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107TH CONGRESS
1ST SESSION

H. R. 1990

To leave no child behind.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2001

Mr. GEORGE MILLER of California (for himself, Mr. GILMAN, Mr. SANDERS, Mr. KILDEE, Mrs. MORELLA, Mr. SCOTT, Mrs. DAVIS of California, Mr. STARK, Ms. NORTON, Mr. FRANK, Mrs. MINK of Hawaii, Mr. BONIOR, Ms. BROWN of Florida, Ms. DELAURO, Mr. CUMMINGS, Mr. LATOURETTE, Mr. KUCINICH, Mr. KENNEDY of Rhode Island, Mr. BISHOP, Mr. HINOJOSA, Mr. JACKSON of Illinois, Mr. RODRIGUEZ, Ms. JACKSON-LEE of Texas, Ms. SCHAKOWSKY, Mr. GUTIERREZ, and Mr. OWENS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Education and the Workforce, Agriculture, the Judiciary, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY 26 (legislative day, May 25), 2001

Deleted sponsors: Mr. BISHOP, Mr. GUTIERREZ, Mr. KUCINICH, Mrs. MINK of Hawaii, Ms. NORTON, Ms. SCHAKOWSKY, Mr. BONIOR, Mr. CUMMINGS, Mr. GILMAN, Mr. HINOJOSA, Ms. JACKSON-LEE of Texas, Mr. LATOURETTE, Mrs. MORELLA, Mr. OWENS, and Mr. SCOTT (added May 24, 2001; deleted May 26 (legislative day, May 25), 2001)

A BILL

To leave no child behind.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the ''Leave No Child Behind
3 Act of 2001''.

4 **SEC. 2. TABLE OF CONTENTS.**

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TITLE I—HEALTHY START—CHILDREN'S HEALTH INSURANCE

Subtitle A—Children's Health Insurance

SEC. 1001. MEDIKIDS HEALTH INSURANCE.

(a) SHORT TITLE OF TITLE.—This title may be cited as the ''MediKids Health Insurance Act of 2001''.

(b) FINDINGS.—Congress finds the following:

(1) More than 11 million American children are uninsured.

(2) Children who are uninsured receive less medical care and less preventive care and have a poorer level of health, which result in lifetime costs to themselves and to the entire American economy.

(3) Although SCHIP and Medicaid are successfully extending a health coverage safety net to a growing portion of the vulnerable low-income population of uninsured children, we now see that they alone cannot achieve 100 percent health insurance coverage for our nation's children due to inevitable gaps during outreach and enrollment, fluctuations in eligibility, and variations in access to private insurance at all income levels.

(4) As all segments of our society continue to become more and more transient, with many changes in employment over the working lifetime of parents, the need for a reliable safety net of health insurance which follows children across State lines, already a major problem for the children of migrant and seasonal farmworkers, will become a major concern for all families in the United States.

(5) The Medicare program has successfully evolved over the years to provide a stable, universal source of health insurance for the nation's disabled and those over age 65, and therefore provides a tested model for designing a program to reach out to America's children.

(6) The problem of insuring 100 percent of all American children could be gradually solved by automatically enrolling all children born after December 31, 2002, in a program modeled after Medicare (and to be known as ''MediKids''), and allowing those children to be transferred into other equivalent or better insurance programs, including either private insurance, SCHIP, or Medicaid, if they are eligible to do so, but maintaining the child's default enrollment in MediKids for any times when the child's access to other sources of insurance is lost.

(7) A family's freedom of choice to use other insurers to cover children would not be interfered with in any way, and children eligible for SCHIP and Medicaid would continue to be enrolled in those programs, but the underlying safety net of MediKids would always be available to cover any gaps in insurance due to changes in medical condition, employment, income, or marital status, or other changes affecting a child's access to alternate forms of insurance.

(8) The MediKids program can be administered without impacting the finances or status of the existing Medicare program.

(9) The MediKids benefit package can be tailored to the special needs of children and updated over time.

(10) The financing of the program can be administered without difficulty by a yearly payment of affordable premiums through a family's tax filing (or adjustment of a family's earned income tax credit).

(11) The cost of the program will gradually rise as the number of children using MediKids as the insurer of last resort increases, and a future Congress always can accelerate or slow down the enrollment process as desired, while the societal costs for emer-

gency room usage, lost productivity and work days, and poor health status for the next generation of Americans will decline.

