324. Implementation and evaluation grants.
- Sec. 325. Authorized activities.
- Sec. 326. Regulations and guidelines.
- Sec. 327. Applications.
- Sec. 328. Evaluation.
- Sec. 329. Reports.
- Sec. 330. Authorization of appropriations.

Subtitle D—Family Reconciliation

- Sec. 331. Set-aside for States with approved family reconciliation plans.
- Sec. 332. Use of funds under Legal Services Corporation Act.

Subtitle E—Mentor Schools

- Sec. 341. Mentor schools.

Subtitle F—Role Models Academy

- Sec. 351. Purpose; definitions.
- Sec. 352. Objectives.
- Sec. 353. Academy established.
- Sec. 354. Authorization.

Subtitle G—Kinship Care

- Sec. 361. Kinship care demonstration.
- Sec. 362. Procedures to place children with relatives.
- Sec. 363. Authorization of appropriations.

1 **TITLE I—EFFECTIVE**
 2 **COMPASSION**
 3 **Subtitle A—Charity Tax Credit**
 4 **PART I—CHARITY TAX CREDIT**
 5 **SEC. 101. CREDIT FOR CHARITABLE CONTRIBUTIONS TO**
 6 **CERTAIN PRIVATE CHARITIES PROVIDING**
 7 **ASSISTANCE TO THE POOR.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-
 9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to nonrefundable personal credits) is
 2 amended by inserting after section 25 the following new
 3 section:

4 **“SEC. 25A. CREDIT FOR CERTAIN CHARITABLE CONTRIBU-**
 5 **TIONS.**

6 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 7 dividual, there shall be allowed as a credit against the tax
 8 imposed by this chapter for the taxable year an amount
 9 equal to the sum of—

10 “(1) 100 percent of the qualified charitable con-
 11 tributions which are paid by the taxpayer during the
 12 taxable year to the extent such contributions do not
 13 exceed \$100, plus

14 “(2) 90 percent of such contributions in excess
 15 of \$100 but not in excess of the maximum dollar
 16 amount.

17 In the case of a joint return, this subsection shall be ap-
 18 plied by substituting ‘\$200’ for ‘\$100’ each place it ap-
 19 pears.

20 “(b) MAXIMUM DOLLAR AMOUNT.—For purposes of
 21 this section—

22 “(1) IN GENERAL.—The maximum dollar
 23 amount shall be determined in accordance with the
 24 following table:

“In the case of taxable years beginning in:	The maximum dollar amount is:
1997	\$100

**“In the case of taxable years The maximum dollar amount is:
beginning in:**

1998	200
1999	300
2000	400
2001 and thereafter	500.

1 “(2) JOINT RETURNS.—In the case of a joint
2 return, the maximum dollar amount shall be twice
3 the amount determined under paragraph (1).

4 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
5 purposes of this section, the term ‘qualified charitable con-
6 tribution’ means any charitable contribution (as defined
7 in section 170(c)) made in cash to a qualified charity.

8 “(d) QUALIFIED CHARITY.—For purposes of this sec-
9 tion—

10 “(1) IN GENERAL.—The term ‘qualified charity’
11 means any organization—

12 “(A) which is described in section
13 501(c)(3) and exempt from tax under section
14 501(a), and

15 “(B) which is certified by the Secretary as
16 meeting the requirements of paragraphs (3)
17 and (4).

18 The Secretary shall certify an organization under
19 subparagraph (B) only upon request of the organiza-
20 tion. An organization may not request such certifi-
21 cation unless the organization has been in existence
22 for at least one year.

1 “(2) COLLECTION ORGANIZATIONS.—Such term
2 also includes an organization described in section
3 501(c)(3) and exempt from tax under section 501(a)
4 which—

5 “(A) solicits and collects gifts and grants
6 which, by agreement, are distributed to quali-
7 fied charities described in paragraph (1),

8 “(B) distributes at least 90 percent of the
9 contributions described in subsection (a) col-
10 lected under subparagraph (A) to qualified
11 charities described in paragraph (1), and

12 “(C) meets the requirements of paragraph
13 (6).

14 “(3) CHARITY MUST PRIMARILY ASSIST POOR
15 INDIVIDUALS.—

16 “(A) IN GENERAL.—An organization meets
17 the requirements of this paragraph only if the
18 Secretary reasonably expects that the predomi-
19 nant activity of such organization will be the
20 provision of direct services within the United
21 States to individuals and families whose annual
22 incomes generally do not exceed 185 percent of
23 the official poverty line (as defined by the Of-
24 fice of Management and Budget) in order to

1 prevent or alleviate poverty among such individ-
2 uals and families.

3 “(B) NO RECORDKEEPING IN CERTAIN
4 CASES.—An organization shall not be required
5 to establish or maintain records with respect to
6 the incomes of individuals and families for pur-
7 poses of subparagraph (A) if such individuals or
8 families are members of groups which are gen-
9 erally recognized as including substantially only
10 individuals and families described in subpara-
11 graph (A).

12 “(C) FOOD AID AND HOMELESS SHEL-
13 TERS.—Except as otherwise provided in regula-
14 tions, for purposes of subparagraph (A), serv-
15 ices to individuals in the form of—

16 “(i) donations of food or meals, or

17 “(ii) temporary shelter to homeless in-
18 dividuals,

19 shall be treated as provided to individuals de-
20 scribed in subparagraph (A) if the location and
21 operation of such services are such that the
22 service provider may reasonably conclude that
23 the beneficiaries of such services are predomi-
24 nantly individuals described in subparagraph
25 (A).

1 “(4) MINIMUM EXPENSE REQUIREMENT.—

2 “(A) IN GENERAL.—An organization meets
3 the requirements of this paragraph only if the
4 Secretary reasonably expects that the annual
5 poverty program expenses of such organization
6 will not be less than 75 percent of the annual
7 aggregate expenses of such organization.

8 “(B) POVERTY PROGRAM EXPENSE.—For
9 purposes of subparagraph (A)—

10 “(i) IN GENERAL.—The term ‘poverty
11 program expense’ means any expense in
12 providing program services referred to in
13 paragraph (3).

14 “(ii) EXCEPTIONS.—Such term shall
15 not include—

16 “(I) any management or general
17 expense,

18 “(II) any expense for the purpose
19 of influencing legislation (as defined
20 in section 4911(d)),

21 “(III) any expense for the pur-
22 pose of fundraising,

23 “(IV) any expense for a legal
24 service provided on behalf of any indi-

1 vidual referred to in paragraph (3),
2 and

3 “(V) any expense which consists
4 of a payment to an affiliate of the or-
5 ganization.

6 “(5) ELECTION TO TREAT POVERTY PROGRAMS
7 AS SEPARATE ORGANIZATION.—

8 “(A) IN GENERAL.—An organization may
9 elect to treat one or more programs operated by
10 it as a separate organization for purposes of
11 this section.

12 “(B) EFFECT OF ELECTION.—If an orga-
13 nization elects the application of this para-
14 graph, the organization shall, in accordance
15 with regulations—

16 “(i) maintain separate accounting for
17 revenues and expenses of programs with
18 respect to which the election was made,

19 “(ii) ensure that contributions to
20 which this section applies be used only for
21 such programs, and

22 “(iii) provide for the proportional allo-
23 cation of management, general, and fund-
24 raising expenses to such programs to the
25 extent not allocable to a specific program.

1 “(C) REPORTING REQUIREMENTS.—

2 “(i) ORGANIZATIONS NOT OTHERWISE
3 REQUIRED TO FILE.—An organization not
4 otherwise required to file any return under
5 section 6033 shall be required to file such
6 a return with respect to any poverty pro-
7 gram treated as a separate organization
8 under this paragraph.

9 “(ii) ORGANIZATIONS REQUIRED TO
10 FILE.—An organization otherwise required
11 to file a return under section 6033—

12 “(I) shall file a separate return
13 with respect to any poverty program
14 treated as a separate organization
15 under this section, and

16 “(II) shall include on its own re-
17 turn the percentages equivalent to
18 those required of qualified charities
19 under the last sentence of section
20 6033(b) and determined with respect
21 to such organization (without regard
22 to the expenses of any poverty pro-
23 gram under subclause (I)).

1 “(6) ADDITIONAL REQUIREMENTS FOR SOLICI-
2 TATION ORGANIZATIONS.—The requirements of this
3 paragraph are met if the organization—

4 “(A) maintains separate accounting for
5 revenues and expenses, and

6 “(B) makes available to the public its ad-
7 ministrative and fundraising costs and informa-
8 tion as to the organizations receiving funds
9 from it and the amount of such funds.

10 “(e) SUBSTANTIATION REQUIREMENT FOR CON-
11 TRIBUTIONS IN EXCESS OF \$250.—No credit shall be al-
12 lowed under subsection (a) for any contribution of \$250
13 or more unless the taxpayer substantiates the contribution
14 by a contemporaneous written acknowledgement by the
15 qualified charity that meet the requirements of section
16 170(f)(8)(B). The rules of subparagraphs (C), (D), and
17 (E) of section 170(f)(8) shall apply for purposes of this
18 subsection.

19 “(f) TIME WHEN CONTRIBUTIONS DEEMED
20 MADE.—For purposes of this section, at the election of
21 the taxpayer, a contribution which is made not later than
22 the time prescribed by law for filing the return of tax for
23 the taxable year (not including extensions thereof) shall
24 be treated as made on the last day of such taxable year.

1 “(g) COORDINATION WITH DEDUCTION FOR CHARITABLE CONTRIBUTIONS.—

2 “(1) CREDIT IN LIEU OF DEDUCTION.—The
3 credit provided by subsection (a) for any qualified
4 charitable contribution shall be in lieu of any deduc-
5 tion otherwise allowable under this chapter for such
6 contribution.
7

8 “(2) ELECTION TO HAVE SECTION NOT
9 APPLY.—A taxpayer may elect for any taxable year
10 to have this section not apply.”

11 (b) RETURNS.—

12 (1) QUALIFIED CHARITIES REQUIRED TO PRO-
13 VIDE COPIES OF ANNUAL RETURN.—Subsection (e)
14 of section 6104 of such Code (relating to public in-
15 spection of certain annual returns and applications
16 for exemption) is amended by adding at the end the
17 following new paragraph:

18 “(3) QUALIFIED CHARITIES REQUIRED TO PRO-
19 VIDE COPIES OF ANNUAL RETURN.—

20 “(A) IN GENERAL.—Every qualified char-
21 ity (as defined in section 25A(d)) shall, upon
22 request of an individual made at an office
23 where such organization’s annual return filed
24 under section 6033 is required under paragraph
25 (1) to be available for inspection, provide a copy

1 of such return to such individual without charge
2 other than a reasonable fee for any reproduc-
3 tion and mailing costs. If the request is made
4 in person, such copies shall be provided imme-
5 diately and, if made other than in person, shall
6 be provided within 30 days.

7 “(B) PERIOD OF AVAILABILITY.—Subpara-
8 graph (A) shall apply only during the 3-year pe-
9 riod beginning on the filing date (as defined in
10 paragraph (1)(D)) of the return requested.”

11 (2) ADDITIONAL INFORMATION.—Section
12 6033(b) of such Code is amended by adding at the
13 end the following new flush sentence:

14 “Each qualified charity (as defined in section 25A(d)) to
15 which this subsection otherwise applies shall also furnish
16 each of the percentages determined by dividing the follow-
17 ing categories of the organization’s expenses for the year
18 by its total expenses for the year: program services; man-
19 agement and general; fundraising; and payments to affili-
20 ates and shall also furnish the category or categories (in-
21 cluding food, shelter, education, substance abuse, job
22 training, or otherwise) of services which constitute its pre-
23 dominant activities.”

24 (c) CLERICAL AMENDMENT.—The table of sections
25 for subpart A of part IV of subchapter A of chapter 1

1 of such Code is amended by inserting after the item relat-
2 ing to section 25 the following new item:

“Sec. 25A. Credit for certain charitable contributions.”

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall take effect as provided in section 112
5 (relating to offsetting legislation to eliminate corporate tax
6 subsidies).

7 (e) **STUDY AND REPORT.**—

8 (1) **STUDY.**—The Comptroller General of the
9 United States shall conduct a study of the effects of
10 the credit under section 25A of the Internal Revenue
11 Code of 1986, including—

12 (A) the types of organizations which re-
13 ceive contributions during the first year to
14 which the credit applies, and

15 (B) the types of services provided to the
16 poor by such organizations.

17 (2) **REPORT.**—The Comptroller General shall
18 report to the Congress the results of such study, in-
19 cluding—

20 (A) the geographical distribution of fund-
21 ing from charity tax credit contributions, and
22 an analysis of Internal Revenue Service form
23 990s of qualified charities to determine if the
24 broad categories of services provided to the poor
25 (including food, shelter, education, substance

1 abuse, job training, or otherwise) match the
2 services that would otherwise be provided by
3 Federal welfare program funds without the en-
4 actment of the reductions in the programs
5 called for by this legislation, and

6 (B) any recommendations for legislative
7 changes.

8 **PART II—BUDGET OFFSETS**

9 **Subpart A—Tax Offsets**

10 **SEC. 111. REPEAL OF EARNED INCOME CREDIT FOR INDI-** 11 **VIDUALS WITHOUT CHILDREN.**

12 (a) IN GENERAL.—Subparagraph (A) of section
13 32(c)(1) of the Internal Revenue Code of 1986 (defining
14 eligible individual) is amended to read as follows:

15 “(A) IN GENERAL.—The term ‘eligible in-
16 dividual’ means any individual who has a quali-
17 fying child for the taxable year.”.

18 (b) CONFORMING AMENDMENTS.—Each of the tables
19 contained in paragraphs (1) and (2) of section 32(b) of
20 such Code are amended by striking the items relating to
21 no qualifying children.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 1999.

1 **SEC. 112. LEGISLATION TO ELIMINATE CORPORATE TAX**
2 **SUBSIDIES.**

3 (a) **LEGISLATION TO ELIMINATE CORPORATE TAX**
4 **SUBSIDIES.—**

5 (1) **IN GENERAL.—**Within 30 days after the
6 date of the enactment of this Act, the House Com-
7 mittee on Ways and Means and the Senate Commit-
8 tee on Finance shall each report changes in laws
9 within its jurisdiction reducing corporate tax sub-
10 sidies sufficient to raise revenues by not less than
11 \$700,000,000 in calendar year 1997,
12 \$3,000,000,000 in calendar year 1998,
13 \$3,000,000,000 in calendar year 1999,
14 \$3,500,000,000 in calendar year 2000, and
15 \$4,500,000,000 in calendar year 2001.

16 (2) **ADDITIONAL AMOUNTS.—**Amounts referred
17 to in subsection (a) shall be in addition to amounts
18 to be reconciled to carry out sections 201 and 202
19 of House Concurrent Resolution 178 (104th Con-
20 gress).

21 (b) **EFFECTIVE DATE.—**

22 (1) **IN GENERAL.—**The amendments made by
23 section 101 shall apply to contributions made on or
24 after January 1 of the first calendar year following
25 the calendar year in which the Director of the Office

1 of Management and Budget (hereinafter in this sub-
2 section referred to as the “Director”) submits—

3 (A) the report required by section 252(d)
4 of the Balanced Budget and Emergency Deficit
5 Control Act of 1985 for the legislation reported
6 pursuant to subsection (a)(1); and

7 (B) at the same time a certification that,
8 based upon the estimates set forth in that re-
9 port of the increase in receipts resulting from
10 that legislation, such increase is not less than
11 the increase specified in subsection (a)(1) for
12 each of calendar years 1997 through 2001.

13 (2) AUTHORIZATION.—The Director is author-
14 ized and directed to carry out his duties under para-
15 graph (1)(B).

16 **Subpart B—Food Stamp Program**

17 **SEC. 121. ALTERNATIVE AUTHORIZATIONS OF APPROPRIA-**
18 **TIONS.**

19 (a) AUTHORIZATION OF APPROPRIATIONS FOR CUR-
20 RENT PROGRAM.—If section 403 of the Social Security
21 Act (42 U.S.C. 603) is not replaced as a result of a statute
22 enacted before October 1, 1998, then the first sentence
23 of section 18(a)(1) of the Food Stamp Act of 1977 (7
24 U.S.C. 2027(a)(1)) is amended by striking “1997.” and
25 inserting “1998, \$29,642,000,000 for fiscal year 1999,

1 \$30,176,000,000 for fiscal year 2000, and
 2 \$30,697,000,000 for fiscal year 2001.”.

3 (b) AUTHORIZATION OF APPROPRIATIONS FOR PRO-
 4 GRAM AS AMENDED BY RECONCILIATION ACT.—If section
 5 403 of the Social Security Act (42 U.S.C. 603) is replaced
 6 as a result of a statute enacted before October 1, 1998,
 7 then the first sentence of section 18(a)(1) of the Food
 8 Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by
 9 striking “1997.” and inserting “1998, \$25,647,000,000
 10 for fiscal year 1999, \$26,008,000,000 for fiscal year 2000,
 11 and \$26,193,000,000 for fiscal year 2001.”.

12 **Subpart C—Reductions Under Social Security Act**

13 **SEC. 131. REDUCTION OF AMOUNTS PAID TO STATES**

14 **UNDER PART A OF TITLE IV OF THE SOCIAL**
 15 **SECURITY ACT.**

16 (a) IN GENERAL.—Notwithstanding any other provi-
 17 sion of law, the Secretary of Health and Human Services
 18 shall reduce the amount otherwise payable to each State
 19 under the selected payment provisions of part A of title
 20 IV of the Social Security Act, for each quarter in calendar
 21 year 1999, 2000, and 2001, by such equal percentage for
 22 the calendar quarter as may be necessary to ensure that
 23 the total amount of such reductions for the calendar year
 24 equals the applicable percentage for the calendar year of
 25 the total of such otherwise payable amounts.

1 (b) DEFINITIONS.—As used in subsection (a):

2 (1) APPLICABLE PERCENTAGE.—The term “ap-
3 plicable percentage” means—

4 (A) for calendar year 1999,
5 \$1,950,000,000 divided by the total amount
6 which, in the absence of this section, would be
7 paid under the selected payment provisions re-
8 ferred to in subsection (a) for the calendar
9 year;

10 (B) for calendar year 2000,
11 \$2,300,000,000 divided by the total amount
12 which, in the absence of this section, would be
13 paid under the selected payment provisions for
14 calendar year 2000; or

15 (C) for calendar year 2001,
16 \$3,150,000,000 divided by the total amount
17 which, in the absence of this section, would be
18 paid under the selected payment provisions for
19 calendar year 2001.

20 (2) SELECTED PAYMENT PROVISIONS OF PART
21 A OF TITLE IV OF THE SOCIAL SECURITY ACT.—The
22 term “selected payment provisions of part A of title
23 IV of the Social Security Act” means section 403 of
24 the Social Security Act or, if such section is replaced

1 after June 24, 1996, section 403(a)(1) of the Social
2 Security Act.

3 (3) STATE.—The term “State” has the mean-
4 ing given such term by section 1101(a)(1) of the So-
5 cial Security Act when used in title IV of such Act.

6 **SEC. 132. REPEAL OF BLOCK GRANTS TO STATES FOR SO-**
7 **CIAL SERVICES.**

8 (a) REPEAL.—Title XX of the Social Security Act
9 (42 U.S.C. 1397 et seq.) is repealed.

10 (b) NO EFFECT ON FUNDS OBLIGATED FOR QUALI-
11 FIED EMPOWERMENT ZONES AND QUALIFIED ENTER-
12 PRISE COMMUNITIES.—The repeal made by subsection (a)
13 shall not apply to funds obligated under section 2007 of
14 the Social Security Act before the effective date of this
15 section.

16 (c) EFFECTIVE DATE.—This section and the amend-
17 ments and repeals made by this section shall take effect
18 on October 1, 1997.

19 **Subpart D—Housing and Community Development**
20 **Programs**

21 **SEC. 141. REDUCTION OF COMMUNITY DEVELOPMENT**
22 **BLOCK GRANT AMOUNTS.**

23 Section 103 of the Housing and Community Develop-
24 ment Act of 1974 (42 U.S.C. 5303) is amended—

1 (1) by striking the second sentence and insert-
2 ing the following new sentence: “For purposes of as-
3 sistance under section 106, there is authorized to be
4 appropriated \$3,312,000,000 for each of fiscal years
5 1999, 2000, and 2001.”;

6 (2) by inserting “(a) AUTHORIZATION OF AP-
7 PROPRIATIONS.—” after “SEC. 103.”; and

8 (3) by adding at the end the following new sub-
9 section:

10 “(b) LIMITATION.—Notwithstanding subsection (a)
11 or any other provision of law, the amount authorized to
12 be appropriated and the amount used for grants under
13 this title in fiscal year 1999 or any fiscal year thereafter
14 may not exceed \$3,312,000,000. This subsection may not
15 be construed to authorize the appropriation of any
16 amounts for any fiscal year.”.

17 **SEC. 142. REPEAL OF HOME PROGRAM.**

18 (a) REPEAL.—Effective January 1, 1999, title II of
19 the Cranston-Gonzalez National Affordable Housing Act
20 (42 U.S.C. 12721 et seq.) is repealed.

21 (b) HOME INVESTMENT TRUST FUNDS.—Notwith-
22 standing subsection (a), the Secretary of Housing and
23 Urban Development shall maintain a HOME Investment
24 Trust Fund in accordance with section 218 of the Cran-
25 ston-Gonzalez National Affordable Housing Act, as in ef-

1 fect before the repeal under subsection (a), for each par-
2 ticipating jurisdiction during the period of time that the
3 jurisdiction has a positive balance in such fund. Amounts
4 credited to the HOME Investment Trust Fund of a par-
5 ticipating jurisdiction shall be available, on and after Jan-
6 uary 1, 1999, in accordance with the terms of title II of
7 the Cranston-Gonzalez National Affordable Housing Act,
8 as in effect before such repeal.

9 (c) AFFORDABLE HOUSING REQUIREMENTS.—The
10 repeal under subsection (a) shall not affect any agreement,
11 obligation, or requirement, pursuant to title II of the
12 Cranston-Gonzalez National Affordable Housing Act (as
13 in effect before such repeal), to maintain housing assisted
14 under such title as affordable housing.

15 (d) CONFORMING AMENDMENTS.—Effective January
16 1, 1999—

17 (1) the United States Housing Act of 1937 is
18 amended—

19 (A) in section 8(f) (42 U.S.C. 1437f(f))—

20 (i) by striking paragraph (4); and

21 (ii) by redesignating paragraphs (5),

22 (6), and (7) as paragraphs (4), (5), and

23 (6), respectively; and

24 (B) in section 303(c) (42 U.S.C. 1437aaa—

25 2(e)), by striking paragraph (3);

1 (2) section 213(d)(1)(A)(ii) of the Housing and
2 Community Development Act of 1974 (42 U.S.C.
3 1439(d)(1)(A)(ii)) is amended—

4 (A) in the first sentence, by striking “par-
5 ticipating”;

6 (B) by striking the penultimate sentence;
7 and

8 (C) in the last sentence, by striking “The
9 preceding sentence” and inserting “This
10 clause”;

11 (3) section 1004(20) of the Residential Lead-
12 Based Paint Hazard Reduction Act of 1992 (42
13 U.S.C. 4851b(20)) is amended by inserting “as in
14 effect on December 31, 1998,” after the comma;

15 (4) the last sentence of section 1205(f)(1)(A) of
16 the Removal of Regulatory Barriers to Affordable
17 Housing Act of 1992 (42 U.S.C. 12705c(f)(1)(A)) is
18 amended by inserting “as in effect on December 31,
19 1998,” after the second comma;

20 (5) section 40(g) of the Federal Deposit Insur-
21 ance Act (12 U.S.C. 1831q(g)) is amended by strik-
22 ing paragraph (5); and

23 (6) section 226(b)(5)(D) of the Low-Income
24 Housing Preservation and Resident Homeownership

1 Act of 1990 (12 U.S.C. 4116(b)(5)(D)) is amend-
 2 ed—

3 (A) in the third sentence, by inserting “(as
 4 in effect on December 31, 1998)” before the pe-
 5 riod; and

6 (B) by adding at the end the following: “If
 7 the HOME Investment Trust Fund for the unit
 8 of general local government or State in which
 9 the housing is located has been terminated, any
 10 such proceeds shall be paid to such unit or
 11 State and the Secretary shall take such actions
 12 as are necessary to ensure that such proceeds
 13 are immediately available for such eligible ac-
 14 tivities to expand the supply of affordable hous-
 15 ing.”.

16 **Subtitle B—Other Provisions**

17 **SEC. 151. CREDIT FOR CHARITABLE CONTRIBUTIONS TO** 18 **INDIVIDUALS PROVIDING HOME CARE TO** 19 **CERTAIN INDIVIDUALS IN NEED.**

20 (a) IN GENERAL.—Subpart A of part IV of sub-
 21 chapter A of chapter 1 of the Internal Revenue Code of
 22 1986 (relating to nonrefundable personal credits), as
 23 amended by section 101, is amended by inserting after
 24 section 25A the following new section:

1 **“SEC. 25B. CREDIT FOR HOME CARE FOR NEEDY INDIVID-**
2 **UALS.**

3 “(a) IN GENERAL.—In the case of an individual,
4 there shall be allowed as a credit against the tax imposed
5 by this chapter for a taxable year an amount equal to
6 \$500 for each eligible individual.

7 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
8 section—

9 “(1) IN GENERAL.—The term ‘eligible individ-
10 ual’ means an individual—

11 “(A) who is a member of a class of individ-
12 uals described in paragraph (2), and

13 “(B) to whom the taxpayer provides quali-
14 fied home care services which are required by
15 the individual by reason of being a member of
16 such a class.

17 “(2) NEEDY INDIVIDUALS.—The classes of indi-
18 viduals described in this paragraph are as follows:

19 “(A) Unmarried pregnant women.

20 “(B) Hospice care patients, including
21 AIDS patients and cancer patients.

22 “(C) Homeless individuals.

23 “(D) Battered women and battered women
24 with children.

25 “(3) QUALIFIED HOME CARE SERVICES.—The
26 term ‘qualified home care services’ means those serv-

1 ices which the taxpayer is certified as being qualified
 2 to provide to an eligible individual by an organiza-
 3 tion—

4 “(A) which is described in section
 5 501(c)(3) and exempt from tax under section
 6 501(a), and

7 “(B) the predominant activity of which is
 8 providing care to one or more classes of eligible
 9 individuals.”

10 (b) **CLERICAL AMENDMENT.**—The table of sections
 11 for subpart A of part IV of subchapter A of chapter 1
 12 of the Internal Revenue Code of 1986 is amended by in-
 13 serting after the item relating to section 25A the following
 14 new item:

 “Sec. 25B. Credit for home care for needy individuals.”

15 (c) **EFFECTIVE DATE.**—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 December 31, 1996.

18 **SEC. 152. MEDICAL VOLUNTEER TORT CLAIM IMMUNITY.**

19 Section 224 of the Public Health Service Act (42
 20 U.S.C. 233) is amended by adding at the end the following
 21 subsection:

22 “(o)(1) For purposes of this section, a free clinic
 23 health professional shall in providing a qualifying health
 24 service to an individual be deemed to be an employee of
 25 the Public Health Service for a calendar year that begins

1 during a fiscal year for which a transfer was made under
2 paragraph (6)(D). The preceding sentence is subject to
3 the provisions of this subsection.

4 “(2) In providing a health service to an individual,
5 a health care practitioner shall for purposes of this sub-
6 section be considered to be a free clinic health professional
7 if the following conditions are met:

8 “(A) The service is provided to the individual at
9 a free clinic, or through offsite programs or events
10 carried out by the free clinic.

11 “(B) The free clinic is sponsoring the health
12 care practitioner pursuant to paragraph (5)(C).

13 “(C) The service is a qualifying health service
14 (as defined in paragraph (4)).

15 “(D) Neither the health care practitioner nor
16 the free clinic receives any compensation for the
17 service from the individual or from any third-party
18 payor (including reimbursement under any insurance
19 policy or health plan, or under any Federal or State
20 health benefits program). With respect to compliance
21 with such condition:

22 “(i) The health care practitioner may re-
23 ceive repayment from the free clinic for reason-
24 able expenses incurred by the health care prac-

1 titioner in the provision of the service to the in-
2 dividual.

3 “(ii) The free clinic may accept voluntary
4 donations for the provision of the service by the
5 health care practitioner to the individual.

6 “(E) Before the service is provided, the health
7 care practitioner or the free clinic provides written
8 notice to the individual of the extent to which the
9 legal liability of the health care practitioner is lim-
10 ited pursuant to this subsection (or in the case of an
11 emergency, the written notice is provided to the indi-
12 vidual as soon after the emergency as is practicable).
13 If the individual is a minor or is otherwise legally in-
14 competent, the condition under this subparagraph is
15 that the written notice be provided to a legal guard-
16 ian or other person with legal responsibility for the
17 care of the individual.

18 “(F) At the time the service is provided, the
19 health care practitioner is licensed or certified in ac-
20 cordance with applicable law regarding the provision
21 of the service.

22 “(3)(A) For purposes of this subsection, the term
23 ‘free clinic’ means a health care facility operated by a non-
24 profit private entity meeting the following requirements:

1 “(i) The entity does not, in providing health
2 services through the facility, accept reimbursement
3 from any third-party payor (including reimburse-
4 ment under any insurance policy or health plan, or
5 under any Federal or State health benefits pro-
6 gram).

7 “(ii) The entity, in providing health services
8 through the facility, either does not impose charges
9 on the individuals to whom the services are provided,
10 or imposes a charge according to the ability of the
11 individual involved to pay the charge.

12 “(iii) The entity is licensed or certified in ac-
13 cordance with applicable law regarding the provision
14 of health services.

15 “(B) With respect to compliance with the conditions
16 under subparagraph (A), the entity involved may accept
17 voluntary donations for the provision of services.

18 “(4) For purposes of this subsection, the term ‘quali-
19 fying health service’ means any medical assistance re-
20 quired or authorized to be provided in the program under
21 title XIX of the Social Security Act, without regard to
22 whether the medical assistance is included in the plan sub-
23 mitted under such program by the State in which the
24 health care practitioner involved provides the medical as-
25 sistance. References in the preceding sentence to such pro-

1 gram shall as applicable be considered to be references to
2 any successor to such program.

3 “(5) Subsection (g) (other than paragraphs (3)
4 through (5)) and subsections (h), (i), and (l) apply to a
5 health care practitioner for purposes of this subsection to
6 the same extent and in the same manner as such sub-
7 sections apply to an officer, governing board member, em-
8 ployee, or contractor of an entity described in subsection
9 (g)(4), subject to paragraph (6) and subject to the follow-
10 ing:

11 “(A) The first sentence of paragraph (1) ap-
12 plies in lieu of the first sentence of subsection
13 (g)(1)(A).

14 “(B) This subsection may not be construed as
15 deeming any free clinic to be an employee of the
16 Public Health Service for purposes of this section.

17 “(C) With respect to a free clinic, a health care
18 practitioner is not a free clinic health professional
19 unless the free clinic sponsors the health care practi-
20 tioner. For purposes of this subsection, the free clin-
21 ic shall be considered to be sponsoring the health
22 care practitioner if—

23 “(i) with respect to the health care practi-
24 tioner, the free clinic submits to the Secretary

1 an application meeting the requirements of sub-
2 section (g)(1)(D); and

3 “(ii) the Secretary, pursuant to subsection
4 (g)(1)(E), determines that the health care prac-
5 titioner is deemed to be an employee of the
6 Public Health Service.

7 “(D) In the case of a health care practitioner
8 who is determined by the Secretary pursuant to sub-
9 section (g)(1)(E) to be a free clinic health profes-
10 sional, this subsection applies to the health care
11 practitioner (with respect to the free clinic sponsor-
12 ing the health care practitioner pursuant to subpara-
13 graph C)) for any cause of action arising from an
14 act or omission of the health care practitioner occur-
15 ring on or after the date on which the Secretary
16 makes such determination.

17 “(E) Subsection (g)(1)(F) applies to a health
18 care practitioner for purposes of this subsection only
19 to the extent that, in providing health services to an
20 individual, each of the conditions specified in para-
21 graph (2) is met.

22 “(6)(A) For purposes of making payments for judg-
23 ments against the United States (together with related
24 fees and expenses of witnesses) pursuant to this section
25 arising from the acts or omissions of free clinic health pro-

1 fessionals, there is authorized to be appropriated
2 \$10,000,000 for each fiscal year.

3 “(B) The Secretary shall establish a fund for pur-
4 poses of this subsection. Each fiscal year amounts appro-
5 priated under subparagraph (A) shall be deposited in such
6 fund.

7 “(C) Not later than May 1 of each fiscal year, the
8 Attorney General, in consultation with the Secretary, shall
9 submit to the Congress a report providing an estimate of
10 the amount of claims (together with related fees and ex-
11 penses of witnesses) that, by reason of the acts or omis-
12 sions of free clinic health professionals, will be paid pursu-
13 ant to this section during the calendar year that begins
14 in the following fiscal year. Subsection (k)(1)(B) applies
15 to the estimate under the preceding sentence regarding
16 free clinic health professionals to the same extent and in
17 the same manner as such subsection applies to the esti-
18 mate under such subsection regarding officers, governing
19 board members, employees, and contractors of entities de-
20 scribed in subsection (g)(4).

21 “(D) Not later than December 31 of each fiscal year,
22 the Secretary shall transfer from the fund under subpara-
23 graph (B) to the appropriate accounts in the Treasury an
24 amount equal to the estimate made under subparagraph

1 (C) for the calendar year beginning in such fiscal year,
2 subject to the extent of amounts in the fund.

3 “(7)(A) This subsection takes effect on the date of
4 the enactment of the first appropriations Act that makes
5 an appropriation under paragraph (6)(A), except as pro-
6 vided in subparagraph (B)(i).

7 “(B)(i) Effective on the date of the enactment of the
8 Health Insurance Portability and Accountability Act of
9 1996—

10 “(I) the Secretary may issue regulations for
11 carrying out this subsection, and the Secretary may
12 accept and consider applications submitted pursuant
13 to paragraph (5)(C); and

14 “(II) reports under paragraph (6)(C) may be
15 submitted to the Congress.

16 “(ii) For the first fiscal year for which an appropria-
17 tion is made under subparagraph (A) of paragraph (6),
18 if an estimate under subparagraph (C) of such paragraph
19 has not been made for the calendar year beginning in such
20 fiscal year, the transfer under subparagraph (D) of such
21 paragraph shall be made notwithstanding the lack of the
22 estimate, and the transfer shall be made in an amount
23 equal to the amount of such appropriation.”.

1 **SEC. 153. COMMUNITY PARTNERSHIP GRANT PROGRAM.**

2 (a) IN GENERAL.—The Attorney General and the
3 Secretary of Health and Human Services shall jointly es-
4 tablish and carry out a competitive grant program to pro-
5 vide funding to States and communities to—

6 (1) establish an information network to enhance
7 coordination of matches between—

8 (A) churches, synagogues and other com-
9 munities of faith, and other community groups;
10 and

11 (B)(i) families receiving aid to families
12 with dependent children under part A of title
13 IV of the Social Security Act (42 U.S.C. 601 et
14 seq.) who voluntarily elect to participate; or

15 (ii) nonviolent criminal offenders who elect
16 to participate, and are directed to such a pro-
17 gram through the judicial system;

18 (2) hire staff to coordinate matches, recruit
19 churches, enhance coordination between the public
20 welfare system, judicial system, churches, syna-
21 gogues and other communities of faith, and other
22 community groups; and

23 (3) disseminate information, including training,
24 to Government agencies and interested community
25 groups about programs receiving funding under this
26 Act.

1 (b) FUNDING.—

2 (1) IN GENERAL.—A grant under this section
3 shall not exceed \$1,000,000 in any fiscal year.

4 (2) SOURCES.—There are authorized to be ap-
5 propriated not more than \$50,000,000, of which—

6 (A) not more than \$25,000,000 shall be
7 available from the Violent Crime Reduction
8 Trust Fund; and

9 (B) not more than \$25,000,000 shall be
10 available from funds appropriated to the Sec-
11 retary of Health and Human Services for ad-
12 ministrative expenses.

13 (c) INFORMATION CLEARINGHOUSES.—Of the
14 amount made available under subsection (b), not more
15 than a total of \$1,000,000 shall be available to the Attor-
16 ney General and Secretary of Health and Human Services
17 for each to establish a national information clearinghouse
18 at the Department of Justice and the Department of
19 Health and Human Services, respectively, to provide infor-
20 mation and networking to assist States in establishing and
21 carrying out programs under subsection (a).

1 **TITLE II—COMMUNITY**
2 **EMPOWERMENT**
3 **Subtitle A—Education**

4 **SEC. 201. SHORT TITLE.**

5 This subtitle may be cited as the “Educational Choice
6 and Equity Act of 1995”.

7 **SEC. 202. PURPOSE.**

8 The purpose of this subtitle is to determine the ef-
9 fects on students and schools of providing financial assist-
10 ance to low-income parents to enable such parents to se-
11 lect the public or private schools their children will attend.

12 **SEC. 203. DEFINITIONS.**

13 As used in this subtitle—

14 (1) the term “choice school” means any public
15 or private school, including a private sectarian
16 school or a public charter school, that is involved in
17 a demonstration project assisted under this subtitle;

18 (2) the term “eligible child” means a child in
19 grades 1 through 12 who is eligible for free or re-
20 duced price lunches under the National School
21 Lunch Act (42 U.S.C. 1751 et seq.);

22 (3) the term “eligible entity” means a public
23 agency, institution, or organization, such as a State,
24 a State or local educational agency, a consortium of
25 public agencies, or a consortium of public and pri-

1 vate nonprofit organizations, that can demonstrate,
2 to the satisfaction of the Secretary, its ability to—

3 (A) receive, disburse, and account for Fed-
4 eral funds; and

5 (B) carry out the activities described in its
6 application under this subtitle;

7 (4) the term “evaluating agency” means any
8 academic institution, consortium of professionals, or
9 private or nonprofit organization, with demonstrated
10 experience in conducting evaluations, that is not an
11 agency or instrumentality of the Federal Govern-
12 ment;

13 (5) the term “local educational agency” has the
14 meaning given that term in section 14101 of the El-
15 elementary and Secondary Education Act of 1965 (20
16 U.S.C. 8801);

17 (6) the term “parent” includes a legal guardian
18 or other individual acting in loco parentis;

19 (7) the term “school” means a school that pro-
20 vides elementary education or secondary education
21 (through grade 12), as determined under State law;
22 and

23 (8) the term “Secretary” means the Secretary
24 of Education.

1 **SEC. 204. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated
3 \$600,000,000 for fiscal year 1996 and such sums as may
4 be necessary for each of the fiscal years 1997, 1998, 1999,
5 and 2000 to carry out this subtitle.

6 **SEC. 205. PROGRAM AUTHORIZED.**

7 (a) RESERVATION.—From the amount appropriated
8 pursuant to the authority of section 204 in any fiscal year,
9 the Secretary shall reserve and make available to the
10 Comptroller General of the United States 2 percent for
11 evaluation of the demonstration projects assisted under
12 this subtitle in accordance with section 210A.

13 (b) GRANTS.—

14 (1) IN GENERAL.—From the amount appro-
15 priated pursuant to the authority of section 204 and
16 not reserved under subsection (a) for any fiscal year,
17 the Secretary shall award grants to eligible entities
18 to enable such entities to carry out at least 100
19 demonstration projects under which low-income par-
20 ents receive education certificates for the costs of en-
21 rolling their eligible children in a choice school.

22 (2) AMOUNT.—The Secretary shall award
23 grants under paragraph (1) for fiscal year 1996 in
24 amounts of \$5,000,000 or less.

25 (3) CONTINUING ELIGIBILITY.—The Secretary
26 shall continue a demonstration project under this

1 subtitle by awarding a grant under paragraph (1) to
2 an eligible entity that received such a grant for a fis-
3 cal year preceding the fiscal year for which the de-
4 termination is made, if the Secretary determines
5 that such eligible entity was in compliance with this
6 subtitle for such preceding fiscal year.

7 (c) USE OF GRANTS.—Grants awarded under sub-
8 section (b) shall be used to pay the costs of—

9 (1) providing education certificates to low-in-
10 come parents to enable such parents to pay the tui-
11 tion, the fees, the allowable costs of transportation,
12 if any, and the costs of complying with section
13 209(a)(1), if any, for their eligible children to attend
14 a choice school; and

15 (2) administration of the demonstration project,
16 which shall not exceed 15 percent of the amount re-
17 ceived under the grant for the first fiscal year for
18 which the eligible entity provides education certifi-
19 cates under this subtitle or 10 percent of such
20 amount for any subsequent year, including—

21 (A) seeking the involvement of choice
22 schools in the demonstration project;

23 (B) providing information about the dem-
24 onstration project, and the schools involved in

1 the demonstration project, to parents of eligible
2 children;

3 (C) making determinations of eligibility for
4 participation in the demonstration project for
5 eligible children;

6 (D) selecting students to participate in the
7 demonstration project;

8 (E) determining the amount of, and issu-
9 ing, education certificates;

10 (F) compiling and maintaining such finan-
11 cial and programmatic records as the Secretary
12 may prescribe; and

13 (G) collecting such information about the
14 effects of the demonstration project as the eval-
15 uating agency may need to conduct the evalua-
16 tion described in section 210A.

17 (d) SPECIAL RULE.—Each school participating in a
18 demonstration project under this subtitle shall comply
19 with title VI of the Civil Rights Act of 1964 (42 U.S.C.
20 2000d et seq.) which prohibits discrimination on the basis
21 of race, color, or national origin.