(12) Over time 100 percent of American children will always have basic health insurance, and we can therefore expect a healthier, more equitable, and more productive society.

SEC. 1002. BENEFITS FOR ALL CHILDREN BORN AFTER 2002.

(a) IN GENERAL.—The Social Security Act is amended by adding at the end the following new title:

"TITLE XXII—MEDIKIDS PROGRAM

"SEC. 2201. ELIGIBILITY.

"(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DECEMBER 31, 2002; ALL CHILDREN UNDER 23 YEARS OF AGE IN SIXTH YEAR.—An individual who meets the following requirements with respect to a month is eligible to enroll under this title with respect to such month:

"(1) AGE.—

"(A) FIRST YEAR.—During the first year in which this title is effective, the individual has not attained 6 years of age.

"(B) SECOND YEAR.—During the second year in which this title is effective, the individual has not attained 11 years of age.

"(C) THIRD YEAR.—During the third year in which this title is effective, the individual has not attained 16 years of age.

"(D) FOURTH YEAR.—During the fourth year in which this title is effective, the individual has not attained 21 years of age.

"(E) FIFTH AND SUBSEQUENT YEARS.—During the fifth year in which this title is effective and each subsequent year, the individual has not attained 23 years of age.

"(2) CITIZENSHIP.—The individual is a citizen or national of the United States or is lawfully residing in the United States.

"(b) ENROLLMENT PROCESS.—An individual may enroll in the program established under this title only in such manner and form as may be prescribed by regulations, and only during an enrollment period prescribed by the Secretary consistent with the provisions of this section. Such regulations shall provide a process under which—

"(1) individuals who are born in the United States after December 31, 2002, are deemed to be enrolled at the time of birth and a parent or guardian of such an individual is permitted to pre-enroll in the month prior to the expected month of birth;

"(2) individuals who are born outside the United States after such date and who become eligible to enroll by virtue of immigration into (or an adjustment of immigration status in) the United States are deemed enrolled at the time of entry or adjustment of status;

"(3) eligible individuals may otherwise be enrolled at such other times and manner as the Secretary shall specify, including the use of outstationed eligibility sites as described in section 1902(a)(55)(A) and the use of presumptive eligibility provisions like those described in section 1920A; and

"(4) at the time of automatic enrollment of a child, the Secretary provides for issuance to a parent or custodian of the individual a card evidencing coverage under this title and for a description of such coverage.

The provisions of section 1837(h) apply with respect to enrollment under this title in the same manner as they apply to enrollment under part B of title XVIII.

"(c) DATE COVERAGE BEGINS.—

"(1) IN GENERAL.—The period during which an individual is entitled to benefits under this title

shall begin as follows, but in no case earlier than January 1, 2003:

"(A) In the case of an individual who is enrolled under paragraph (1) or (2) of subsection (b), the date of birth or date of obtaining appropriate citizenship or immigration status, as the case may be.

"(B) In the case of an another individual who enrolls (including pre-enrolls) before the month in which the individual satisfies eligibility for enrollment under subsection (a), the first day of such month of eligibility.

"(C) In the case of an another individual who enrolls during or after the month in which the individual first satisfies eligibility for enrollment under such subsection, the first day of the following month.

"(2) AUTHORITY TO PROVIDE FOR PARTIAL MONTHS OF COVERAGE.—Under regulations, the Secretary may, in the Secretary's discretion, provide for coverage periods that include portions of a month in order to avoid lapses of coverage.

"(3) LIMITATION ON PAYMENTS.—No payments may be made under this title with respect to the expenses of an individual enrolled under this title un-

less such expenses were incurred by such individual during a period which, with respect to the individual, is a coverage period under this section.

"(d) EXPIRATION OF ELIGIBILITY.—An individual's coverage period under this part shall continue until the individual's enrollment has been terminated because the individual no longer meets the requirements of subsection (a) (whether because of age or change in immigration status).

"(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR ENROLLED INDIVIDUALS.—An individual enrolled under this section is entitled to the benefits described in section 2202.