22 **SEC. 206. AUTHORIZED PROJECTS; PRIORITY.**

23 (a) AUTHORIZED PROJECTS.—The Secretary may
24 award a grant under this subtitle only for a demonstration
25 project that—

1 (1) involves at least one local educational agen-
2 cy that—

3 (A) receives funds under section 1124A of
4 the Elementary and Secondary Education Act
5 of 1965 (20 U.S.C. 6334); and

6 (B) is among the 20 percent of local edu-
7 cational agencies receiving funds under section
8 1124A of such Act (20 U.S.C. 6334) in the
9 State that have the highest number of children
10 described in section 1124(c) of such Act (20
11 U.S.C. 6333(c)); and

12 (2) includes the involvement of a sufficient
13 number of public and private choice schools, in the
14 judgment of the Secretary, to allow for a valid dem-
15 onstration project.

16 (b) PRIORITY.—In awarding grants under this sub-
17 title, the Secretary shall give priority to demonstration
18 projects—

19 (1) in which choice schools offer an enrollment
20 opportunity to the broadest range of eligible chil-
21 dren;

22 (2) that involve diverse types of choice schools;
23 and

24 (3) that will contribute to the geographic diver-
25 sity of demonstration projects assisted under this

1 subtitle, including awarding grants for demonstra-
2 tion projects in States that are primarily rural and
3 awarding grants for demonstration projects in States
4 that are primarily urban.

5 **SEC. 207. APPLICATIONS.**

6 (a) IN GENERAL.—Any eligible entity that wishes to
7 receive a grant under this subtitle shall submit an applica-
8 tion to the Secretary at such time and in such manner
9 as the Secretary may prescribe.

10 (b) CONTENTS.—Each application described in sub-
11 section (a) shall contain—

12 (1) information demonstrating the eligibility of
13 the eligible entity for participation in the demonstra-
14 tion project;

15 (2) with respect to choice schools—

16 (A) a description of the standards used by
17 the eligible entity to determine which public and
18 private schools are within a reasonable commut-
19 ing distance of eligible children and present a
20 reasonable commuting cost for such eligible
21 children;

22 (B) a description of the types of potential
23 choice schools that will be involved in the dem-
24 onstration project;

1 (C)(i) a description of the procedures used
2 to encourage public and private schools to be
3 involved in the demonstration project; and

4 (ii) a description of how the eligible entity
5 will annually determine the number of spaces
6 available for eligible children in each choice
7 school;

8 (D) an assurance that each choice school
9 will not impose higher standards for admission
10 or participation in its programs and activities
11 for eligible children provided education certifi-
12 cates under this subtitle than the choice school
13 does for other children;

14 (E) an assurance that each choice school
15 operated, for at least 1 year prior to accepting
16 education certificates under this subtitle, an
17 educational program similar to the educational
18 program for which such choice school will ac-
19 cept such education certificates;

20 (F) an assurance that the eligible entity
21 will terminate the involvement of any choice
22 school that fails to comply with the conditions
23 of its involvement in the demonstration project;
24 and

1 (G) a description of the extent to which
2 choice schools will accept education certificates
3 under this subtitle as full or partial payment
4 for tuition and fees;

5 (3) with respect to the participation in the dem-
6 onstration project of eligible children—

7 (A) a description of the procedures to be
8 used to make a determination of the eligibility
9 of an eligible child for participation in the dem-
10 onstration project, which shall include—

11 (i) the procedures used to determine
12 eligibility for free or reduced price lunches
13 under the National School Lunch Act (42
14 U.S.C. 1751 et seq.); or

15 (ii) any other procedure, subject to
16 the Secretary's approval, that accurately
17 establishes the eligibility of an eligible child
18 for such participation;

19 (B) a description of the procedures to be
20 used to ensure that, in selecting eligible chil-
21 dren to participate in the demonstration
22 project, the eligible entity will—

23 (i) apply the same criteria to both
24 public and private school eligible children;
25 and

1 (ii) give priority to eligible children
2 from the lowest income families;

3 (C) a description of the procedures to be
4 used to ensure maximum choice of schools for
5 participating eligible children, including proce-
6 dures to be used when—

7 (i) the number of parents provided
8 education certificates under this subtitle
9 who desire to enroll their eligible children
10 in a particular choice school exceeds the
11 number of eligible children that the choice
12 school will accept; and

13 (ii) grant funds and funds from local
14 sources are insufficient to support the total
15 cost of choices made by parents with edu-
16 cation certificates under this subtitle; and

17 (D) a description of the procedures to be
18 used to ensure compliance with section
19 209(a)(1), which may include—

20 (i) the direct provision of services by
21 a local educational agency; and

22 (ii) arrangements made by a local
23 educational agency with other service pro-
24 viders;

1 (4) with respect to the operation of the dem-
2 onstration project—

3 (A) a description of the geographic area to
4 be served;

5 (B) a timetable for carrying out the dem-
6 onstration project;

7 (C) a description of the procedures to be
8 used for the issuance and redemption of edu-
9 cation certificates under this subtitle;

10 (D) a description of the procedures by
11 which a choice school will make a pro rata re-
12 fund of the education certificate under this sub-
13 title for any participating eligible child who
14 withdraws from the school for any reason, be-
15 fore completing 75 percent of the school attend-
16 ance period for which the education certificate
17 was issued;

18 (E) a description of the procedures to be
19 used to provide the parental notification de-
20 scribed in section 210;

21 (F) an assurance that the eligible entity
22 will place all funds received under this subtitle
23 into a separate account, and that no other
24 funds will be placed in such account;

1 (G) an assurance that the eligible entity
2 will provide the Secretary periodic reports on
3 the status of such funds;

4 (H) an assurance that the eligible entity
5 will cooperate with the Comptroller General of
6 the United States and the evaluating agency in
7 carrying out the evaluations described in section
8 210A; and

9 (I) an assurance that the eligible entity
10 will—

11 (i) maintain such records as the Sec-
12 retary may require; and

13 (ii) comply with reasonable requests
14 from the Secretary for information; and

15 (5) such other assurances and information as
16 the Secretary may require.

17 **SEC. 208. EDUCATION CERTIFICATES.**

18 (a) EDUCATION CERTIFICATES.—

19 (1) AMOUNT.—The amount of an eligible
20 child's education certificate under this subtitle shall
21 be determined by the eligible entity, but shall be an
22 amount that provides to the recipient of the edu-
23 cation certificate the maximum degree of choice in
24 selecting the choice school the eligible child will at-
25 tend.

1 (2) CONSIDERATIONS.—

2 (A) IN GENERAL.—Subject to such regula-
3 tions as the Secretary shall prescribe, in deter-
4 mining the amount of an education certificate
5 under this subtitle an eligible entity shall con-
6 sider—

7 (i) the additional reasonable costs of
8 transportation directly attributable to the
9 eligible child's participation in the dem-
10 onstration project; and

11 (ii) the cost of complying with section
12 209(a)(1).

13 (B) SCHOOLS CHARGING TUITION.—If an
14 eligible child participating in a demonstration
15 project under this subtitle was attending a pub-
16 lic or private school that charged tuition for the
17 year preceding the first year of such participa-
18 tion, then in determining the amount of an edu-
19 cation certificate for such eligible child under
20 this subtitle the eligible entity shall consider—

21 (i) the tuition charged by such school
22 for such eligible child in such preceding
23 year; and

1 (ii) the amount of the education cer-
2 tificates under this subtitle that are pro-
3 vided to other eligible children.

4 (3) SPECIAL RULE.—An eligible entity may pro-
5 vide an education certificate under this subtitle to
6 the parent of an eligible child who chooses to attend
7 a school that does not charge tuition or fees, to pay
8 the additional reasonable costs of transportation di-
9 rectly attributable to the eligible child’s participation
10 in the demonstration project or the cost of comply-
11 ing with section 209(a)(1).

12 (b) ADJUSTMENT.—The amount of the education cer-
13 tificate for a fiscal year may be adjusted in the second
14 and third years of an eligible child’s participation in a
15 demonstration project under this subtitle to reflect any in-
16 crease or decrease in the tuition, fees, or transportation
17 costs directly attributable to that eligible child’s continued
18 attendance at a choice school, but shall not be increased
19 for this purpose by more than 10 percent of the amount
20 of the education certificate for the fiscal year preceding
21 the fiscal year for which the determination is made. The
22 amount of the education certificate may also be adjusted
23 in any fiscal year to comply with section 209(a)(1).

24 (c) MAXIMUM AMOUNT.—Notwithstanding any other
25 provision of this section, the amount of an eligible child’s

1 education certificate shall not exceed the per pupil expend-
2 iture for elementary or secondary education, as appro-
3 priate, by the local educational agency in which the public
4 school to which the eligible child would normally be as-
5 signed is located for the fiscal year preceding the fiscal
6 year for which the determination is made.

7 (d) INCOME.—An education certificate under this
8 subtitle, and funds provided under the education certifi-
9 cate, shall not be treated as income of the parents for pur-
10 poses of Federal tax laws or for determining eligibility for
11 any other Federal program.

12 **SEC. 209. EFFECT ON OTHER PROGRAMS; USE OF SCHOOL**
13 **LUNCH DATA; CONSTRUCTION PROVISIONS.**

14 (a) EFFECT ON OTHER PROGRAMS.—

15 (1) IN GENERAL.—An eligible child participat-
16 ing in a demonstration project under this subtitle,
17 who, in the absence of such a demonstration project,
18 would have received services under part A of title I
19 of the Elementary and Secondary Education Act of
20 1965 (20 U.S.C. 6311 et seq.) shall be provided
21 such services.

22 (2) PART B OF THE INDIVIDUALS WITH DIS-
23 ABILITIES EDUCATION ACT.—Nothing in this sub-
24 title shall be construed to affect the requirements of

1 part B of the Individuals with Disabilities Education
2 Act (20 U.S.C. 1411 et seq.).

3 (3) COUNTING OF ELIGIBLE CHILDREN.—Not-
4 withstanding any other provision of law, any local
5 educational agency participating in a demonstration
6 project under this subtitle may count eligible chil-
7 dren who, in the absence of such a demonstration
8 project, would attend the schools of such agency, for
9 purposes of receiving funds under any program ad-
10 ministered by the Secretary.

11 (b) USE OF SCHOOL LUNCH DATA.—Notwithstand-
12 ing section 9 of the National School Lunch Act (42 U.S.C.
13 1751 et seq.), an eligible entity receiving a grant under
14 this subtitle may use information collected for the purpose
15 of determining eligibility for free or reduced price lunches
16 to determine an eligible child's eligibility to participate in
17 a demonstration project under this subtitle and, if needed,
18 to rank families by income, in accordance with section
19 207(b)(3)(B)(ii). All such information shall otherwise re-
20 main confidential, and information pertaining to income
21 may be disclosed only to persons who need that informa-
22 tion for the purposes of a demonstration project under this
23 subtitle.

24 (c) CONSTRUCTION PROVISIONS.—

1 (1) OTHER INSTITUTIONS.—Nothing in this
2 subtitle shall be construed to supersede or modify
3 any provision of a State constitution or State law
4 that prohibits the expenditure of public funds in or
5 by religious or other private institutions, except that
6 no provision of a State constitution or State law
7 shall be construed or applied to prohibit—

8 (A) any eligible entity receiving funds
9 under this subtitle from using such funds to
10 pay the administrative costs of a demonstration
11 project under this subtitle; or

12 (B) the expenditure in or by religious or
13 other private institutions of any Federal funds
14 provided under this subtitle.

15 (2) DESEGREGATION PLANS.—Nothing in this
16 subtitle shall be construed to interfere with any de-
17 segregation plans that involve school attendance
18 areas affected by this subtitle.

19 (3) PROHIBITION OF FEDERAL DIRECTOR, SU-
20 PERVISION OR CONTROL.—Nothing in this subtitle
21 shall be construed to authorize the Secretary or any
22 employee, officer, or agency of the Department of
23 Education to exercise any direction, supervision, or
24 control over the curriculum, program of instruction,
25 or personnel decisions of any educational institution

1 or school participating in a demonstration project
2 assisted under this subtitle.

3 **SEC. 210. PARENTAL NOTIFICATION.**

4 Each eligible entity receiving a grant under this sub-
5 title shall provide timely notice of the demonstration
6 project to parents of eligible children residing in the area
7 to be served by the demonstration project. At a minimum,
8 such notice shall—

9 (1) describe the demonstration project;

10 (2) describe the eligibility requirements for par-
11 ticipation in the demonstration project;

12 (3) describe the information needed to make a
13 determination of eligibility for participation in the
14 demonstration project for an eligible child;

15 (4) describe the selection procedures to be used
16 if the number of eligible children seeking to partici-
17 pate in the demonstration project exceeds the num-
18 ber that can be accommodated in the demonstration
19 project;

20 (5) provide information about each choice
21 school participating in the demonstration project, in-
22 cluding information about any admission require-
23 ments or criteria for each choice school participating
24 in the demonstration project; and

1 (6) include the schedule for parents to apply for
2 their eligible children to participate in the dem-
3 onstration project.

4 **SEC. 210A. EVALUATION.**

5 (a) ANNUAL EVALUATION.—

6 (1) CONTRACT.—The Comptroller General of
7 the United States shall enter into a contract, with
8 an evaluating agency that has demonstrated experi-
9 ence in conducting evaluations, for the conduct of an
10 ongoing rigorous evaluation of the demonstration
11 projects under this subtitle.

12 (2) ANNUAL EVALUATION REQUIREMENT.—The
13 contract described in paragraph (1) shall require the
14 evaluating agency entering into such contract to an-
15 nually evaluate each demonstration project under
16 this subtitle in accordance with the evaluation cri-
17 teria described in subsection (b).

18 (3) TRANSMISSION.—The contract described in
19 paragraph (1) shall require the evaluating agency
20 entering into such contract to transmit to the Comp-
21 troller General of the United States—

22 (A) the findings of each annual evaluation
23 under paragraph (1); and

24 (B) a copy of each report received pursu-
25 ant to section 210B(a) for the applicable year.

1 (b) EVALUATION CRITERIA.—The Comptroller Gen-
2 eral of the United States, in consultation with the Sec-
3 retary, shall establish minimum criteria for evaluating the
4 demonstration projects under this subtitle. Such criteria
5 shall provide for—

6 (1) a description of the implementation of each
7 demonstration project under this subtitle and the
8 demonstration project's effects on all participants,
9 schools, and communities in the demonstration
10 project area, with particular attention given to the
11 effect of parent participation in the life of the school
12 and the level of parental satisfaction with the dem-
13 onstration project; and

14 (2) a comparison of the educational achieve-
15 ment of all students in the demonstration project
16 area, including a comparison of—

17 (A) students receiving education certifi-
18 cates under this subtitle; and

19 (B) students not receiving education cer-
20 tificates under this subtitle.

21 **SEC. 210B. REPORTS.**

22 (a) REPORT BY GRANT RECIPIENT.—Each eligible
23 entity receiving a grant under this subtitle shall submit
24 to the evaluating agency entering into the contract under
25 section 210A(a)(1) an annual report regarding the dem-

1 onstration project under this subtitle. Each such report
2 shall be submitted at such time, in such manner, and ac-
3 companied by such information, as such evaluating agency
4 may require.

5 (b) REPORTS BY COMPTROLLER GENERAL.—

6 (1) ANNUAL REPORTS.—The Comptroller Gen-
7 eral of the United States shall report annually to the
8 Congress on the findings of the annual evaluation
9 under section 210A(a)(2) of each demonstration
10 project under this subtitle. Each such report shall
11 contain a copy of—

12 (A) the annual evaluation under section
13 210A(a)(2) of each demonstration project under
14 this subtitle; and

15 (B) each report received under subsection
16 (a) for the applicable year.

17 (2) FINAL REPORT.—The Comptroller General
18 shall submit a final report to the Congress within 6
19 months after the conclusion of the demonstration
20 projects under this subtitle that summarizes the
21 findings of the annual evaluations conducted pursu-
22 ant to section 210A(a)(2).

1 **Subtitle B—Restitution and** 2 **Responsibility**

3 **SEC. 211. RESTITUTION AND RESPONSIBILITY GRANT PRO-** 4 **GRAM.**

5 (a) **IN GENERAL.**—The Attorney General is author-
6 ized to provide grants to States to enable the States to—

7 (1) collect data on victim restitution over a
8 specified period of time as determined by the Attor-
9 ney General;

10 (2) create or expand automated data systems to
11 track restitution payments;

12 (3) make improvements in the manner in which
13 restitution is ordered and collected; and

14 (4) enhance and expand methods of enforce-
15 ment of restitution orders.

16 (b) **ELIGIBILITY.**—To be eligible to receive a grant
17 under this section, a State shall—

18 (1) submit an application to the Attorney Gen-
19 eral, in such form as the Attorney General shall re-
20 quire, that meets the requirements of subsection (c);
21 and

22 (2) certify that the State has a victim advocacy
23 program that—

24 (A) provides assistance to victims of crime
25 throughout the judicial process; and

1 (B) provides courts with a victim impact
2 statement prior to sentencing.

3 (c) APPLICATION.—An application meets the require-
4 ments of this subsection if it includes—

5 (1) a description of the State’s victim advocacy
6 program;

7 (2) a description of the method by which the
8 State compiles or will compile data on restitution,
9 including information on—

10 (A) restitution amounts ordered and col-
11 lected;

12 (B) collection rates for incarcerated offend-
13 ers and offenders who are on probation;

14 (C) collection rates for offenders commit-
15 ting felonies and for those committing mis-
16 demeanors; and

17 (D) rates of partial and full payment rates
18 of collection;

19 (3) documentation of a State’s current prob-
20 lems in ordering, collecting, and enforcing restitu-
21 tion;

22 (4) a description of State laws and practices re-
23 lated to restitution;

1 (5) a description of administrative and legisla-
2 tive options to improve ordering, collecting, and en-
3 forcing restitution;

4 (6) a description of the State's proposal to cre-
5 ate or expand an automated data processing system
6 to track restitution payments;

7 (7) a description of the State's plan to improve
8 the ordering of restitution, including—

9 (A) provisions to ensure that courts order
10 restitution whenever a victim suffers economic
11 loss as a result of unlawful conduct by a de-
12 fendant;

13 (B) provisions to ensure that restitution is
14 ordered in the full amount of the victim's loss,
15 as determined by the court;

16 (C) the prioritization of restitution in the
17 ordering and disbursing of fees; and

18 (D) such other provisions consistent with
19 the purposes of this section;

20 (8) a description of how the State will improve
21 collection of restitution payments, including—

22 (A) the establishment of a central account-
23 ing, billing, and collection system that tracks
24 the offender's obligations and status in meeting
25 those obligations;

1 (B) a process by which information about
2 an offender's restitution payments is made
3 available to probation officials;

4 (C) adopting methods to ensure payments
5 such as automatic docketing, billing, wage with-
6 holding, privatization of collection, withholding
7 State grant privileges, or seizure of State in-
8 come tax refunds; and

9 (D) other provisions consistent with the
10 purposes of this section;

11 (9) a description of how the State will enforce
12 restitution payments, including—

13 (A) assigning an agency responsible for the
14 enforcement of a restitution order;

15 (B) adopting policies to increase the inten-
16 sity of sanctions if an offender defaults on pay-
17 ments, including—

18 (i) revoking a term of probation or
19 parole;

20 (ii) modifying the terms or conditions
21 of probation or parole;

22 (iii) holding a defendant in contempt
23 of court;

24 (iv) entering a restraining order or in-
25 junction; or

1 (v) ordering the sale of property of
2 the defendant;

3 (C) adopting procedures to ensure restitu-
4 tion orders are entered as civil judgments upon
5 entry to allow a victim to execute judgment if
6 restitution payments are delinquent; and

7 (D) such other provisions consistent with
8 the purposes of this section; and

9 (10) the establishment of a community restitu-
10 tion fund administered by a State agency into which
11 restitution payments are made by an offender (in
12 addition to victim restitution payments) and can be
13 used to pay indigent offenders for performing public
14 service work.

15 (d) WAIVER.—The Attorney General may waive the
16 requirements under subsection (c) for a State that dem-
17 onstrates sufficient cause for lack of compliance.

18 (e) GRANT PERIOD.—A grant under this section shall
19 be awarded for a period of not more than 5 years.

20 (f) REPORT.—Each State receiving a grant under
21 this section shall submit an annual report to the Attorney
22 General that includes an evaluation of the progress of the
23 projects funded through the grant, an accounting of ex-
24 penditures, and such other provisions as may be required
25 by the Attorney General. The Attorney General shall issue

1 an annual report to Congress that includes the informa-
2 tion submitted by States under this subsection.

3 (g) EVALUATION.—

4 (1) FINAL EVALUATION.—Within a month after
5 the award of the first grant made under this section,
6 the Attorney General shall contract with an inde-
7 pendent organization to do a final evaluation of the
8 projects funded by this section at the end of 5 years.

9 (2) INTERIM EVALUATION.—The Attorney Gen-
10 eral shall conduct an interim evaluation of the
11 projects funded by this section 3 years after the first
12 grant made under this section.

13 (3) CONTENT OF REPORTS.—The reports re-
14 quired by paragraphs (1) and (2) shall include the
15 following information:

16 (A) An evaluation of data collection ef-
17 forts.

18 (B) An assessment of whether ordering of
19 restitution increased and whether prioritizing
20 restitution in fees collected improved restitution
21 payments.

22 (C) An analysis of whether the project was
23 successful in improving significantly restitution
24 collection rates.

1 (D) An evaluation of most effective meth-
2 ods in improving restitution collection and in
3 enforcing restitution payments.

4 (E) An analysis of how effective automated
5 data systems were in increasing restitution col-
6 lection.

7 (F) An analysis of States' use of the com-
8 munity restitution fund and its effectiveness in
9 ensuring indigent offenders pay restitution.

10 (h) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated \$10,000,000 in each of
12 fiscal years 1997, 1998, 1999, 2000, and 2001 to carry
13 out this section

14 **Subtitle C—Independence**

15 **SEC. 221. FINDINGS.**

16 The Congress finds that—

17 (1) traditional welfare programs in the United
18 States have provided millions of low-income persons
19 with critically needed food, health, and cash benefits,
20 and such programs should be improved and contin-
21 ued;

22 (2) while such programs have sustained millions
23 of low-income persons, too rarely have such pro-
24 grams been successful in promoting and supporting
25 the transition to economic self-sufficiency;

1 (3) millions of Americans continue to live in
2 poverty and continue to receive public assistance;

3 (4) in addition to the social costs of poverty,
4 the economic costs to the Federal Government to
5 provide basic necessities to the poor exceeds
6 \$120,000,000,000 each year;

7 (5) poverty is a loss of human resources and an
8 assault on human dignity;

9 (6) poverty rates remain high and welfare de-
10 pendency continues, in part, because welfare theory
11 has taken for granted that a certain level of income
12 or consumption is necessary for one's economic well-
13 being when, in fact, very few people manage to
14 spend or consume their way out of poverty;

15 (7) economic well-being does not come solely
16 from income, spending, and consumption, but also
17 requires savings, investment, and accumulation of
18 assets, since assets can improve economic stability,
19 connect people with a viable and hopeful future,
20 stimulate development of human and other capital,
21 enable people to focus and specialize, yield personal,
22 social, and political dividends, and enhance the wel-
23 fare of offspring;

24 (8) income-based welfare policy should be com-
25 plemented with asset-based welfare policy, because

1 while income-based policies ensure that present con-
2 sumption needs (including food, child care, rent,
3 clothing, and health care) are met, asset-based poli-
4 cies provide the means to achieve economic self-suffi-
5 ciency and, accordingly, to leave public assistance;

6 (9) there is reason to believe that the financial
7 returns, including increased income, tax revenue,
8 and decreased welfare cash assistance, of individual
9 development accounts will far exceed the cost of the
10 investment;

11 (10) the Federal Government spends more than
12 \$160,000,000,000 each year to provide middle- and
13 upper-income persons with incentives to accumulate
14 savings and assets (including tax subsidies for home
15 equity accumulation and retirement pension ac-
16 counts), but such benefits are beyond the reach of
17 most low-income persons;

18 (11) under current welfare policies, poor fami-
19 lies must deplete most of their assets before qualify-
20 ing for public assistance;

21 (12) the Federal Government should develop
22 policies that promote higher rates of personal sav-
23 ings and net private domestic investment, both of
24 which fall behind the levels attained in other highly
25 developed industrial nations; and

1 (13) the Federal Government should undertake
2 an asset-based welfare policy demonstration project
3 to determine the social, civic, psychological, and eco-
4 nomic effects of asset accumulation opportunities for
5 low-income persons, families, and communities, and
6 to determine if such a policy could provide a new
7 foundation for antipoverty policies and programs in
8 the United States.

9 **SEC. 222. INDIVIDUAL DEVELOPMENT ACCOUNT DEM-**
10 **ONSTRATION PROJECTS.**

11 (a) **PURPOSE.**—The purpose of this section is to pro-
12 vide for the establishment of demonstration projects de-
13 signed to determine—

14 (1) the social, civic, psychological, and economic
15 effects of providing to individuals and families with
16 limited means an incentive to accumulate assets;

17 (2) the extent to which an asset-based welfare
18 policy that promotes saving for education, home-
19 ownership, and microenterprise may be used to en-
20 able individuals and families with low income to
21 achieve economic self-sufficiency; and

22 (3) the extent to which an asset-based welfare
23 policy improves the community in which participat-
24 ing individuals and families live.

25 (b) **APPLICATIONS.**—

1 (1) SUBMISSION.—

2 (A) IN GENERAL.—Not later than 12
3 months after the date of the enactment of this
4 Act, a qualified entity may submit to the Sec-
5 retary an application to conduct a demonstra-
6 tion project under this section.

7 (B) QUALIFIED ENTITY.—For purposes of
8 this subtitle, the term “qualified entity” means
9 either—

10 (i) a not-for-profit organization de-
11 scribed in section 501(c)(3) of the Internal
12 Revenue Code of 1986 and exempt from
13 taxation under section 501(a) of such
14 Code; or

15 (ii) a State or local government agen-
16 cy submitting an application under such
17 subparagraph jointly with an organization
18 described in clause (i).

19 (2) CRITERIA.—In considering whether to ap-
20 prove any application to conduct a demonstration
21 project under this section, the Secretary shall assess
22 the following:

23 (A) SUFFICIENCY OF PROJECT.—The de-
24 gree to which the project described in the appli-
25 cation appears likely to aid project participants

1 in achieving economic self-sufficiency through
2 activities requiring qualified expenses (as de-
3 fined in section 529(c)(1) of the Internal Reve-
4 nue Code of 1986, as added by section 223 of
5 this Act). In making such assessment, the Sec-
6 retary shall consider the overall quality of
7 project activities in making any particular kind
8 or combination of qualified expenses (as so de-
9 fined) to be an essential feature of any project.

10 (B) ADMINISTRATIVE ABILITY.—The abil-
11 ity of the applicant to responsibly administer
12 the project.

13 (C) ABILITY TO ASSIST PARTICIPANTS.—
14 The ability of the applicant to assist project
15 participants to achieve economic self-sufficiency
16 through the development of assets.

17 (D) COMMITMENT OF NON-FEDERAL
18 FUNDS.—The aggregate amount of direct funds
19 from non-Federal public sector and private
20 sources that are formally committed to the
21 project.

22 (E) ADEQUACY OF PLAN FOR PROVIDING
23 INFORMATION FOR EVALUATION.—The ade-
24 quacy of the plan for providing information rel-
25 evant to an evaluation of the project.

1 (F) OTHER FACTORS.—Such other factors
2 as the Secretary may specify.

3 (3) PREFERENCES.—In considering an applica-
4 tion to conduct a demonstration project under this
5 section, the Secretary shall give preference to any
6 application that—

7 (A) demonstrates the willingness and abil-
8 ity to select individuals described in subsection
9 (e) who are predominantly from households in
10 which a child (or children) is living with the
11 child’s biological or adoptive mother or father,
12 legal guardian, or a responsible adult relative
13 with whom the child regularly resides;

14 (B) provides a commitment of non-Federal
15 funds with a proportionately greater amount of
16 funds committed by private sector sources; and

17 (C) targets such individuals residing within
18 1 or more relatively well-defined communities or
19 neighborhoods that experience low rates of in-
20 come or employment.

21 (4) APPROVAL.—Not later than 15 months
22 after the date of the enactment of this Act, the Sec-
23 retary shall, on a competitive basis, approve such ap-
24 plications to conduct demonstration projects under
25 this section as the Secretary deems appropriate, tak-

1 ing into account the assessments required by para-
2 graphs (2) and (3). The Secretary is encouraged to
3 ensure that the applications that are approved in-
4 volve a wide range of communities (both rural and
5 urban) and diverse populations.

6 (c) DEMONSTRATION AUTHORITY; ANNUAL
7 GRANTS.—

8 (1) DEMONSTRATION AUTHORITY.—If the Sec-
9 retary approves an application to conduct a dem-
10 onstration project under this section, the Secretary
11 shall, not later than 16 months after the date of the
12 enactment of this Act, authorize the applicant to
13 conduct the project for 4 project years in accordance
14 with the approved application and this section.

15 (2) GRANT AUTHORITY.—For each project year
16 of a demonstration project conducted under this sec-
17 tion, the Secretary shall make a grant to the quali-
18 fied entity authorized to conduct the project on the
19 first day of the project year in an amount not to ex-
20 ceed the greater of—

21 (A) the aggregate amount of funds com-
22 mitted by non-Federal sources; or

23 (B) \$1,000,000.

24 (3) LIMITATION ON GRANT AMOUNTS PER
25 PROJECT.—The amount of each grant for a project

1 approved under this section shall not exceed
2 \$10,000,000.

3 (d) RESERVE FUND.—

4 (1) ESTABLISHMENT.—Each qualified entity
5 grantee under this section shall establish a Reserve
6 Fund which shall be maintained in accordance with
7 this subsection.

8 (2) AMOUNTS IN RESERVE FUND.—

9 (A) IN GENERAL.—As soon after receipt as
10 is practicable, a qualified entity grantee shall
11 deposit in the Reserve Fund established under
12 paragraph (1)—

13 (i) all funds provided to the qualified
14 entity grantee by any public or private
15 source in connection with the demonstra-
16 tion project; and

17 (ii) the proceeds from any investment
18 made under paragraph (3)(B).

19 (B) INDIVIDUAL DEVELOPMENT ACCOUNT
20 PENALTIES.—

21 (i) PENALTY AMOUNTS AUTHORIZED
22 TO BE APPROPRIATED FOR PAYMENT TO
23 THE RESERVE FUND.—With respect to the
24 Reserve Fund established by a qualified
25 entity grantee that provides financial as-

1 sistance under subsection (g) to any indi-
 2 vidual who pays, or from whose individual
 3 development account is paid, a penalty
 4 amount, there is hereby appropriated to
 5 the Reserve Fund, without fiscal year limi-
 6 tation, an amount equal to such penalty
 7 amount.

8 (ii) PAYMENT TO RESERVE FUND OF
 9 PENALTY AMOUNTS APPROPRIATED
 10 THEREFORE.—The Secretary shall make
 11 quarterly estimated payments to the Re-
 12 serve Fund of any penalty amount appro-
 13 priated pursuant to clause (i).

14 (C) UNIFORM ACCOUNTING REGULA-
 15 TIONS.—The Secretary shall prescribe regula-
 16 tions with respect to accounting for amounts in
 17 Reserve Funds.

18 (3) USE OF RESERVE FUND.—

19 (A) IN GENERAL.—A qualified entity
 20 grantee shall use the amounts in the Reserve
 21 Fund established under paragraph (1) to—

22 (i) assist participants in the dem-
 23 onstration project in obtaining the skills
 24 and information necessary to achieve eco-

1 nomic self-sufficiency through activities re-
2 quiring qualified expenses (as so defined);

3 (ii) provide financial assistance in ac-
4 cordance with subsection (g) to individuals
5 selected by the qualified entity grantee to
6 participate in the project;

7 (iii) administer the project; and

8 (iv) provide the research organization
9 evaluating the project under subsection (k)
10 with such information with respect to the
11 project as may be required for the evalua-
12 tion.

13 (B) AUTHORITY TO INVEST FUNDS.—

14 (i) GUIDELINES.—The Secretary shall
15 establish guidelines for investing amounts
16 in Reserve Funds in a manner that pro-
17 vides high liquidity and low risk.

18 (ii) INVESTMENT.—A qualified entity
19 grantee shall invest the amounts in its Re-
20 serve Fund that are not immediately need-
21 ed to carry out the provisions of subpara-
22 graph (A), in accordance with guidelines
23 established under clause (i).

24 (C) LIMITATION ON USES.—Not more than
25 7.5 percent of the amounts provided to a quali-

1 fied entity grantee under subsection (c)(2) shall
2 be used by the qualified entity grantee for the
3 purposes described in clauses (i), (iii), and (iv)
4 of paragraph (3)(A), except that if 2 or more
5 qualified entities are jointly administering a
6 project, no qualified entity grantee shall use
7 more than its proportional share for such pur-
8 poses.

9 (4) UNUSED FEDERAL GRANT FUNDS TRANS-
10 FERRED TO THE SECRETARY WHEN PROJECT TERMI-
11 NATES.—Notwithstanding paragraph (3), upon the
12 termination of any demonstration project authorized
13 under this section, the qualified entity grantee con-
14 ducting the project shall transfer to the Secretary an
15 amount equal to—

16 (A) the amounts in its Reserve Fund at
17 time of the termination; multiplied by

18 (B) a percentage equal to—

19 (i) the aggregate amount of grants
20 made to the qualified entity grantee under
21 subsection (c)(2); divided by

22 (ii) the aggregate amount of all mon-
23 eys provided to the qualified entity grantee
24 by all sources to conduct the project.

25 (e) ELIGIBILITY FOR ASSISTANCE.—

1 (1) IN GENERAL.—Any individual who is a
2 member of a household that meets the following re-
3 quirements shall be eligible for assistance under a
4 demonstration project conducted under this section:

5 (A) INCOME TEST.—The adjusted gross in-
6 come of the household did not exceed the in-
7 come limits established under section 32(b)(2)
8 of the Internal Revenue Code of 1986.

9 (B) NET WORTH TEST.—

10 (i) IN GENERAL.—The net worth of
11 the household, as of the close of the cal-
12 endar year preceding the determination of
13 eligibility, does not exceed \$20,000.

14 (ii) DETERMINATION OF NET
15 WORTH.—For purposes of clause (i), the
16 net worth of a household is the amount
17 equal to—

18 (I) the aggregate market value of
19 all assets that are owned in whole or
20 in part by any member of the house-
21 hold, minus

22 (II) the obligations or debts of
23 any member of the household.

24 (2) INDIVIDUALS UNABLE TO COMPLETE THE
25 PROJECT.—The Secretary shall establish such regu-

1 lations as are necessary, including prohibiting eligi-
2 bility for further assistance under a demonstration
3 project conducted under this section, to ensure com-
4 pliance with this section if an individual participat-
5 ing in the demonstration project moves from the
6 community in which the project is conducted or is
7 otherwise unable to continue participating in the
8 project.

9 (f) SELECTION OF INDIVIDUALS TO RECEIVE AS-
10 SISTANCE.—From among the individuals eligible for as-
11 sistance under a demonstration project conducted under
12 this section, each qualified entity grantee shall select the
13 individuals—

14 (1) whom the qualified entity grantee deems to
15 be best suited to receive such assistance; and

16 (2) to whom the qualified entity grantee will
17 provide financial assistance in accordance with sub-
18 section (g).

19 (g) PROVISION OF FINANCIAL ASSISTANCE.—

20 (1) IN GENERAL.—Not less than once a month
21 during each project year, each qualified entity grant-
22 ee under this section shall deposit in the individual
23 development account of each individual participating
24 in the project an amount—

1 (A) from the grant made under subsection
2 (c)(2), equal to the amount of earned income
3 (as defined in section 911(d)(2) of the Internal
4 Revenue Code of 1986) deposited during the
5 month by the individual in the individual's de-
6 velopment account, and

7 (B) from the non-Federal funds described
8 in subsection (b)(2)(D), equal to the amount
9 described in subparagraph (A).

10 (2) LIMITATION ON FINANCIAL ASSISTANCE TO
11 INDIVIDUAL.—Not more than \$2,000 from a grant
12 made under subsection (c)(2) shall be provided to
13 any 1 individual.

14 (3) LIMITATION ON FINANCIAL ASSISTANCE TO
15 HOUSEHOLD.—Not more than \$4,000 from a grant
16 made under subsection (c)(2) shall be provided to
17 any 1 household.

18 (4) WITHDRAWAL OF FUNDS.—The Secretary
19 shall establish such regulations as may be necessary
20 to ensure that funds held in an individual develop-
21 ment account are not withdrawn except for 1 or
22 more of the qualified expenses specified in section
23 529(c)(1) of the Internal Revenue Code of 1986 (as
24 added by section 223 of this Act). Such regulations
25 shall include a requirement that a responsible official

1 of the qualified entity grantee conducting a project
2 approve such withdrawal in writing.

3 (h) LOCAL CONTROL OVER DEMONSTRATION
4 PROJECTS.—Each qualified entity grantee under this sec-
5 tion shall, subject to the provisions of subsection (j), have
6 sole authority over the administration of the project. The
7 Secretary may prescribe only such regulations with respect
8 to demonstration projects under this section as are nec-
9 essary to ensure compliance with the approved applica-
10 tions and this section.

11 (i) SEMIANNUAL PROGRESS REPORTS.—

12 (1) IN GENERAL.—Each qualified entity grant-
13 ee under this section shall prepare semiannual re-
14 ports on the progress of the project. Each report
15 shall specify for the semiannual period covered by
16 the report the following information:

17 (A) The number of individuals making a
18 deposit into an individual development account.

19 (B) Information on the amounts in the Re-
20 serve Fund established with respect to the
21 project.

22 (C) The amounts deposited in the individ-
23 ual development accounts.

1 (D) The amounts withdrawn from the indi-
2 vidual development accounts and the purposes
3 for which such amounts were withdrawn.

4 (E) The balances remaining in the individ-
5 ual development accounts.

6 (F) Such other information as the Sec-
7 retary may require to evaluate the project.

8 (2) SUBMISSION OF REPORTS.—The qualified
9 entity grantee shall submit each report required to
10 be prepared under paragraph (1) to—

11 (A) the Secretary; and

12 (B) the Treasurer (or equivalent official)
13 of the State in which the project is conducted,
14 if the State or local government committed
15 funds to the demonstration project.

16 (3) TIMING.—The first report required by para-
17 graph (1) shall be submitted at the end of the 7-
18 month period beginning on the date the Secretary
19 authorized the qualified entity grantee to conduct
20 the demonstration project, and subsequent reports
21 shall be submitted every 6 months thereafter, until
22 the conclusion of the project.

23 (j) SANCTIONS.—

24 (1) AUTHORITY TO TERMINATE DEMONSTRA-
25 TION PROJECT.—If the Secretary determines that a

1 qualified entity grantee under this section is not op-
2 erating the project in accordance with the grantee's
3 application or this section (and has not implemented
4 any corrective recommendations directed by the Sec-
5 retary), the Secretary shall terminate such grantee's
6 authority to conduct the project.

7 (2) ACTIONS REQUIRED UPON TERMINATION.—

8 If the Secretary terminates the authority to conduct
9 a demonstration project, the Secretary—

10 (A) shall suspend the project;

11 (B) shall take control of the Reserve Fund
12 established pursuant to subsection (d);

13 (C) shall make every effort to identify an-
14 other qualified entity willing and able to con-
15 duct the project in accordance with the ap-
16 proved application (or, as modified, if necessary
17 to incorporate the recommendations) and this
18 section;

19 (D) shall, if the Secretary identifies such
20 an entity—

21 (i) authorize the entity to conduct the
22 project in accordance with the approved
23 application (or, as modified, if necessary,
24 to incorporate the recommendations) and
25 this section;

1 (ii) transfer to the entity control over
2 the Reserve Fund established pursuant to
3 subsection (d); and

4 (iii) consider, for purposes of this sec-
5 tion—

6 (I) such other entity to be the
7 qualified entity originally authorized
8 to conduct the project; and

9 (II) the date of such authoriza-
10 tion to be the date of the original au-
11 thorization; and

12 (E) if, by the end of the 1-year period be-
13 ginning on the date of the termination, the Sec-
14 retary has not found such a qualified entity,
15 shall—

16 (i) terminate the project; and

17 (ii) from the amount remaining in the
18 Reserve Fund established as part of the
19 project, remit to each source that provided
20 funds under subsection (b)(2)(D) to the
21 entity originally authorized to conduct the
22 project, an amount that bears the same
23 ratio to the amount so remaining as the
24 amount provided by the source under sub-
25 section (b)(2)(D) bears to the amount pro-

1 vided by all such sources under subsection
2 (b)(2)(D).

3 (k) EVALUATIONS.—

4 (1) IN GENERAL.—Not later than 16 months
5 after the date of the enactment of this Act, the Sec-
6 retary shall enter into a contract with an independ-
7 ent research organization to evaluate, individually
8 and as a group, all qualified entities and sources
9 participating in the demonstration projects con-
10 ducted under this section.

11 (2) FACTORS TO EVALUATE.—In evaluating any
12 demonstration project conducted under this section,
13 the research organization shall address the following
14 factors:

15 (A) The savings account characteristics
16 (such as threshold amounts and match rates)
17 required to stimulate participation in the dem-
18 onstration project, and how such characteristics
19 vary among different populations or commu-
20 nities.