"(f) LOW-INCOME INFORMATION.—At the time of enrollment of a child under this title, the Secretary shall make an inquiry as to whether or not the family income of the family that includes the child is less than 150 percent of the poverty line for a family of the size involved. If the family income is below such level, the Secretary shall encode in the identification card issued in connection with eligibility under this title a code indicating such fact. The Secretary also shall provide for a toll-free telephone line at which providers can verify whether or not such a child is in a family the income of which is below such level.

"(g) CONSTRUCTION.—Nothing in this title shall be construed as requiring (or preventing) an individual who is enrolled under this section from seeking medical assistance under a State medicaid plan under title XIX or child health assistance under a State child health plan under title XXI.

"SEC. 2202. BENEFITS.

"(a) SECRETARIAL SPECIFICATION OF BENEFIT PACKAGE.—

"(1) IN GENERAL.—The Secretary shall specify the benefits to be made available under this title consistent with the provisions of this section and in a manner designed to meet the health needs of children.

"(2) UPDATING.—The Secretary shall update the specification of benefits over time to ensure the inclusion of age-appropriate benefits as the enrollee population gets older.

"(3) ANNUAL UPDATING.—The Secretary shall establish procedures for the annual review and updating of such benefits to account for changes in medical practice, new information from medical research, and other relevant developments in health science.

"(4) INPUT.—The Secretary shall seek the input of the pediatric community in specifying and updating such benefits.

"(5) LIMITATION ON UPDATING.—In no case shall updating of benefits under this subsection result in a failure to provide benefits required under subsection (b).

"(b) INCLUSION OF CERTAIN BENEFITS.—

"(1) MEDICARE CORE BENEFITS.—Such benefits shall include (to the extent consistent with other provisions of this section) at least the same benefits (including coverage, access, availability, duration, and beneficiary rights) that are available under parts A and B of title XVIII.

"(2) ALL REQUIRED MEDICAID BENEFITS.—Such benefits shall also include all items and services for which medical assistance is required to be provided under section 1902(a)(10)(A) to individuals described in such section, including early and periodic screening, diagnostic services, and treatment services.

"(3) INCLUSION OF PRESCRIPTION DRUGS.—Such benefits also shall include (as specified by the Secretary) prescription drugs and biologicals.

"(4) COST-SHARING.—

"(A) IN GENERAL.—Subject to subparagraph (B), such benefits also shall include the cost-sharing (in the form of deductibles, coinsurance, and copayments) applicable under title XVIII with respect to comparable items and services, except that no cost-sharing shall be imposed with respect to early and periodic screening and diagnostic services included under paragraph (2).

"(B) NO COST-SHARING FOR LOWEST INCOME CHILDREN.—Such benefits shall not include any cost-sharing for children in families the income of which (as determined for purposes of section 1905(p)) does not exceed 150 percent of the official income poverty line (referred to in such section) applicable to a family of the size involved.

"(C) REFUNDABLE CREDIT FOR COST-SHARING FOR OTHER LOW-INCOME CHILDREN.—For a refundable credit for cost-sharing in the case of children in certain families, see section 35 of the Internal Revenue Code of 1986.

"(c) PAYMENT SCHEDULE.—The Secretary, with the assistance of the Medicare Payment Advisory Commission,

shall develop and implement a payment schedule for benefits covered under this title. To the extent feasible, such payment schedule shall be consistent with comparable payment schedules and reimbursement methodologies applied under parts A and B of title XVIII.

"(d) INPUT.—The Secretary shall specify such benefits and payment schedules only after obtaining input from appropriate child health providers and experts.

"(e) ENROLLMENT IN HEALTH PLANS.—The Secretary shall provide for the offering of benefits under this title through enrollment in a health benefit plan that meets the same (or similar) requirements as the requirements that apply to Medicare+Choice plans under part C of title XVIII. In the case of individuals enrolled under this title in such a plan, the Medicare+Choice capitation rate described in section 1853(c) shall be adjusted in an appropriate manner to reflect differences between the population served under this title and the population under title XVIII.

"SEC. 2203. PREMIUMS.

"(a) AMOUNT OF MONTHLY PREMIUMS.—

"(1) IN GENERAL.—The Secretary shall, during September of each year (beginning with 2002), establish a monthly MediKids premium. Subject to paragraph (2), the monthly MediKids premium for

a year is equal to 1/12 of the annual premium rate computed under subsection (b).