21 (B) What service configurations of the
22 qualified entity grantee (such as peer support,
23 structured planning exercises, mentoring, and
24 case management) increase the rate and con-
25 sistency of participation in the demonstration

1 project and how such configurations vary
2 among different populations or communities.

3 (C) The economic, civic, psychological, and
4 social effects of asset accumulation, and how
5 such effects vary among different populations
6 or communities.

7 (D) The effects of individual development
8 accounts on savings rates, homeownership, level
9 of education attained, and self-employment, and
10 how such effects vary among different popu-
11 lations or communities.

12 (E) The potential financial returns to the
13 Federal Government and to other public sector
14 and private sector investors in individual devel-
15 opment accounts over a 5-year and 10-year pe-
16 riod of time.

17 (F) The lessons to be learned from the
18 demonstration projects conducted under this
19 section and if a permanent program of individ-
20 ual development accounts should be established.

21 (G) Such other factors as may be pre-
22 scribed by the Secretary.

23 (3) METHODOLOGICAL REQUIREMENTS.—In
24 evaluating any demonstration project conducted
25 under this section, the research organization shall—

1 (A) to the extent possible, use control
2 groups to compare participants with nonpartici-
3 pants;

4 (B) before, during, and after the project,
5 obtain such quantitative data as are necessary
6 to evaluate the project thoroughly; and

7 (C) develop a qualitative assessment, de-
8 rived from sources such as in-depth interviews,
9 of how asset accumulation affects individuals
10 and families.

11 (4) REPORTS BY THE SECRETARY.—

12 (A) INTERIM REPORTS.—Not less than
13 once during the 12-month period beginning on
14 the date of the enactment of this Act, and dur-
15 ing each 12-month period thereafter until all
16 demonstration projects conducted under this
17 section are completed, the Secretary shall sub-
18 mit to the Congress an interim report setting
19 forth the results of the evaluations conducted
20 pursuant to this subsection.

21 (B) FINAL REPORTS.—Not later than 12
22 months after the conclusion of all demonstra-
23 tion projects conducted under this section, the
24 Secretary shall submit to the Congress a final
25 report setting forth the results and findings of

1 evaluations conducted pursuant to this sub-
2 section.

3 (5) EVALUATION EXPENSES.—The Secretary
4 shall expend such sums as may be necessary to carry
5 out the purposes of this subsection.

6 (1) DEFINITIONS.—As used in this section:

7 (1) APPLICABLE PERIOD.—The term “applica-
8 ble period” means, with respect to amounts to be
9 paid from a grant made for a project year, the cal-
10 endar year immediately preceding the calendar year
11 in which the grant is made.

12 (2) HOUSEHOLD.—The term “household”
13 means all individuals who share use of a dwelling
14 unit as primary quarters for living and eating sepa-
15 rate from other individuals.

16 (3) INDIVIDUAL DEVELOPMENT ACCOUNT.—
17 The term “individual development account” has the
18 same meaning given such term in section 529 of the
19 Internal Revenue Code of 1986, as added by section
20 223 of this Act.

21 (4) PENALTY AMOUNT.—The term “penalty
22 amount” means any of the following:

23 (A) FINANCIAL ASSISTANCE FORFEITED.—
24 Any amount paid into the general fund of the
25 Treasury of the United States under section

1 529(e) of the Internal Revenue Code of 1986
2 (as so added).

3 (B) 10 PERCENT ADDITION TO TAX.—Any
4 additional tax imposed by section 529(f) of the
5 Internal Revenue Code of 1986 (as so added).

6 (C) OTHER EXCISE OR PENALTY TAXES.—
7 Any tax imposed with respect to an individual
8 development account by section 4973, 4975, or
9 6693 of the Internal Revenue Code of 1986.

10 (5) PROJECT YEAR.—The term “project year”
11 means, with respect to a demonstration project, any
12 of the 4 consecutive 12-month periods beginning on
13 the date the project is originally authorized to be
14 conducted.

15 (6) QUALIFIED SAVINGS OF THE INDIVIDUAL
16 FOR THE PERIOD.—The term “qualified savings of
17 the individual for the period” means the aggregate
18 of the amounts contributed by the individual to the
19 individual development account of the individual
20 during the period.

21 (7) SECRETARY.—The term “Secretary” means
22 the Secretary of Health and Human Services.

23 (m) AUTHORIZATION OF APPROPRIATIONS.—To
24 carry out this section, the following amounts are author-
25 ized to be appropriated:

1 (1) \$20,000,000 for fiscal year 1996.

2 (2) \$30,000,000 for fiscal year 1997.

3 (3) \$30,000,000 for fiscal year 1998.

4 (4) \$20,000,000 for fiscal year 1999.

5 **SEC. 223. INDIVIDUAL DEVELOPMENT ACCOUNTS.**

6 (a) IN GENERAL.—Subchapter F of chapter 1 of the
7 Internal Revenue Code of 1986 (relating to exempt organi-
8 zations) is amended by adding at the end the following
9 new part:

10 **“PART VIII—INDIVIDUAL DEVELOPMENT**
11 **ACCOUNTS**

“Sec. 529. Individual development accounts.

12 **“SEC. 529. INDIVIDUAL DEVELOPMENT ACCOUNTS.**

13 “(a) ESTABLISHMENT OF ACCOUNTS.—

14 “(1) IN GENERAL.—An individual development
15 account may be established by or on behalf of an eli-
16 gible individual for the purpose of accumulating
17 funds to pay the qualified expenses of such individ-
18 ual.

19 “(2) ELIGIBLE INDIVIDUAL.—

20 “(A) IN GENERAL.—The term ‘eligible in-
21 dividual’ means an individual for whom assist-
22 ance is (or at any prior time was) provided by
23 a qualified entity grantee under section 222(g)
24 of the Project for American Renewal Act.

1 “(B) QUALIFIED ENTITY.—The term
2 ‘qualified entity’ has the meaning given such
3 term by section 3(b)(1)(B) of such Act.

4 “(b) LIMITATIONS.—

5 “(1) ACCOUNT TO BENEFIT 1 INDIVIDUAL.—An
6 individual development account may not be estab-
7 lished for the benefit of more than 1 individual.

8 “(2) MULTIPLE ACCOUNTS.—If, at any time
9 during a calendar year, 2 or more individual devel-
10 opment accounts are maintained for the benefit of
11 an eligible individual, such individual shall be treat-
12 ed as an eligible individual for the calendar year only
13 with respect to the 1st of such accounts.

14 “(3) ANNUAL LIMIT.—Contributions to an indi-
15 vidual development account for any taxable year
16 shall not exceed \$2,000. No contribution to the ac-
17 count under section 222(g) of the Project for Amer-
18 ican Renewal Act shall be taken into account for
19 purposes of this paragraph.

20 “(4) CONTRIBUTIONS TO BE FROM EARNED IN-
21 COME.—An eligible individual may only contribute to
22 an account such amounts as are derived from earned
23 income, as defined in section 911(d)(2).

24 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
25 poses of this section—

1 “(1) QUALIFIED EXPENSES.—The term ‘quali-
 2 fied expenses’ means 1 or more of the following, as
 3 provided by the qualified entity providing assistance
 4 to the individual under section 222(g) of the Project
 5 for American Renewal Act:

6 “(A) POSTSECONDARY EDUCATIONAL EX-
 7 PENSES.—Postsecondary educational expenses
 8 paid from an individual development account di-
 9 rectly to an eligible educational institution. For
 10 purposes of this subparagraph—

11 “(i) IN GENERAL.—The term ‘post-
 12 secondary educational expenses’ means—

13 “(I) tuition and fees required for
 14 the enrollment or attendance of a stu-
 15 dent at an eligible educational institu-
 16 tion, and

17 “(II) fees, books, supplies, and
 18 equipment required for courses of in-
 19 struction at an eligible educational in-
 20 stitution.

21 “(ii) ELIGIBLE EDUCATIONAL INSTI-
 22 TUTION.—The term ‘eligible educational
 23 institution’ means the following:

24 “(I) INSTITUTION OF HIGHER
 25 EDUCATION.—An institution described

1 in section 481(a)(1) or 1201(a) of the
 2 Higher Education Act of 1965 (20
 3 U.S.C. 1088(a)(1) or 1141(a)), as
 4 such sections are in effect on the date
 5 of the enactment of this section.

6 “(II) POSTSECONDARY VOCA-
 7 TIONAL EDUCATION SCHOOL.—An
 8 area vocational education school (as
 9 defined in subparagraph (C) or (D) of
 10 section 521(4) of the Carl D. Perkins
 11 Vocational and Applied Technology
 12 Education Act (20 U.S.C. 2471(4)))
 13 which is in any State (as defined in
 14 section 521(33) of such Act), as such
 15 sections are in effect on the date of
 16 the enactment of this section.

17 “(B) FIRST-HOME PURCHASE.—Qualified
 18 acquisition costs with respect to a qualified
 19 principal residence for a qualified first-time
 20 homebuyer, if paid from an individual develop-
 21 ment account directly to the persons to whom
 22 the amounts are due. For purposes of this sub-
 23 paragraph—

24 “(i) QUALIFIED ACQUISITION
 25 COSTS.—The term ‘qualified acquisition

1 costs' means the costs of acquiring, con-
2 structing, or reconstructing a residence.
3 The term includes any usual or reasonable
4 settlement, financing, or other closing
5 costs.

6 “(ii) QUALIFIED PRINCIPAL RESI-
7 DENCE.—The term ‘qualified principal resi-
8 dence’ means a principal residence (within
9 the meaning of section 1034), the qualified
10 acquisition costs of which do not exceed
11 100 percent of the average area purchase
12 price applicable to such residence (deter-
13 mined in accordance with paragraphs (2)
14 and (3) of section 143(e)).

15 “(iii) QUALIFIED FIRST-TIME HOME-
16 BUYER.—

17 “(I) IN GENERAL.—The term
18 ‘qualified first-time homebuyer’ means
19 a taxpayer (and, if married, the tax-
20 payer’s spouse) who has no present
21 ownership interest in a principal resi-
22 dence during the 3-year period ending
23 on the date of acquisition of the prin-
24 cipal residence to which this subpara-
25 graph applies.

1 “(II) DATE OF ACQUISITION.—

2 The term ‘date of acquisition’ means
3 the date on which a binding contract
4 to acquire, construct, or reconstruct
5 the principal residence to which this
6 subparagraph applies is entered into.

7 “(C) BUSINESS CAPITALIZATION.—

8 Amounts paid from an individual development
9 account directly to a business capitalization ac-
10 count which is established in a federally insured
11 financial institution and is restricted to use
12 solely for qualified business capitalization ex-
13 penses. For purposes of this subparagraph—

14 “(i) QUALIFIED BUSINESS CAPITAL-
15 IZATION EXPENSES.—The term ‘qualified
16 business capitalization expenses’ means
17 qualified expenditures for the capitalization
18 of a qualified business pursuant to a quali-
19 fied plan.

20 “(ii) QUALIFIED EXPENDITURES.—

21 The term ‘qualified expenditures’ means
22 expenditures included in a qualified plan,
23 including capital, plant, equipment, work-
24 ing capital, and inventory expenses.

1 “(iii) QUALIFIED BUSINESS.—The
 2 term ‘qualified business’ means any busi-
 3 ness that does not contravene any law or
 4 public policy (as determined by the Sec-
 5 retary).

6 “(iv) QUALIFIED PLAN.—The term
 7 ‘qualified plan’ means a business plan
 8 which—

9 “(I) is approved by a financial in-
 10 stitution, or by a nonprofit loan fund
 11 having demonstrated fiduciary integ-
 12 rity,

13 “(II) includes a description of
 14 services or goods to be sold, a market-
 15 ing plan, and projected financial
 16 statements, and

17 “(III) may require the eligible in-
 18 dividual to obtain the assistance of an
 19 experienced entrepreneurial advisor.

20 “(D) TRANSFERS TO IDAS OF FAMILY
 21 MEMBERS.—Amounts paid from an individual
 22 development account directly into another such
 23 account established for the benefit of an eligible
 24 individual who is—

25 “(i) the taxpayer’s spouse, or

1 “(ii) any dependent of the taxpayer
2 with respect to whom the taxpayer is al-
3 lowed a deduction under section 151.

4 “(2) INDIVIDUAL DEVELOPMENT ACCOUNT.—
5 The term ‘individual development account’ means a
6 trust created or organized in the United States ex-
7 clusively for the purpose of paying the qualified ex-
8 penses of an eligible individual, but only if the writ-
9 ten governing instrument creating the trust meets
10 the following requirements:

11 “(A) No contribution will be accepted un-
12 less it is in cash or by check.

13 “(B) The trustee is a federally insured fi-
14 nancial institution.

15 “(C) The assets of the account will be in-
16 vested in accordance with the direction of the
17 eligible individual after consultation with the
18 qualified entity providing assistance to the indi-
19 vidual under section 222(g) of the Project for
20 American Renewal Act.

21 “(D) The assets of the trust will not be
22 commingled with other property except in a
23 common trust fund or common investment
24 fund.

1 “(E) Except as provided in subparagraph
2 (F), any amount in the account which is attrib-
3 utable to assistance provided under section
4 222(g) of the Project for American Renewal
5 Act may be paid or distributed out of the ac-
6 count only for the purpose of paying the quali-
7 fied expenses of the eligible individual.

8 “(F) Any balance in the account on the
9 day after the date on which the individual for
10 whose benefit the trust is established dies shall
11 be distributed within 30 days of such date as
12 directed by such individual to another individual
13 development account established for the benefit
14 of an eligible individual.

15 “(3) TIME WHEN CONTRIBUTIONS DEEMED
16 MADE.—A taxpayer shall be deemed to have made a
17 contribution on the last day of the preceding taxable
18 year if the contribution is made on account of such
19 taxable year and is made not later than the time
20 prescribed by law for filing the return for such tax-
21 able year (including extensions thereof).

22 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this subsection, any amount paid or distrib-
25 uted out of an individual development account at-

1 tributable to assistance provided under section
2 222(g) of the Project for American Renewal Act (in-
3 cluding earnings attributable to such assistance)
4 shall be included in gross income of the payee or dis-
5 tributee for the taxable year in the manner provided
6 in section 72.

7 “(2) DISTRIBUTION USED TO PAY QUALIFIED
8 EXPENSES.—A payment or distribution out of an in-
9 dividual development account attributable to assist-
10 ance provided under section 222(g) of the Project
11 for American Renewal Act shall not be included in
12 gross income to the extent such payment or distribu-
13 tion is used exclusively to pay the qualified expenses
14 incurred by the eligible individual for whose benefit
15 the account is established.

16 “(3) ORDERING RULES.—Any distribution from
17 an individual development account shall not be treat-
18 ed as made from the accumulated contributions
19 made to the account by the eligible individual (in-
20 cluding earnings attributable to such contributions)
21 until all other amounts to the credit of the eligible
22 individual have been distributed.

23 “(e) TAX TREATMENT OF ACCOUNTS.—

24 “(1) EXEMPTION FROM TAX.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), an individual development
3 account is exempt from taxation under this title
4 unless such account has ceased to be an individ-
5 ual development account by reason of para-
6 graph (2). Notwithstanding the preceding sen-
7 tence, any such account is subject to the taxes
8 imposed by section 511 (relating to imposition
9 of tax on unrelated business income of chari-
10 table, etc. organizations).

11 “(B) CERTAIN EARNINGS TAXED AS
12 GRANTOR TRUST.—An eligible individual shall
13 be treated for purposes of this title as the
14 owner of the individual development account es-
15 tablished by or on behalf of such individual and
16 shall be subject to tax thereon with respect to
17 the earnings attributable to contributions made
18 to the account by the eligible individual in ac-
19 cordance with subpart E of part I of subchapter
20 J of this chapter (relating to grantors and oth-
21 ers treated as substantial owners).

22 “(2) LOSS OF EXEMPTION OF ACCOUNT WHERE
23 INDIVIDUAL ENGAGES IN PROHIBITED TRANS-
24 ACTION.—

1 “(A) IN GENERAL.—If an eligible individ-
2 ual or qualified entity engages in any trans-
3 action prohibited by section 4975 with respect
4 to such individual’s account, the account shall
5 cease to be an individual development account
6 as of the 1st day of the taxable year of such in-
7 dividual during which such transaction occurs.

8 “(B) ACCOUNT TREATED AS DISTRIBUTING
9 ALL ITS ASSETS.—In any case in which any ac-
10 count ceases to be an individual development
11 account by reason of subparagraph (A) as of
12 the 1st day of any taxable year—

13 “(i) all assets in the account on such
14 1st day which are attributable to assist-
15 ance provided under section 222(g) of the
16 Project for American Renewal Act shall be
17 paid into the general fund of the Treasury
18 of the United States, and

19 “(ii) the remaining assets shall be
20 treated as distributed on such 1st day.

21 “(3) EFFECT OF PLEDGING ACCOUNT AS SECUR-
22 ITY.—If, during any taxable year, an eligible indi-
23 vidual or qualified entity uses such individual’s ac-
24 count or any portion thereof as security for a loan—

1 “(A) an amount equal to the part of the
2 portion so used which is attributable to assist-
3 ance provided under section 222(g) of the
4 Project for American Renewal Act shall be paid
5 into the general fund of the Treasury of the
6 United States, and

7 “(B) the remaining part of the portion so
8 used shall be treated as distributed to the eligi-
9 ble individual.

10 “(4) EFFECT OF LIEN OR OTHER SEIZURE OF
11 ACCOUNT.—If, during any taxable year, a lien is
12 placed on an individual development account, or the
13 account is otherwise seized pursuant to legal or ad-
14 ministrative process—

15 “(A) an amount equal to the part of the
16 portion so seized which is attributable to assist-
17 ance provided under section 222(g) of the
18 Project for American Renewal Act shall be paid
19 into the general fund of the Treasury of the
20 United States, and

21 “(B) the remaining part of the portion so
22 seized shall be treated as distributed to the eli-
23 gible individual.

24 “(f) ADDITIONAL TAX ON CERTAIN AMOUNTS IN-
25 CLUDED IN GROSS INCOME.—

1 “(1) DISTRIBUTION NOT USED FOR QUALIFIED
2 EXPENSES.—In the case of any payment or distribu-
3 tion not used exclusively to pay qualified expenses
4 incurred by the eligible individual for whose benefit
5 the individual development account is established,
6 the tax liability of each payee or distributee under
7 this chapter for the taxable year in which the pay-
8 ment or distribution is received shall be increased by
9 an amount equal to 10 percent of the amount of the
10 payment or distribution.

11 “(2) DISABILITY OR DEATH CASES.—Paragraph
12 (1) shall not apply if the payment or distribution is
13 made after the individual for whose benefit the indi-
14 vidual development account becomes disabled within
15 the meaning of section 72(m)(7) or dies.

16 “(g) COMMUNITY PROPERTY LAWS.—This section
17 shall be applied without regard to any community property
18 laws.

19 “(h) CUSTODIAL ACCOUNTS.—For purposes of this
20 section, a custodial account shall be treated as a trust if
21 the assets of such account are held by a bank (as defined
22 in section 408(n)) or another person who demonstrates,
23 to the satisfaction of the Secretary, that the manner in
24 which such person will administer the account will be con-
25 sistent with the requirements of this section, and if the

1 custodial account would, except for the fact that it is not
2 a trust, constitute an individual development account de-
3 scribed in subsection (c)(2). For purposes of this title, in
4 the case of a custodial account treated as a trust by reason
5 of the preceding sentence, the custodian of such account
6 shall be treated as the trustee thereof.

7 “(i) REPORTS.—The trustee of an individual develop-
8 ment account shall—

9 “(1) prepare reports regarding the account with
10 respect to contributions, distributions, and any other
11 matter required by the Secretary under regulations,
12 and

13 “(2) submit such reports, at the time and in
14 the manner prescribed by the Secretary in regula-
15 tions, to—

16 “(A) the eligible individual for whose bene-
17 fit the account is maintained,

18 “(B) the qualified entity providing assist-
19 ance to the individual under section 222(g) of
20 the Project for American Renewal Act, and

21 “(C) the Secretary.”

22 (b) DEDUCTION ALLOWED AGAINST GROSS IN-
23 COME.—Subsection (a) of section 62 (defining adjusted
24 gross income) is amended by inserting after paragraph
25 (15) the following new paragraph:

1 “(16) INDIVIDUAL DEVELOPMENT ACCOUNTS.—
2 Except as provided in section 529, contributions to
3 an individual development account established to
4 provide assistance to the taxpayer under section
5 222(g) of the Project for American Renewal Act.”

6 (c) CONTRIBUTION NOT SUBJECT TO GIFT TAX.—
7 Section 2503 of such Code (relating to taxable gifts) is
8 amended by adding at the end the following new sub-
9 section:

10 “(h) INDIVIDUAL DEVELOPMENT ACCOUNTS.—Any
11 contribution made by an individual or qualified entity to
12 an individual development account described in section
13 529(c)(2) shall not be treated as a transfer of property
14 by gift for purposes of this chapter.”

15 (d) TAX ON PROHIBITED TRANSACTIONS.—Section
16 4975 of such Code (relating to prohibited transactions)
17 is amended—

18 (1) by adding at the end of subsection (c) the
19 following new paragraph:

20 “(4) SPECIAL RULE FOR INDIVIDUAL DEVELOP-
21 MENT ACCOUNTS.—An eligible individual for whose
22 benefit an individual development account is estab-
23 lished and any contributor to such account shall be
24 exempt from the tax imposed by this section with re-
25 spect to any transaction concerning such account

1 (which would otherwise be taxable under this sec-
 2 tion) if, with respect to such transaction, the ac-
 3 count ceases to be an individual development ac-
 4 count by reason of the application of section
 5 529(e)(2)(A) to such account.”, and

6 (2) by inserting “, an individual development
 7 account described in section 529(e)(2),” in sub-
 8 section (e)(1) after “described in section 408(a)”.

9 (e) FAILURE TO PROVIDE REPORTS ON INDIVIDUAL
 10 DEVELOPMENT ACCOUNTS.—Section 6693 of such Code
 11 (relating to failure to provide reports on individual retire-
 12 ment accounts or annuities) is amended—

13 (1) by inserting “**OR ON INDIVIDUAL DEVEL-**
 14 **OPMENT ACCOUNTS**” after “**ANNUITIES**” in the
 15 heading of such section, and

16 (2) by adding at the end of subsection (a) the
 17 following new sentence: “The person required by sec-
 18 tion 529(i) to file a report regarding an individual
 19 development account at the time and in the manner
 20 required by such section shall pay a penalty of \$50
 21 for each failure, unless it is shown that such failure
 22 is due to reasonable cause.”

23 (f) SPECIAL RULE FOR DETERMINING AMOUNTS OF
 24 SUPPORT FOR DEPENDENT.—Subsection (b) of section
 25 152 of such Code (relating to definition of dependent) is

1 amended by adding at the end the following new para-
2 graph:

3 “(6) A distribution from an individual develop-
4 ment account described in section 529(c)(2) to the
5 eligible individual for whose benefit such account has
6 been established shall not be taken into account in
7 determining support for purposes of this section to
8 the extent such distribution is excluded from gross
9 income of such individual under section 529(d)(2).”

10 (g) CLERICAL AMENDMENTS.—

11 (1) The table of parts for subchapter F of
12 chapter 1 of such Code is amended by inserting at
13 the end the following new item:

 “Part VIII. Individual development accounts.”

14 (2) The table of sections for subchapter B of
15 chapter 68 of such Code is amended by striking the
16 item relating to section 6693 and inserting the fol-
17 lowing new item:

 “Sec. 6693. Failure to provide reports on individual retirement
 accounts or annuities or on individual development
 accounts.”

18 (h) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to contributions made after the
20 date of the enactment of this Act.

1 **SEC. 224. FUNDS IN INDIVIDUAL DEVELOPMENT ACCOUNTS**
 2 **OF DEMONSTRATION PROJECT PARTICI-**
 3 **PANTS DISREGARDED FOR PURPOSES OF ALL**
 4 **MEANS-TESTED FEDERAL PROGRAMS.**

5 Notwithstanding any Federal law (other than the In-
 6 ternal Revenue Code of 1986) that requires consideration
 7 of 1 or more financial circumstances of an individual, for
 8 the purpose of determining eligibility to receive, or the
 9 amount of, any assistance or benefit authorized by such
 10 law to be provided to or for the benefit of such individual,
 11 funds (including interest accruing) in an individual devel-
 12 opment account (as defined in section 529 of the Internal
 13 Revenue Code of 1986, as added by section 223 of this
 14 Act) shall be disregarded for such purpose with respect
 15 to any period during which such individual participates in
 16 a demonstration project conducted under section 222 of
 17 this Act (or would be participating in such a project but
 18 for the suspension of the project).

19 **Subtitle D—Housing**

20 **PART I—URBAN HOMESTEADS**

21 **SEC. 231. URBAN HOMESTEAD PROVISIONS.**

22 (a) **DEFINITIONS.**—For purposes of this section, the
 23 following definitions shall apply:

24 (1) **COMMUNITY DEVELOPMENT CORPORA-**
 25 **TION.**—The term “community development corpora-
 26 tion” means a nonprofit organization whose primary

1 purpose is to promote community development by
2 providing housing opportunities to low-income fami-
3 lies.

4 (2) COST RECOVERY BASIS.—The term “cost
5 recovery basis” means, with respect to any sale of a
6 project or residence by a unit of general local gov-
7 ernment to a community development corporation
8 under subsection (b)(3)(B), that the purchase price
9 paid by the community development corporation is
10 less than or equal to the costs incurred by the unit
11 of general local government in connection with such
12 project or residence during the period beginning on
13 the date on which the unit of general local govern-
14 ment acquires title to the multifamily housing
15 project or residential property under subsection
16 (b)(1) and ending on the date on which the sale is
17 consummated.

18 (3) LOW-INCOME FAMILIES.—The term “low-in-
19 come families” has the same meaning as in section
20 3(b) of the United States Housing Act of 1937.

21 (4) MULTIFAMILY HOUSING PROJECT.—The
22 term “multifamily housing project” has the same
23 meaning as in section 203 of the Housing and Com-
24 munity Development Amendments of 1978.

1 (5) SECRETARY.—The term “Secretary” means
2 the Secretary of Housing and Urban Development.

3 (6) SEVERE PHYSICAL PROBLEMS.—A dwelling
4 unit shall be considered to have “severe physical
5 problems” if such unit—

6 (A) lacks hot or cold piped water, a flush
7 toilet, or both a bathtub and a shower in the
8 unit, for the exclusive use of that unit;

9 (B) on not less than 3 separate occasions,
10 during the preceding winter months was uncom-
11 fortably cold for a period of more than 6 con-
12 secutive hours due to a malfunction of the heat-
13 ing system for the unit;

14 (C) has no functioning electrical service,
15 exposed wiring, any room in which there is not
16 a functioning electrical outlet, or has experi-
17 enced not less than 3 blown fuses or tripped
18 circuit breakers during the preceding 90-day
19 period;

20 (D) is accessible through a public hallway
21 in which there are no working light fixtures,
22 loose or missing steps or railings, and no eleva-
23 tor; or

24 (E) has severe maintenance problems, in-
25 cluding water leaks involving the roof, windows,

1 doors, basement, or pipes or plumbing fixtures,
2 holes or open cracks in walls or ceilings, severe
3 paint peeling or broken plaster, and signs of ro-
4 dent infestation.

5 (7) SINGLE FAMILY RESIDENCE.—The term
6 “single family residence” means a 1- to 4-family
7 dwelling that is held by the Secretary.

8 (8) SUBSTANDARD MULTIFAMILY HOUSING
9 PROJECT.—A multifamily housing project is “sub-
10 standard” if not less than 25 percent of the dwelling
11 units of the project have severe physical problems.

12 (9) UNIT OF GENERAL LOCAL GOVERNMENT.—
13 The term “unit of general local government” has the
14 same meaning as in section 102(a) of the Housing
15 and Community Development Act of 1974.

16 (10) UNOCCUPIED MULTIFAMILY HOUSING
17 PROJECT.—The term “unoccupied multifamily hous-
18 ing project” means a multifamily housing project
19 that the unit of general local government certifies in
20 writing is not inhabited.

21 (b) DISPOSITION OF UNOCCUPIED AND SUB-
22 STANDARD PUBLIC HOUSING.—

23 (1) TRANSFER OF OWNERSHIP TO UNITS OF
24 GENERAL LOCAL GOVERNMENT.—Notwithstanding
25 section 203 of the Housing and Community Devel-

1 opment Amendments of 1978 or any other provision
2 of Federal law pertaining to the disposition of prop-
3 erty, the Secretary shall transfer ownership of any
4 unoccupied multifamily housing project, substandard
5 multifamily housing project, or other residential
6 property that is owned by the Secretary to the ap-
7 propriate unit of general local government for the
8 area in which the project or residence is located in
9 accordance with paragraph (2), if the unit of general
10 local government enters into an agreement with the
11 Secretary described in paragraph (3).

12 (2) TIMING.—

13 (A) IN GENERAL.—Any transfer of owner-
14 ship under paragraph (1) shall be completed—

15 (i) with respect to any multifamily
16 housing project owned by the Secretary
17 that is determined to be unoccupied or
18 substandard before the date of enactment
19 of this Act, not later than 1 year after that
20 date of enactment; and

21 (ii) with respect to any multifamily
22 housing project or other residential prop-
23 erty acquired by the Secretary on or after
24 the date of enactment of this Act, not later
25 than 1 year after the date on which the

1 project is determined to be unoccupied or
2 substandard or the residence is acquired,
3 as appropriate.

4 (B) SATISFACTION OF INDEBTEDNESS.—

5 Prior to any transfer of ownership under sub-
6 paragraph (A), the Secretary shall satisfy any
7 indebtedness incurred in connection with the
8 project or residence at issue, either by—

9 (i) cancellation of the indebtedness; or

10 (ii) reimbursing the unit of general
11 local government to which the project or
12 residence is transferred for the amount of
13 the indebtedness.

14 (3) SALE TO COMMUNITY DEVELOPMENT COR-
15 PORATIONS.—An agreement is described in this
16 paragraph if it is an agreement that requires a unit
17 of general local government to dispose of the multi-
18 family housing project or other residential property
19 in accordance with the following requirements:

20 (A) NOTIFICATION TO COMMUNITY DEVEL-

21 OPMENT CORPORATIONS.—Not later than 30
22 days after the date on which the unit of general
23 local government acquires title to the multifam-
24 ily housing project or other residential property
25 under paragraph (1), the unit of general local

1 government shall notify community development
2 corporations located in the State in which the
3 project or residence is located—

4 (i) of such acquisition of title; and

5 (ii) that, during the 6-month period
6 beginning on the date on which such notifi-
7 cation is made, such community develop-
8 ment corporations shall have the exclusive
9 right under this subsection to make bona
10 fide offers to purchase the project or resi-
11 dence on a cost recovery basis.

12 (B) RIGHT OF FIRST REFUSAL.—During
13 the 6-month period described in subparagraph
14 (A)(ii)—

15 (i) the unit of general local govern-
16 ment may not sell or offer to sell the mul-
17 tifamily housing project or other residen-
18 tial property other than to a party notified
19 under subparagraph (A), unless each com-
20 munity development corporation notifies
21 the unit of general local government that
22 the corporation will not make an offer to
23 purchase the project or residence; and

24 (ii) the unit of general local govern-
25 ment shall accept a bona fide offer to pur-

1 chase the project or residence made during
2 such period if the offer is acceptable to the
3 unit of general local government, except
4 that a unit of general local government
5 may not sell a project or residence to a
6 community development corporation during
7 that 6-month period other than on a cost
8 recovery basis.

9 (C) OTHER DISPOSITION.—During the 6-
10 month period beginning on the expiration of the
11 6-month period described in subparagraph
12 (A)(ii), the unit of general local government
13 shall dispose of the multifamily housing project
14 or other residential property on a negotiated,
15 competitive bid, or other basis, on such terms
16 as the unit of general local government deems
17 appropriate.

18 (c) EXEMPTION FROM PROPERTY DISPOSITION RE-
19 QUIREMENTS.—No provision of the Multifamily Housing
20 Property Disposition Reform Act of 1994, or any amend-
21 ment made by that Act, shall apply to the disposition of
22 property in accordance with this section.

23 (d) TENANT LEASES.—This section shall not affect
24 the terms or the enforceability of any contract or lease
25 entered into before the date of enactment of this Act.

1 (e) PROCEDURES.—Not later than 6 months after the
2 date of enactment of this Act, the Secretary shall estab-
3 lish, by rule, regulation, or order, such procedures as may
4 be necessary to carry out this section.

5 **PART II—MATERNITY SHELTER**

6 **SEC. 232. FINDINGS.**

7 Congress finds that—

8 (1) pregnancy among unmarried teenagers is
9 one of the most difficult and far-reaching social
10 problems faced by the United States;

11 (2) in 1988, the most recent year for which sta-
12 tistics are available, 816,000 unmarried teenagers
13 became pregnant, and of such pregnancies, 44 per-
14 cent ended in abortion, 12 percent in miscarriage or
15 still birth, and 44 percent in birth;

16 (3) less than 10 percent of unwed teenage
17 mothers place their children for adoption;

18 (4) only half as many unmarried teenagers
19 begin prenatal care in the first trimester of preg-
20 nancy as do teenagers who become pregnant after
21 marriage, with the result that unmarried teenagers
22 are twice as likely to give birth to low-birth-weight
23 babies than their married teenage counterparts and
24 the rate of infant mortality is twice as high as moth-
25 ers giving birth in their twenties; and

1 official poverty line (as defined by the Office of
2 Management and Budget, and revised annually
3 in accordance with section 673(2) of the Omni-
4 bus Budget Reconciliation Act of 1981) applica-
5 ble to such individual; and

6 (B) provides the Secretary with such other
7 information and assurances as the Secretary
8 may require.

9 (2) INCOME OF ESTRANGED SPOUSE NOT IN-
10 CLUDED.—In determining the income of an individ-
11 ual for purposes of paragraph (1)(A), there shall not
12 be included the income of a spouse if the spouse has
13 been living apart from the woman for not less than
14 6 months, or if the spouse is incarcerated.

15 (3) PARTICIPATION IN AFDC PROGRAM NOT RE-
16 QUIRED.—An individual otherwise eligible to receive
17 a maternal health certificate under the program es-
18 tablished under subsection (a) shall not be found in-
19 eligible to receive such a certificate solely on the
20 grounds that the individual does not receive or is not
21 eligible to receive aid under the State plan for aid
22 to families with dependent children under part A of
23 title IV of the Social Security Act.

24 (c) LIMITATIONS ON AMOUNT OF EXPENSES IN-
25 CURRED.—A certificate received under the program estab-

1 lished under subsection (a) may be used to cover an
2 amount of expenses incurred by an individual at a mater-
3 nity home that does not exceed an amount equal to—

4 (1) \$100; multiplied by

5 (2) the number of days during which such serv-
6 ices are provided to the individual at such facility.

7 (d) DEFINITIONS.—For purposes of this section:

8 (1) MATERNITY HOME.—The term “maternity
9 home” means a nonprofit facility licensed or other-
10 wise approved by the State (including accreditation
11 or other peer review systems that may be recognized
12 by the State) in which the facility is located to serve
13 as a residence for not fewer than 4 pregnant women
14 during pregnancy and for a limited period after the
15 date on which the child carried during the pregnancy
16 is born, as the Secretary may determine, that pro-
17 vides such pregnant women with appropriate sup-
18 portive services, which—

19 (A) shall include the following services—

20 (i) instruction and counseling regard-
21 ing future health care for the woman and
22 her child;

23 (ii) nutrition counseling;

- 1 (iii) counseling and education concern-
2 ing all aspects of prenatal care, childbirth,
3 and motherhood;
- 4 (iv) general family counseling, includ-
5 ing child and family development counsel-
6 ing;
- 7 (v) adoption counseling;
- 8 (vi) employability training, job assist-
9 ance, and counseling; and
- 10 (vii) medical care or referral for medi-
11 cal care for the woman and her child, in-
12 cluding—
- 13 (I) prenatal, delivery, and post-
14 delivery care;
- 15 (II) screening or referral for
16 screening for illegal drug use and
17 treatment; and
- 18 (III) screening or referral for
19 screening and treatment of sexually
20 transmitted diseases; and
- 21 (B) may include the following services—
- 22 (i) housing;
- 23 (ii) board and nutrition services;

1 (iii) basic transportation services to
 2 enable the woman to obtain services from
 3 the facility;

4 (iv) incidental dental care;

5 (v) referral for job training; and

6 (vi) such other services as are consist-
 7 ent with the purposes of this section.

8 (2) PREGNANT WOMAN.—The term “pregnant
 9 woman” means a woman determined to have one or
 10 more fetuses in utero.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There
 12 are authorized to be appropriated for maternal health cer-
 13 tificates under this section—

14 (1) \$50,000,000 for fiscal year 1997;

15 (2) \$75,000,000 for fiscal year 1998; and

16 (3) \$100,000,000 for fiscal year 1999.

17 SUBPART B—MATERNITY HOME DEMONSTRATIONS

18 **SEC. 236. PURPOSES.**

19 It is the purpose of this subpart to support dem-
 20 onstrations—

21 (1) to improve and expand the availability of,
 22 and access to, needed comprehensive maternity care
 23 services that enable pregnant adolescents to obtain
 24 proper care and to assist pregnant adolescents and
 25 adolescent parents to become productive independent
 26 contributors to family and community life; and

1 (2) to promote innovative, comprehensive, and
2 integrated approaches to the delivery of such serv-
3 ices.

4 **SEC. 237. ESTABLISHMENT OF DEMONSTRATION PROGRAM.**

5 (a) GRANTS.—

6 (1) IN GENERAL.—The Secretary of Health and
7 Human Services (hereafter in this subpart referred
8 to as the “Secretary”) may make demonstration
9 grants to any State that submits an application
10 under this section (in such form and containing such
11 information as the Secretary may require) to reim-
12 burse the State for amounts expended under an eli-
13 gible grant program for maternity care services fur-
14 nished to eligible beneficiaries.

15 (2) LIMITATIONS.—No grant made under para-
16 graph (1)—

17 (A) shall exceed an amount equal to 50
18 percent of the total amount expended by the
19 State under the demonstration program for ma-
20 ternity care services furnished to eligible bene-
21 ficiaries; or

22 (B) shall be used for the performance,
23 counseling, or referral for abortion.

24 (3) DEFINITIONS.—As used in this subsection:

1 (A) DEMONSTRATION PROGRAM.—The
2 term “demonstration program” means any pro-
3 gram conducted by a nonprofit private organi-
4 zation or agency that (as determined by the
5 Secretary) is capable of furnishing in a single
6 setting maternity care services which—

7 (i) shall include the following serv-
8 ices—

9 (I) instruction and counseling re-
10 garding future health care for the
11 woman and her child;

12 (II) nutrition counseling;

13 (III) counseling and education
14 concerning all aspects of prenatal
15 care, childbirth, and motherhood;

16 (IV) general family counseling,
17 including child and family develop-
18 ment counseling;

19 (V) adoption counseling;

20 (VI) employability training, job
21 assistance, and counseling; and

22 (VII) medical care or referral for
23 medical care for the woman and her
24 child, including—

1 (aa) prenatal, delivery, and
2 post-delivery care;

3 (bb) screening or referral for
4 screening for illegal drug use and
5 treatment; and

6 (cc) screening or referral for
7 screening and treatment of sexu-
8 ally transmitted diseases; and

9 (ii) may include the following serv-
10 ices—

11 (I) housing;

12 (II) board and nutrition services;

13 (III) basic transportation services
14 to enable the woman to obtain serv-
15 ices from the facility;

16 (IV) incidental dental care;

17 (V) referral for job training; and

18 (VI) such other services as are
19 consistent with the purposes of this
20 section.

21 (B) ELIGIBLE BENEFICIARY.—The term
22 “eligible beneficiary” means any individual
23 who—

24 (i) is under the age of 19;

1 (ii) has not completed high school;
2 and
3 (iii)(I) is pregnant; or
4 (II) has given birth in the preceding
5 90 days.

6 (b) ADMINISTRATION.—The officer or employee of
7 the Department of Health and Human Services des-
8 ignated by the Secretary to administer the grant program
9 under this section shall report directly to the Assistant
10 Secretary for Health with respect to the activities of such
11 officer or employee in administering such program.

12 (c) AUTHORIZATION OF APPROPRIATIONS; AMOUNTS
13 FOR ADMINISTRATION AND EVALUATION.—

14 (1) AUTHORIZATION OF APPROPRIATIONS.—
15 There are authorized to be appropriated
16 \$50,000,000 for each of the fiscal years 1997, 1998,
17 and 1999 for the purpose of carrying out the grant
18 program under this section.

19 (2) ADMINISTRATION AND START UP.—Not
20 more than 25 percent of the amounts appropriated
21 pursuant to paragraph (1) may be used for the pur-
22 pose of administering or starting up the grant pro-
23 gram under this section.

24 (d) REGULATIONS.—The Secretary shall adopt such
25 regulations as are necessary to carry out this section.

1 SUBPART C—REHABILITATION GRANTS FOR MATERNITY
2 HOUSING AND SERVICES FACILITIES

3 **SEC. 241. ESTABLISHMENT OF GRANT PROGRAM.**

4 The Secretary of Housing and Urban Development
5 (hereafter in this subpart referred to as the “Secretary”)
6 shall carry out a program to provide assistance under this
7 subpart to eligible nonprofit entities for rehabilitation of
8 existing structures for use as facilities to provide housing
9 and services to pregnant women.

10 **SEC. 242. AUTHORITY AND APPLICATIONS.**

11 (a) **AUTHORITY.**—The Secretary may make grants
12 under the program under this subpart to eligible nonprofit
13 entities to rehabilitate existing structures for use as ma-
14 ternity housing and services facilities.