"(2) ELIMINATION OF MONTHLY PREMIUM FOR DEMONSTRATION OF EQUIVALENT COVERAGE (INCLUDING COVERAGE UNDER LOW-INCOME PROGRAMS).—The amount of the monthly premium imposed under this section for an individual for a month shall be zero in the case of an individual who demonstrates to the satisfaction of the Secretary that the individual has basic health insurance coverage for that month the actuarial value of which, as determined by the Secretary, is at least actuarially equivalent to the benefits available under this title. For purposes of the previous sentence enrollment in a medicaid plan under title XIX, a State child health insurance plan under title XXI, or under the medicare program under title XVIII is deemed to constitute basic health insurance coverage described in such sentence.

"(b) ANNUAL PREMIUM.—

"(1) NATIONAL, PER CAPITA AVERAGE.—The Secretary shall estimate the average, annual per capita amount that would be payable under this title with respect to individuals residing in the United States who meet the requirement of section

2201(a)(1) as if all such individuals were eligible for (and enrolled) under this title during the entire year (and assuming that section 1862(b)(2)(A)(i) did not apply).

"(2) ANNUAL PREMIUM.—Subject to subsection (d), the annual premium under this subsection for months in a year is equal to 25 percent of the average, annual per capita amount estimated under paragraph (1) for the year.

"(c) PAYMENT OF MONTHLY PREMIUM.—

"(1) PERIOD OF PAYMENT.—In the case of an individual who participates in the program established by this title, subject to subsection (d), the monthly premium shall be payable for the period commencing with the first month of the individual's coverage period and ending with the month in which the individual's coverage under this title terminates.

"(2) COLLECTION THROUGH TAX RETURN.—For provisions providing for the payment of monthly premiums under this subsection, see section 59B of the Internal Revenue Code of 1986.

"(3) PROTECTIONS AGAINST FRAUD AND ABUSE.—The Secretary shall develop, in coordination with States and other health insurance issuers, administrative systems to ensure that claims which

are submitted to more than one payor are coordinated and duplicate payments are not made.

"(d) REDUCTION IN PREMIUM FOR CERTAIN LOW-INCOME FAMILIES.—For provisions reducing the premium under this section for certain low-income families, see section 59B(c) of the Internal Revenue Code of 1986.

"SEC. 2204. MEDIKIDS TRUST FUND.

"(a) ESTABLISHMENT OF TRUST FUND.—

"(1) IN GENERAL.—There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'MediKids Trust Fund' (in this section referred to as the 'Trust Fund'). The Trust Fund shall consist of such gifts and bequests as may be made as provided in section 201(i)(1) and such amounts as may be deposited in, or appropriated to, such fund as provided in this title.

"(2) PREMIUMS.—Premiums collected under section 2203 shall be transferred to the Trust Fund.

"(b) INCORPORATION OF PROVISIONS.—

"(1) IN GENERAL.—Subject to paragraph (2), subsections (b) through (i) of section 1841 shall apply with respect to the Trust Fund and this title in the same manner as they apply with respect to

the Federal Supplementary Medical Insurance Trust Fund and part B, respectively.

"(2) MISCELLANEOUS REFERENCES.—In applying provisions of section 1841 under paragraph (1)—

"(A) any reference in such section to 'this part' is construed to refer to title XXII;

"(B) any reference in section 1841(h) to section 1840(d) and in section 1841(i) to sections 1840(b)(1) and 1842(g) are deemed references to comparable authority exercised under this title;

"(C) payments may be made under section 1841(g) to the Trust Funds under sections 1817 and 1841 as reimbursement to such funds for payments they made for benefits provided under this title; and

"(D) the Board of Trustees of the MediKids Trust Fund shall be the same as the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund.

"SEC. 2205. OVERSIGHT AND ACCOUNTABILITY.

"(a) THROUGH ANNUAL REPORTS OF TRUSTEES.—The Board of Trustees of the MediKids Trust Fund under section 2204(b)(1) shall report on an annual basis to Con-

gress concerning the status of the Trust Fund and the need for adjustments in the program under this title to maintain financial solvency of the program under this title.

"(b) PERIODIC GAO REPORTS.—The Comptroller General of the United States shall periodically submit to Congress reports on the adequacy of the financing of coverage provided under this title. The Comptroller General shall include in such report such recommendations for adjustments in such financing and coverage as the Comptroller General deems appropriate in order to maintain financial solvency of the program under this title.