15 (b) **APPLICATIONS.**—The Secretary may make grants
16 only to nonprofit entities that submit applications for
17 grants under this subpart in the form and manner that
18 the Secretary shall prescribe, which shall include assur-
19 ances that grant amounts will be used to provide a mater-
20 nity housing and services facility.

21 **SEC. 243. GRANT LIMITATIONS.**

22 (a) **MAXIMUM GRANT AMOUNT.**—A grant under this
23 subpart may not be in an amount greater than
24 \$1,000,000. An eligible nonprofit entity may not receive
25 more than 1 grant under this subpart in any fiscal year.

1 (b) MAXIMUM NUMBER OF GRANTS.—The Secretary
2 may not make grants under this subpart to more than
3 100 eligible nonprofit entities in any fiscal year.

4 (c) USE OF GRANTS FOR REHABILITATION ACTIVI-
5 TIES.—Any eligible nonprofit entity that receives a grant
6 under this subpart shall use the grant amounts for the
7 acquisition or rehabilitation (or both) of existing struc-
8 tures for use as a maternity housing and services facility,
9 which may include planning and development costs, pro-
10 fessional fees, and administrative costs related to such ac-
11 quisition or rehabilitation.

12 (d) TIME LIMITATION.—Rehabilitation projects that
13 receive assistance under this subpart shall be operated for
14 not less than 10 years for the purposes described in this
15 subpart.

16 (e) REPAYMENT.—

17 (1) REQUIREMENT.—The Secretary shall re-
18 quire a recipient of a grant under this subpart to
19 repay 100 percent of the amount of such grant if
20 the Secretary determines that the recipient has
21 failed to use such grant to operate maternity hous-
22 ing during the 1-year period beginning on the date
23 such housing is placed in service. If the Secretary
24 determines that such recipient is operating mater-
25 nity housing under such grant for periods in excess

1 of such 1-year period, the Secretary shall reduce the
2 percentage of the amount required to be repaid by
3 10 percentage points for each year such maternity
4 housing is in operation in excess of such 1-year pe-
5 riod.

6 (2) EXCEPTION.—A recipient of a grant under
7 this subpart shall not be required to comply with the
8 terms and conditions prescribed under this sub-
9 section if the recipient elects to sell or dispose of the
10 property involved and such sale or disposition results
11 in the use of the project for the direct benefit of very
12 low income individuals or if all of the proceeds gen-
13 erated from such sale or disposition are used to pro-
14 vide maternity housing that meets the requirements
15 of this subpart.

16 **SEC. 244. REPORTS.**

17 The Secretary shall require each eligible nonprofit en-
18 tity that receives a grant under this subpart to submit
19 to the Secretary a report, at such times and including such
20 information as the Secretary shall determine, describing
21 the activities carried out by the eligible nonprofit entity
22 with the grant amounts.

23 **SEC. 245. DEFINITIONS.**

24 For purposes of this subpart:

1 (1) ELIGIBLE NONPROFIT ENTITIES.—The term
2 “eligible nonprofit entity” means any organization
3 that—

4 (A) is described in section 501(c)(3) of the
5 Internal Revenue Code of 1986 that is exempt
6 from taxation under subtitle A of such Code;
7 and

8 (B) has submitted an application under
9 section 242(b) for a grant under this subpart.

10 (2) MATERNITY HOUSING AND SERVICES FACIL-
11 ITY.—The term “maternity housing and services fa-
12 cility” means a facility licensed or otherwise ap-
13 proved by the State in which the facility is located
14 to serve as a residence for not fewer than 4 preg-
15 nant women during pregnancy and for a limited pe-
16 riod after the date on which the child carried during
17 the pregnancy is born, as the Secretary may deter-
18 mine, that provides such pregnant women with ap-
19 propriate supportive services, which—

20 (A) shall include the following services—

21 (i) instruction and counseling regard-
22 ing future health care for the woman and
23 her child;

24 (ii) nutrition counseling;

- 1 (iii) counseling and education concern-
2 ing all aspects of prenatal care, childbirth,
3 and motherhood;
- 4 (iv) general family counseling, includ-
5 ing child and family development counsel-
6 ing;
- 7 (v) adoption counseling;
- 8 (vi) employability training, job assist-
9 ance, and counseling; and
- 10 (vii) medical care or referral for medi-
11 cal care for the woman and her child, in-
12 cluding—
- 13 (I) prenatal, delivery, and post-
14 delivery care;
- 15 (II) screening or referral for
16 screening for illegal drug use and
17 treatment; and
- 18 (III) screening or referral for
19 screening and treatment of sexually
20 transmitted diseases; and
- 21 (B) may include the following services—
- 22 (i) housing;
- 23 (ii) board and nutrition services;

1 (iii) basic transportation services to
2 enable the woman to obtain services from
3 the facility;

4 (iv) incidental dental care;

5 (v) referral for job training; and

6 (vi) such other services as are consist-
7 ent with the purposes of this section.

8 (3) PREGNANT WOMAN.—The term “pregnant
9 woman” means a woman determined to have one or
10 more fetuses in utero.

11 **SEC. 246. AUTHORIZATION OF APPROPRIATIONS.**

12 There are authorized to be appropriated to carry out
13 this subpart \$25,000,000 for fiscal year 1997,
14 \$40,000,000 for fiscal year 1998, and \$60,000,000 for fis-
15 cal year 1999.

16 **SUBPART D—MISCELLANEOUS PROVISIONS**

17 **SEC. 248. EVALUATIONS AND REPORTS.**

18 (a) EVALUATION.—The Secretary of Health and
19 Human Services (with respect to subparts A and B) and
20 the Secretary of Housing and Urban Development (with
21 respect to subpart C) shall conduct an evaluation of each
22 program receiving a grant under this part and may require
23 each recipient of a grant under this part to submit such
24 information to the appropriate Secretary as such Sec-
25 retary determines is necessary to conduct such evaluation.

1 (b) REPORT.—Each Secretary referred to in sub-
2 section (a) shall for each year of the grant program under
3 this part submit to the Congress a summary of each eval-
4 uation conducted under subsection (a) and of the informa-
5 tion submitted to each such Secretary by recipients of
6 grants under this part.

7 (c) FUNDING.—Of the amounts appropriated pursu-
8 ant to this part—

9 (1) the Secretary of Health and Human Serv-
10 ices shall reserve not less than 3 percent nor more
11 than 10 percent of the amount appropriated under
12 subparts A and B; and

13 (2) the Secretary of Housing and Urban Devel-
14 opment shall reserve not less than 3 percent nor
15 more than 10 percent of the amount appropriated
16 under subpart B;

17 for the purpose of carrying out the activities under sub-
18 sections (a) and (b).

19 **SEC. 249. PROHIBITION ON ABORTION.**

20 Amounts may be made available under this part only
21 to programs or projects that—

22 (1) do not provide for the performance of abor-
23 tions or provide abortion counseling or referral;

24 (2) do not subcontract with or make any pay-
25 ments to any person who provides for the perform-

1 ance of abortions or provides abortion counseling or
2 referral; and

3 (3) do not advocate, promote, or encourage
4 abortion;

5 except where the life of the mother would be endangered
6 if the fetus were carried to term.

7 **TITLE III—OTHER AMERICAN**
8 **RENEWAL INCENTIVES**
9 **Subtitle A—Housing**

10 **SEC. 301. PUBLIC HOUSING FOR INTACT FAMILIES.**

11 Section 6(c)(4)(A) of the United States Housing Act
12 of 1937 (42 U.S.C. 1437d(c)(4)(A)) is amended—

13 (1) in clause (iii), by striking “and” at the end;

14 (2) in clause (iv), by striking the period at the
15 end and inserting “; and”; and

16 (3) by adding at the end the following new
17 clause:

18 “(v) for not less than 15 percent of
19 the units that are made available for occu-
20 pancy in a given fiscal year, give pref-
21 erence to any family that includes 2 indi-
22 viduals who are legally married to each
23 other;”.

1 **SEC. 302. EFFECTIVE DATE.**

2 This subtitle and the amendments made by this sub-
3 title shall take effect on October 1, 1996.

4 **Subtitle B—Responsible Parenting**

5 **SEC. 311. AMENDMENTS TO THE SOCIAL SECURITY ACT.**

6 Except as otherwise specifically provided, whenever in
7 this subtitle an amendment is expressed in terms of an
8 amendment to or repeal of a section or other provision,
9 the reference shall be considered to be made to that sec-
10 tion or other provision of the Social Security Act.

11 **SEC. 312. INTEGRATION OF FAMILY PLANNING AND MATER-**
12 **NAL AND CHILD HEALTH SERVICES.**

13 (a) INCREASE IN FUNDING.—Section 501(a) (42
14 U.S.C. 701(a)) is amended in the matter preceding para-
15 graph (1) by striking “\$705,000,000 for fiscal year 1994”
16 and inserting “\$886,000,000 for fiscal year 1997”.

17 (b) RESERVATION OF CERTAIN AMOUNTS.—Section
18 502 (42 U.S.C. 702) is amended by striking
19 “\$600,000,000” each place it appears and inserting
20 “\$800,000,000”.

21 **SEC. 313. ABSTINENCE SERVICES.**

22 (a) PROVISION AND PROMOTION OF ABSTINENCE
23 SERVICES.—Section 501(a)(1) (42 U.S.C. 701(a)(1)) is
24 amended—

25 (1) in subparagraph (C), by striking “and” at
26 the end;

1 (2) in subparagraph (D), by inserting “and” at
2 the end; and

3 (3) by adding the following new subparagraph:

4 “(E) to provide and to promote family-cen-
5 tered, community-based services and informa-
6 tion regarding the delay or discontinuation of
7 premarital sexual activity, particularly among
8 adolescents, and to provide adoption-related
9 services and promote adoption as an acceptable
10 alternative for pregnant unmarried individ-
11 uals;”.

12 (b) MINIMUM AMOUNT FOR ABSTINENCE SERV-
13 ICES.—Section 504 (42 U.S.C. 704) is amended by adding
14 the following new subsection:

15 “(e) Of the amounts paid to a State under section
16 503 from an allotment for a fiscal year under section
17 502(c), not less than 100 percent of such amounts (includ-
18 ing the fair market value of any supplies or equipment)
19 as were used under this title in the preceding fiscal year
20 to provide family planning services shall be used to provide
21 services described in section 501(a)(1)(E).”.

22 (c) NEEDS ASSESSMENT FOR ABSTINENCE SERV-
23 ICES.—Section 505(a)(1) (42 U.S.C. 705(a)(1)) is amend-
24 ed—

1 (1) in subparagraph (B), by striking “and” at
2 the end;

3 (2) in subparagraph (C), by adding “and” at
4 the end; and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(D) services and information regarding
8 the delay or discontinuation of premarital sex-
9 ual activity, particularly among adolescents,
10 and regarding adoption;”.

11 **SEC. 314. USE OF FUNDS.**

12 (a) PROHIBITION OF USE FOR FAMILY PLANNING
13 SERVICES IN SCHOOLS.—Section 504(b) (42 U.S.C.
14 704(b)) is amended—

15 (1) in paragraph (5), by striking “or” at the
16 end;

17 (2) in paragraph (6)(B), by striking the period
18 at the end and inserting a semicolon; and

19 (3) by adding at the end the following new
20 paragraphs:

21 “(7) to provide or promote family planning
22 services in any elementary or secondary educational
23 institution; or

1 “(8) to provide or promote any drug or device
2 except for a use that has been approved by the Food
3 and Drug Administration.”.

4 (b) NO FUNDING OF PROGRAMS OR PROJECTS THAT
5 PROVIDE ABORTION SERVICES.—Section 504 (42 U.S.C.
6 704), as amended by section 313(b), is amended by adding
7 at the end the following new subsections:

8 “(f)(1) Payments under this title may be made only
9 to programs or projects that—

10 “(A) do not provide abortions or abortion coun-
11 seling or referral;

12 “(B) do not subcontract with or make any pay-
13 ment to any person who provides abortions or abor-
14 tion counseling or referral (except that any such pro-
15 gram or project may provide referral for abortion
16 counseling to a pregnant adolescent if such adoles-
17 cent and the parents or guardians of such adolescent
18 request such referral); or

19 “(C) do not advocate, promote, or encourage
20 abortion.

21 “(2) The Secretary shall ascertain whether programs
22 or projects comply with paragraph (1) and take appro-
23 priate action if programs or projects do not comply with
24 such paragraph, including withholding of funds.

1 “(g) A State shall ensure, to the maximum extent
2 possible, family participation in the receipt of services pro-
3 vided under section 501(a)(1) and shall ensure that an
4 entity that receives funds under this title shall comply with
5 any State law that requires—

6 “(1) involvement of a family member prior to
7 the provision of services related to family planning
8 or abortion; and

9 “(2) reporting of civil or criminal offenses in-
10 volving child abuse or statutory rape.

11 “(h) The acceptance by any individual of family plan-
12 ning services or family planning or population growth in-
13 formation (including educational materials) provided
14 through financial assistance under this title shall be vol-
15 untary and shall not be a prerequisite to eligibility for or
16 receipt of any other service or assistance from, or to par-
17 ticipation in, any other program of the entity or individual
18 that provided such service or information.”.

19 **SEC. 315. APPLICATION FOR BLOCK GRANT FUNDS.**

20 Section 505(a)(5) (42 U.S.C. 705(a)(5)) is amend-
21 ed—

22 (1) by striking “and” at the end of subpara-
23 graph (E);

24 (2) by redesignating subparagraph (F) as sub-
25 paragraph (H); and

1 (3) by inserting after subparagraph (E) the fol-
2 lowing subparagraphs:

3 “(F) the State will provide a description of
4 how the applicant will, as appropriate to the
5 provision of family planning services or services
6 provided under section 501(e)(1)(A)—

7 “(i) involve families of adolescents in
8 a manner that will maximize the role of
9 the family in the solution of problems re-
10 lating to the parenthood or pregnancy of
11 the adolescent; and

12 “(ii) involve religious and charitable
13 organizations, voluntary associations, and
14 other groups in the private sector as well
15 as services provided by publicly sponsored
16 initiatives; and

17 “(G)(i) the State will provide assurances
18 that—

19 “(I) except as provided in clause (ii),
20 and subject to subclause (II), the applicant
21 will notify the parents or guardians of any
22 unemancipated minor requesting services
23 from the applicant and will obtain the per-
24 mission of such parents or guardians with

1 respect to the provision of such services;
2 and

3 “(II) in the case of a pregnant
4 unemancipated minor requesting services
5 from a recipient of funds under this title,
6 the recipient will notify the parents or
7 guardians of such minor under subclause
8 (I) within a reasonable period of time; and

9 “(ii) the State will provide assurances that
10 the applicant will not notify or request the per-
11 mission of the parent or guardian of any
12 unemancipated minor without the consent of
13 the minor—

14 “(I) who solely is requesting from the
15 applicant pregnancy testing or testing or
16 treatment for venereal disease;

17 “(II) who is the victim of incest in-
18 volving a parent; or

19 “(III) if an adult sibling of the minor
20 or an adult aunt, uncle, or grandparent
21 who is related to the minor by blood cer-
22 tifies to the recipient that notification of
23 the parent or guardian of such minor
24 would result in physical injury to such
25 minor.”.

1 **SEC. 316. REPORTS AND AUDITS.**

2 (a) REPORT BY STATE.—Section 506(a)(2) (42
3 U.S.C. 706(a)(2)) is amended by inserting after subpara-
4 graph (E) the following new subparagraph:

5 “(F) Information (as prescribed by the Sec-
6 retary) on the State’s activities in connection with
7 the services described in section 501(a)(1)(E).”.

8 (b) REPORT BY SECRETARY.—Section 506(a)(3) (42
9 U.S.C. 706(a)(3)) is amended—

10 (1) in subparagraph (D), by striking “and” at
11 the end;

12 (2) in subparagraph (E), by striking the period
13 at the end and inserting “; and”; and

14 (3) by adding at the end the following new sub-
15 paragraph:

16 “(F) information on the State’s activities in
17 connection with the services described in section
18 501(a)(1)(E).”.

19 **SEC. 317. EVALUATION.**

20 Title V (42 U.S.C. 701 et seq.) is amended by adding
21 at the end the following new section:

22 “EVALUATION

23 “SEC. 510. (a) Of amounts allotted to a State under
24 section 502(c) in a fiscal year that the State estimates
25 will be expended on family planning services and the serv-

1 ices described in section 501(a)(1)(E) for such year the
2 State shall reserve—

3 “(1) not less than 2 percent and not more than
4 4 percent of such amounts for an annual evaluation
5 of activities carried out under this title and the ef-
6 fectiveness of such activities in reducing sexual activ-
7 ity, pregnancies, and births among unmarried indi-
8 viduals, particularly adolescents; and

9 “(2) not less than 2 percent and not more than
10 4 percent of such amounts for an annual longitu-
11 dinal study by an independent research organization
12 of the activities carried out under this title and the
13 effectiveness of such activities in reducing sexual ac-
14 tivity, pregnancies, and births among unmarried in-
15 dividuals, particularly adolescents.

16 “(b)(1) Each State shall submit the evaluations and
17 studies conducted under this section to the Secretary.

18 “(2) The Secretary shall submit a summary of each
19 evaluation and study submitted under paragraph (1) to
20 the appropriate committees of the Congress.”.

21 **SEC. 318. REPEAL OF CERTAIN PROGRAMS.**

22 (a) REPEAL OF POPULATION RESEARCH AND VOL-
23 UNTARY FAMILY PLANNING PROGRAMS.—Title X of the
24 Public Health Service Act (42 U.S.C. 300 et seq.) is re-
25 pealed.

1 (b) REPEAL OF ADOLESCENT FAMILY LIFE DEM-
2 ONSTRATION PROJECTS.—Title XX of the Public Health
3 Service Act (42 U.S.C. 300z et seq.) is repealed.

4 **SEC. 319. EFFECTIVE DATE.**

5 This subtitle and the amendments made by this sub-
6 title shall take effect on October 1, 1996.

7 **Subtitle C—Character**
8 **Development**

9 **SEC. 321. PURPOSES.**

10 The purposes of this subtitle are—

11 (1) to reduce the school dropout rate for at-risk
12 youth;

13 (2) to improve the academic performance of at-
14 risk youth; and

15 (3) to reduce juvenile delinquency and gang
16 participation.

17 **SEC. 322. DEFINITIONS.**

18 For the purposes of this subtitle—

19 (1) the term “at-risk youth” means a youth at
20 risk of—

21 (A) educational failure;

22 (B) dropping out of school; or

23 (C) involvement in delinquent activities;

24 (2) the term “eligible local educational agency”
25 means a local educational agency that has entered

1 into a partnership, with a community-based organi-
2 zation that provides one-to-one mentoring services,
3 to carry out the authorized activities described in
4 section 325 in accordance with this subtitle;

5 (3) the terms “elementary school”, “local edu-
6 cational agency”, and “secondary school”, have the
7 meanings given such terms in section 14101 of the
8 Elementary and Secondary Education Act of 1965
9 (20 U.S.C. 8801);

10 (4) the term “mentor” means a person who
11 works with an at-risk youth on a one-to-one basis,
12 to establish a supportive relationship with the youth
13 and to provide the youth with academic assistance
14 and exposure to new experiences that enhance the
15 youth’s ability to become a better student and a re-
16 sponsible citizen; and

17 (5) the term “Secretary” means the Secretary
18 of Education.

19 **SEC. 323. MENTORING PROGRAMS.**

20 (a) GRANT AUTHORITY.—The Secretary is author-
21 ized to award grants to eligible local educational agencies
22 to enable such agencies to establish mentoring programs
23 that—

24 (1) are designed to link—

25 (A) individual at-risk youth; with

1 (B) responsible, individual adults who
2 serve as mentors; and

3 (2) are intended to—

4 (A) increase at-risk youth participation in,
5 and enhance the ability of such youth to benefit
6 from, elementary and secondary education;

7 (B) discourage at-risk youth from—

8 (i) using illegal drugs;

9 (ii) violence;

10 (iii) using dangerous weapons;

11 (iv) criminal activity not described in
12 clauses (i), (ii), and (iii); and

13 (v) involvement in gangs;

14 (C) promote personal and social respon-
15 sibility among at-risk youth;

16 (D) encourage at-risk youth participation
17 in community service and community activities;

18 or

19 (E) provide general guidance to at-risk
20 youth.

21 (b) AMOUNT AND DURATION.—Each grant under
22 this section shall be awarded in an amount not to exceed
23 a total of \$200,000 over a period of not more than three
24 years.

1 (c) PRIORITY.—The Secretary shall give priority to
2 awarding a grant under this section to an application sub-
3 mitted under section 327 that—

4 (1) describes a mentoring program in which 60
5 percent or more of the at-risk youth to be served are
6 eligible for assistance under part A of title I of the
7 Elementary and Secondary Education Act of 1965
8 (20 U.S.C. 6311 et seq.);

9 (2) describes a mentoring program that serves
10 at-risk youth who are—

11 (A) at risk of dropping out of school; or

12 (B) involved in delinquent activities; and

13 (3) demonstrates the ability of the eligible local
14 educational agency to continue the mentoring pro-
15 gram after the termination of the Federal funds pro-
16 vided under this section.

17 (d) OTHER CONSIDERATIONS.—In awarding grants
18 under this section, the Secretary shall give consideration
19 to—

20 (1) providing an equitable geographic distribu-
21 tion of such grants, including awarding such grants
22 for mentoring programs in both rural and urban
23 areas;

1 (2) the quality of the mentoring program de-
2 scribed in the application submitted under section
3 327, including—

4 (A) the resources, if any, that will be dedi-
5 cated to providing participating at-risk youth
6 with opportunities for job training or post-
7 secondary education; and

8 (B) the degree to which parents, teachers,
9 community-based organizations, and the local
10 community participate in the design and imple-
11 mentation of the mentoring program; and

12 (3) the capability of the eligible local edu-
13 cational agency to effectively implement the
14 mentoring program.

15 **SEC. 324. IMPLEMENTATION AND EVALUATION GRANTS.**

16 The Secretary is authorized to award grants to na-
17 tional organizations or agencies serving youth to enable
18 such organizations or agencies—

19 (1) to conduct a multisite demonstration
20 project, involving 5 to 10 project sites, that—

21 (A) provides an opportunity to compare
22 various one-to-one mentoring models for the
23 purpose of evaluating the effectiveness and effi-
24 ciency of such models;

1 (B) allows for innovative programs de-
2 signed under the oversight of a national organi-
3 zation or agency serving youth, which programs
4 may include—

5 (i) technical assistance;

6 (ii) training; and

7 (iii) research and evaluation; and

8 (C) disseminates the results of such dem-
9 onstration project to allow for the determina-
10 tion of the best practices for various mentoring
11 programs;

12 (2) to develop and evaluate screening standards
13 for school-linked mentoring programs; and

14 (3) to develop and evaluate volunteer recruit-
15 ment activities for school-linked mentoring pro-
16 grams.

17 **SEC. 325. AUTHORIZED ACTIVITIES.**

18 (a) PERMITTED USES.—Grant funds awarded under
19 this subtitle (other than grant funds awarded under sec-
20 tion 324) shall be used for—

21 (1) hiring of mentoring coordinators and sup-
22 port staff;

23 (2) recruitment, screening and training of adult
24 mentors;

1 (3) reimbursement of mentors for reasonable
2 incidental expenditures, such as transportation, that
3 are directly associated with mentoring, except that
4 such expenditures shall not exceed \$500 per mentor
5 per calendar year; or

6 (4) such other purposes as the Secretary deter-
7 mines may be reasonable.

8 (b) PROHIBITED USES.—Grant funds awarded under
9 this subtitle shall not be used—

10 (1) to directly compensate a mentor, except as
11 provided under subsection (a)(3);

12 (2) to obtain educational or other materials or
13 equipment that would otherwise be used in the ordi-
14 nary course of the grant recipient's operations;

15 (3) to support litigation; or

16 (4) for any other purposes that the Secretary
17 determines are prohibited.

18 **SEC. 326. REGULATIONS AND GUIDELINES.**

19 (a) REGULATIONS.—The Secretary, after consulta-
20 tion with the Secretary of Health and Human Services,
21 the Attorney General, and the Secretary of Labor, shall
22 provide for the promulgation of regulations to implement
23 this subtitle.

24 (b) GUIDELINES.—The Secretary shall develop and
25 distribute to eligible local educational agencies receiving

1 a grant under section 323 specific model guidelines for
2 the screening of mentors.

3 **SEC. 327. APPLICATIONS.**

4 (a) IN GENERAL.—Each entity desiring a grant
5 under this subtitle shall submit an application to the Sec-
6 retary at such time, in such manner, and accompanied by
7 such information as the Secretary may reasonably require.

8 (b) MENTORING PROGRAMS.—Each application sub-
9 mitted under subsection (a) for a grant under section 323
10 shall contain—

11 (1) information on the at-risk youth expected to
12 be served;

13 (2) a provision describing the mechanism for
14 matching at-risk youth with mentors based on the
15 needs of the at-risk youth;

16 (3) an assurance that no mentor will be as-
17 signed to more than one at-risk youth, so as to en-
18 sure a one-to-one mentoring relationship;

19 (4) an assurance that a mentoring program op-
20 erated in a secondary school will provide at-risk
21 youth with a variety of experiences and support, in-
22 cluding—

23 (A) an opportunity to spend time in a work
24 environment and, when possible, participate in
25 the work environment;

1 (B) an opportunity to witness the job skills
2 that will be required for the at-risk youth to ob-
3 tain employment upon graduation;

4 (C) assistance with homework assignments;
5 and

6 (D) exposure to experiences that the at-
7 risk youth might not otherwise encounter;

8 (5) an assurance that the mentoring program
9 operated in elementary schools will provide at-risk
10 youth with—

11 (A) academic assistance;

12 (B) exposure to new experiences and ac-
13 tivities that at-risk youth might not encounter
14 on their own; and

15 (C) emotional support;

16 (6) an assurance that the mentoring program
17 will be monitored to ensure that each at-risk youth
18 participating in the mentoring program benefits
19 from a mentor relationship, including providing a
20 new mentor assignment if the original mentoring re-
21 lationship is not beneficial to the at-risk youth;

22 (7) the methods by which mentors and at-risk
23 youth will be recruited to the mentoring program;

24 (8) the method by which prospective mentors
25 will be screened; and

1 (9) the training that will be provided to men-
2 tors.

3 **SEC. 328. EVALUATION.**

4 (a) **EVALUATION.**—The Comptroller General of the
5 United States shall enter into a contract, with an evaluat-
6 ing organization that has demonstrated experience in con-
7 ducting evaluations, for the conduct of an ongoing rigor-
8 ous evaluation of the programs and activities assisted
9 under this subtitle.

10 (b) **EVALUATION CRITERIA.**—The Comptroller Gen-
11 eral of the United States, in consultation with the Sec-
12 retary, shall establish minimum criteria for evaluating the
13 programs and activities assisted under this subtitle. Such
14 criteria shall provide for a description of the implementa-
15 tion of each program or activity assisted under this sub-
16 title and such program or activity's effect on all partici-
17 pants, schools, communities, and youth served by such
18 program or activity.

19 **SEC. 329. REPORTS.**

20 (a) **REPORT BY GRANT RECIPIENTS.**—Each entity
21 receiving a grant under this subtitle shall submit to the
22 evaluating organization entering into the contract under
23 section 328(a)(1) an annual report regarding any program
24 or activity assisted under this subtitle. Each such report
25 shall be submitted at such a time, in such a manner, and

1 accompanied by such information, as such evaluating or-
2 ganization may require.

3 (b) **REPORTS BY COMPTROLLER GENERAL.**—The
4 Comptroller General shall submit to Congress not later
5 than September 30, 1999, a report regarding the success
6 and effectiveness of grants awarded under this subtitle in
7 reducing the school dropout rate, improving academic per-
8 formance of at-risk youth, and reducing juvenile delin-
9 quency and gang participation.

10 **SEC. 330. AUTHORIZATION OF APPROPRIATIONS.**

11 (a) **MENTORING PROGRAMS.**—There is authorized to
12 be appropriated \$35,000,000 for each of the fiscal years
13 1997, 1998, 1999, 2000, and 2001 to carry out section
14 323.

15 (b) **IMPLEMENTATION AND EVALUATION GRANTS.**—
16 There is authorized to be appropriated \$5,000,000 for
17 each of the fiscal years 1997, 1998, 1999, 2000, and 2001
18 to carry out section 324.

19 **Subtitle D—Family Reconciliation**

20 **SEC. 331. SET-ASIDE FOR STATES WITH APPROVED FAMILY**
21 **RECONCILIATION PLANS.**

22 (a) **IN GENERAL.**—

23 (1) **SET-ASIDE.**—Section 430(d) of the Social
24 Security Act (42 U.S.C. 629(d)) is amended by add-
25 ing at the end the following new paragraph:

1 “(4) FAMILY RECONCILIATION.—The Secretary
2 shall reserve 10 percent of the amounts described in
3 subsection (b) for each fiscal year, for allotment to
4 States with family reconciliation plans approved
5 under section 432(c)(3) to develop and conduct
6 counseling programs described in section
7 432(c)(2)(B).”.

8 (2) ASSISTANCE IN DEVELOPING FAMILY REC-
9 ONCILIATION COUNSELING PROGRAMS.—Section
10 430(d)(1) of such Act (42 U.S.C. 629(d)(1)) is
11 amended—

12 (A) in subparagraph (A), by striking
13 “and” at the end;

14 (B) in subparagraph (B), by striking the
15 period at the end and inserting “; and”; and

16 (C) by adding at the end the following new
17 subparagraph:

18 “(C) in assisting States in developing and
19 operating counseling programs described in sec-
20 tion 432(c)(2)(B).”.

21 (3) FAMILY RECONCILIATION PLANS.—Section
22 432 of such Act (42 U.S.C. 629(b)) is amended by
23 adding at the end the following new subsection:

24 “(c) FAMILY RECONCILIATION PLANS.—

1 “(1) PLAN REQUIREMENTS.—A State family
2 reconciliation plan meets the requirements of this
3 paragraph if the plan demonstrates that the State
4 has in effect the laws referred to in paragraph (2).

5 “(2) SATISFACTION OF PLAN REQUIRE-
6 MENTS.—In order to satisfy paragraph (1), a State
7 must have in effect laws requiring that, prior to a
8 final dissolution of marriage of a couple who have
9 one or more children under 12 years of age, the cou-
10 ple shall be required to—

11 “(A) undergo a minimum 60-day waiting
12 period beginning on the date dissolution docu-
13 ments are filed; and

14 “(B) participate in counseling programs
15 offered by a public or private counseling service
16 that includes discussion of the psychological
17 and economic impact of the divorce on the cou-
18 ple, the children of the couple, and society.”.

19 “(3) APPROVAL OF PLANS.—The Secretary
20 shall approve a plan that meets the requirements of
21 paragraph (1).”.

22 “(4) ALLOTMENT.—Section 433 of such Act (42
23 U.S.C. 633) is amended by adding at the end the
24 following new subsection:

1 “(d) ALLOTMENTS TO STATES WITH APPROVED
2 FAMILY RECONCILIATION PLANS.—

3 “(1) IN GENERAL.—From the amount reserved
4 pursuant to section 430(d)(4) for any fiscal year,
5 the Secretary shall allot to each State (other than an
6 Indian tribe) with a family reconciliation plan ap-
7 proved under section 432(c)(3), an amount that
8 bears the same ratio to the amount reserved under
9 such section as the average annual number of final
10 dissolutions of marriage described in paragraph (2)
11 in the State for the 3 fiscal years referred to in sub-
12 section (c)(2)(B) bears to the average annual num-
13 ber of such final dissolutions of marriage in such 3-
14 year period in all States with family reconciliation
15 plans approved under section 432(c)(3).

16 “(2) FINAL DISSOLUTIONS OF MARRIAGE DE-
17 SCRIBED.—For purposes of paragraph (1), a final
18 dissolution of marriage described in this paragraph
19 is a final dissolution of marriage of a couple who
20 have one or more children under 12 years of age.”.

21 (5) ENTITLEMENT.—

22 (A) IN GENERAL.—Section 434(a) of such
23 Act (42 U.S.C. 629d(a)) is amended by adding
24 at the end the following new paragraph:

1 “(3) FAMILY RECONCILIATION AMOUNT.—Each
2 State with a family reconciliation plan approved
3 under section 432(c)(3) shall be entitled to an
4 amount equal to the allotment of the State under
5 section 433(d) for the fiscal year.

6 (B) CONFORMING AMENDMENT.—Section
7 434(a) of such Act (42 U.S.C. 629d(a)) is
8 amended by striking “paragraph (2)” and in-
9 serting “paragraphs (2) and (3)”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 subsection (a) shall take effect on October 1, 1996.

12 **SEC. 332. USE OF FUNDS UNDER LEGAL SERVICES COR-**
13 **PORATION ACT.**

14 Section 1007(b) of the Legal Services Corporation
15 Act (42 U.S.C. 2996f(b)) is amended—

16 (1) in paragraph (9), by striking “; or” and in-
17 serting a semicolon;

18 (2) in paragraph (10), by striking the period
19 and inserting “; or”; and

20 (3) by adding at the end the following:

21 “(11) to provide legal assistance to an eligible
22 client with respect to a proceeding or litigation in
23 which the client seeks to obtain a dissolution of a
24 marriage or a legal separation from a spouse, except
25 that nothing in this paragraph shall prohibit a recip-

1 ient from providing legal assistance to the client
2 with respect to the proceeding or litigation if a court
3 of appropriate jurisdiction has determined that the
4 spouse has physically or mentally abused the cli-
5 ent.”.

6 **Subtitle E—Mentor Schools**

7 **SEC. 341. MENTOR SCHOOLS.**

8 (a) **SHORT TITLE.**—This subtitle may be cited as the
9 “Mentor Schools Act”.

10 (b) **FINDINGS.**—The Congress finds that—

11 (1) while low-income students have made sig-
12 nificant gains with respect to educational achieve-
13 ment and attainment, considerable gaps still persist
14 for these students in comparison to those from more
15 affluent socio-economic backgrounds;

16 (2) our Nation has a compelling interest in as-
17 suring that all children receive a high quality edu-
18 cation;

19 (3) new methods and experiments to revitalize
20 the educational achievement of, and opportunities
21 for, low-income individuals must be a part of any
22 comprehensive solution to the problems in our Na-
23 tion’s educational system;

1 (4) successful educational alternatives should be
2 widely implemented to better the education of low-
3 income individuals;

4 (5) preliminary research shows that same gen-
5 der schools produce promising academic and behav-
6 ioral improvements in both sexes for low-income,
7 educationally disadvantaged students;

8 (6) in recent years efforts to experiment with
9 same gender schools have been inhibited by lawsuits
10 and threats of lawsuits by private groups as well as
11 governmental entities; and

12 (7) same gender public schools are a legal edu-
13 cational alternative to coeducational elementary and
14 secondary schools and are not prohibited under the
15 regulations under title IX of the Education Amend-
16 ments of 1972 (20 U.S.C. 1681 et seq.), as such
17 regulations were in effect on the day preceding the
18 date of enactment of this Act, so long as—

19 (A) comparable courses, services and facili-
20 ties are available to students of each sex; and

21 (B) the same policies and criteria for ad-
22 mission to such schools are used for both sexes.

23 (c) CONSTRUCTION.—Section 901 of the Education
24 Amendments of 1972 (20 U.S.C. 1681) is amended by
25 adding at the end the following new subsection:

1 “(d) Nothing in this section shall be construed to pro-
 2 hibit the establishment or operation of a same gender pub-
 3 lic elementary or secondary school if—

4 “(1) comparable courses, services and facilities
 5 are available to students of each sex; and

6 “(2) the same policies and criteria for admis-
 7 sion to such schools are used for both sexes.”.

8 **Subtitle F—Role Models Academy**

9 **SEC. 351. PURPOSE; DEFINITIONS.**

10 (a) PURPOSE.—The purpose of this subtitle is to es-
 11 tablish a Role Models Academy that—

12 (1) serves as a model, residential, military style
 13 magnet school for at-risk youth from around the Na-
 14 tion who cease to attend secondary school before
 15 graduation from secondary school; and

16 (2) will foster a student’s growth and develop-
 17 ment by providing a residential, controlled environ-
 18 ment conducive for developing leadership skills, self-
 19 discipline, citizenship, and academic and vocational
 20 excellence in a structured living and learning envi-
 21 ronment.

22 (c) DEFINITIONS.—For the purpose of this subtitle—

23 (1) the term “Academy” means the academy
 24 established under section 353;

1 (2) the term “former member of the Armed
2 Forces” means any individual who was discharged or
3 released from service in the Armed Forces under
4 honorable conditions;

5 (3) the term “local educational agency” has the
6 meaning given that term in section 14101 of the El-
7 ementary and Secondary Education Act of 1965 (20
8 U.S.C. 8801);

9 (4) the term “secondary school” has the mean-
10 ing given that term in section 14101 of the Elemen-
11 tary and Secondary Education Act of 1965 (20
12 U.S.C. 8801); and

13 (5) the term “Secretary” means the Secretary
14 of Education.

15 **SEC. 352. OBJECTIVES.**

16 The objectives of this subtitle are as follows:

17 (1) To provide a comprehensive, coherent, inte-
18 grated, high quality, cost-effective, residential, edu-
19 cation and vocational training academy for the Na-
20 tion’s at-risk youth, designed to meet the entrance
21 demands of colleges and universities and the needs
22 of employers.

23 (2) To establish a comprehensive, national part-
24 nership investment model among the Federal Gov-

1 ernment, States, corporate America, and colleges
2 and universities.

3 (3) To provide for community partnerships
4 among local community leaders, businesses, and
5 churches to provide mentoring to Academy students.

6 (4) To provide for a community partnership be-
7 tween the Academy and the local school system
8 under which model Academy students will serve as
9 mentors to at-risk youth who are attending school to
10 provide such in-school at-risk youth with valuable in-
11 struction and insights regarding—

12 (A) the prevention of drug use and crime;

13 (B) self-restraint; and

14 (C) conflict resolution skills.

15 (5) To provide Academy students with—

16 (A) the tools to become productive citizens;

17 (B) learning skills;

18 (C) traditional, moral, ethical, and family

19 values;

20 (D) work ethics;

21 (E) motivation;

22 (F) self-confidence; and

23 (G) pride.

24 (6) To provide employment opportunities at the
25 Academy for former members of the Armed Forces

1 and participants in the program assisted under sec-
2 tion 1151 of title 10, United States Code (Troops
3 to Teachers Program).

4 (7) To make the Academy available, upon dem-
5 onstration of success, for expansion or duplication
6 throughout every State, through block grant funding
7 or other means.

8 **SEC. 353. ACADEMY ESTABLISHED.**

9 The Secretary shall carry out a demonstration pro-
10 gram under which the Secretary establishes a four-year,
11 residential, military style academy—

12 (1) that shall offer at-risk youth secondary
13 school coursework and vocational training, and that
14 may offer precollegiate coursework;

15 (2) that focuses on the education and vocational
16 training of youth at risk of delinquency or dropping
17 out of secondary school;

18 (3) whose teachers are primarily composed of
19 former members of the Armed Forces or partici-
20 pants in the program assisted under section 1151 of
21 title 10, United States Code (Troops to Teachers
22 Program), if such former members or participants
23 are qualified and trained to teach at the Academy;

24 (4) that operates a mentoring program that—

1 (A) utilizes mentors from all sectors of so-
2 ciety to serve as role models for Academy stu-
3 dents;

4 (B) provides, to the greatest extent pos-
5 sible, one-to-one mentoring relationships be-
6 tween mentors and Academy students; and

7 (C) involves mentors providing academic
8 tutoring, advice, career counseling, and role
9 models;

10 (5) that may contain a Junior Reserve Officers'
11 Training Corps unit established in accordance with
12 section 2031 of title 10, United States Code;

13 (6) that is housed on the site of any military in-
14 stallation closed pursuant to a base closure law; and

15 (7) if the Secretary determines that the Acad-
16 emy is effective, that serves as a model for similar
17 military style academies throughout the United
18 States.

19 **SEC. 354. AUTHORIZATION.**

20 There are authorized to be appropriated \$30,000,000
21 for fiscal year 1997 and such sums as may be necessary
22 for each of the fiscal years 1998, 1999, 2000, and 2001
23 to carry out this subtitle.

1 **Subtitle G—Kinship Care**

2 **SEC. 361. KINSHIP CARE DEMONSTRATION.**

3 (a) GRANTS.—The Secretary of Health and Human
4 Services (hereafter referred to in this subtitle as the “Sec-
5 retary”) shall award grants to States for demonstration
6 projects to assist such States in developing or implement-
7 ing procedures to use adult relatives as the preferred
8 placement for children removed from their parents, so long
9 as—

10 (1) such relatives are determined to be capable
11 of providing a safe, nurturing environment for the
12 child; or

13 (2) such relatives comply with all relevant Fed-
14 eral and State child protection standards.

15 (b) REQUIREMENTS.—To be eligible to receive a
16 grant under subsection (a), a State shall—

17 (1) agree to, at a minimum, provide a needs-
18 based payment and supportive services, as appro-
19 priate, with respect to children in a kinship care ar-
20 rangement;

21 (2) agree to give preference to adult relatives
22 who meet applicable adoption standards in making
23 adoption placements;

1 **SEC. 363. AUTHORIZATION OF APPROPRIATIONS.**

2 There are authorized to be appropriated to carry out
3 this Act \$30,000,000 for each of the fiscal years 1997,
4 1998, and 1999.

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