"SEC. 2206. INCLUSION OF CARE COORDINATION SERVICES.

"(a) IN GENERAL.—

"(1) PROGRAM AUTHORITY.—The Secretary, beginning in 2003, may implement a care coordination services program in accordance with the provisions of this section under which, in appropriate circumstances, eligible individuals may elect to have health care services covered under this title managed and coordinated by a designated care coordinator.

"(2) ADMINISTRATION BY CONTRACT.—The Secretary may administer the program under this section through a contract with an appropriate program administrator.

"(3) COVERAGE.—Care coordination services furnished in accordance with this section shall be treated under this title as if they were included in the definition of medical and other health services under section 1861(s) and benefits shall be available under this title with respect to such services without the application of any deductible or coinsurance.

"(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

"(1) INDIVIDUAL ELIGIBILITY CRITERIA.—The Secretary shall specify criteria to be used in making a determination as to whether an individual may appropriately be enrolled in the care coordination services program under this section, which shall include at least a finding by the Secretary that for cohorts of individuals with characteristics identified by the Secretary, professional management and coordination of care can reasonably be expected to improve processes or outcomes of health care and to reduce aggregate costs to the programs under this title.

"(2) PROCEDURES TO FACILITATE ENROLLMENT.—The Secretary shall develop and implement procedures designed to facilitate enrollment of eligible individuals in the program under this section.

"(c) ENROLLMENT OF INDIVIDUALS.—

"(1) SECRETARY'S DETERMINATION OF ELIGIBILITY.—The Secretary shall determine the eligibility for services under this section of individuals who are enrolled in the program under this section and who make application for such services in such form and manner as the Secretary may prescribe.

"(2) ENROLLMENT PERIOD.—

"(A) EFFECTIVE DATE AND DURATION.—Enrollment of an individual in the program under this section shall be effective as of the first day of the month following the month in which the Secretary approves the individual's application under paragraph (1), shall remain in effect for one month (or such longer period as the Secretary may specify), and shall be automatically renewed for additional periods, unless terminated in accordance with such procedures as the Secretary shall establish by regulation. Such procedures shall permit an individual to disenroll for cause at any time and without cause at re-enrollment intervals.

"(B) LIMITATION ON REENROLLMENT.—The Secretary may establish limits on an individual's eligibility to reenroll in the program under this section if the individual has

disenrolled from the program more than once during a specified time period.

"(d) PROGRAM.—The care coordination services program under this section shall include the following elements:

"(1) BASIC CARE COORDINATION SERVICES.—

"(A) IN GENERAL.—Subject to the cost-effectiveness criteria specified in subsection (b)(1), except as otherwise provided in this section, enrolled individuals shall receive services described in section 1905(t)(1) and may receive additional items and services as described in subparagraph (B).

"(B) ADDITIONAL BENEFITS.—The Secretary may specify additional benefits for which payment would not otherwise be made under this title that may be available to individuals enrolled in the program under this section (subject to an assessment by the care coordinator of an individual's circumstance and need for such benefits) in order to encourage enrollment in, or to improve the effectiveness of, such program.

"(2) CARE COORDINATION REQUIREMENT.—Notwithstanding any other provision of this title, the Secretary may provide that an individual enrolled in

the program under this section may be entitled to payment under this title for any specified health care items or services only if the items or services have been furnished by the care coordinator, or coordinated through the care coordination services program. Under such provision, the Secretary shall prescribe exceptions for emergency medical services as described in section 1852(d)(3), and other exceptions determined by the Secretary for the delivery of timely and needed care.

''(e) CARE COORDINATORS.—

''(1) CONDITIONS OF PARTICIPATION.—In order to be qualified to furnish care coordination services under this section, an individual or entity shall—

''(A) be a health care professional or entity (which may include physicians, physician group practices, or other health care professionals or entities the Secretary may find appropriate) meeting such conditions as the Secretary may specify;

''(B) have entered into a care coordination agreement; and

''(C) meet such criteria as the Secretary may establish (which may include experience in

the provision of care coordination or primary care physician's services).

"(2) AGREEMENT TERM; PAYMENT.—

"(A) DURATION AND RENEWAL.—A care coordination agreement under this subsection shall be for one year and may be renewed if the Secretary is satisfied that the care coordinator continues to meet the conditions of participation specified in paragraph (1).

"(B) PAYMENT FOR SERVICES.—The Secretary may negotiate or otherwise establish payment terms and rates for services described in subsection (d)(1).

"(C) LIABILITY.—Case coordinators shall be subject to liability for actual health damages which may be suffered by recipients as a result of the care coordinator's decisions, failure or delay in making decisions, or other actions as a care coordinator.

"(D) TERMS.—In addition to such other terms as the Secretary may require, an agreement under this section shall include the terms specified in subparagraphs (A) through (C) of section 1905(t)(3).

"SEC. 2207. ADMINISTRATION AND MISCELLANEOUS.

''(a) IN GENERAL.—Except as otherwise provided in this title—

''(1) the Secretary shall enter into appropriate contracts with providers of services, other health care providers, carriers, and fiscal intermediaries, taking into account the types of contracts used under title XVIII with respect to such entities, to administer the program under this title;

''(2) individuals enrolled under this title shall be treated for purposes of title XVIII as though the individual were entitled to benefits under part A and enrolled under part B of such title;

''(3) benefits described in section 2202 that are payable under this title to such individuals shall be paid in a manner specified by the Secretary (taking into account, and based to the greatest extent practicable upon, the manner in which they are provided under title XVIII);

''(4) provider participation agreements under title XVIII shall apply to enrollees and benefits under this title in the same manner as they apply to enrollees and benefits under title XVIII; and

''(5) individuals entitled to benefits under this title may elect to receive such benefits under health plans in a manner, specified by the Secretary, simi-

lar to the manner provided under part C of title XVIII.

"(b) COORDINATION WITH MEDICAID AND SCHIP.—Notwithstanding any other provision of law, individuals entitled to benefits for items and services under this title who also qualify for benefits under title XIX or XXI or any other Federally funded program may continue to qualify and obtain benefits under such other title or program, and in such case such an individual shall elect either—

"(1) such other title or program to be primary payor to benefits under this title, in which case no benefits shall be payable under this title and the monthly premium under section 2203 shall be zero; or

"(2) benefits under this title shall be primary payor to benefits provided under such program or title, in which case the Secretary shall enter into agreements with States as may be appropriate to provide that, in the case of such individuals, the benefits under titles XIX and XXI or such other program (including reduction of cost-sharing) are provided on a 'wrap-around' basis to the benefits under this title.".

(b) CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT PROVISIONS.—

(1) Section 201(i)(1) of the Social Security Act (42 U.S.C. 401(i)(1)) is amended by striking ''or the Federal Supplementary Medical Insurance Trust Fund'' and inserting ''the Federal Supplementary Medical Insurance Trust Fund, and the MediKids Trust Fund''.

(2) Section 201(g)(1)(A) of such Act (42 U.S.C. 401(g)(1)(A)) is amended by striking '' and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII'' and inserting '', the Federal Supplementary Medical Insurance Trust Fund, and the MediKids Trust Fund established by title VIII''.

(3) Section 1853(c) of such Act (42 U.S.C. 1395w–23(c)) is amended—

(A) in paragraph (1), by striking ''and (7)'' and inserting '', (7), and (8)'', and

(B) by adding at the end the following:

''(8) ADJUSTMENT FOR MEDIKIDS.—In applying this subsection with respect to individuals entitled to benefits under title XXII, the Secretary shall provide for an appropriate adjustment in the Medicare+Choice capitation rate as may be appro-

priate to reflect differences between the population served under such title and the population under parts A and B.''.

(c) MAINTENANCE OF MEDICAID ELIGIBILITY AND BENEFITS FOR CHILDREN.—

(1) IN GENERAL.—In order for a State to continue to be eligible for payments under section 1903(a) of the Social Security Act (42 U.S.C. 1396b(a))—

(A) the State may not reduce standards of eligibility, or benefits, provided under its State medicaid plan under title XIX of the Social Security Act or under its State child health plan under title XXI of such Act for individuals under 23 years of age below such standards of eligibility, and benefits, in effect on the date of the enactment of this Act; and

(B) the State shall demonstrate to the satisfaction of the Secretary of Health and Human Services that any savings in State expenditures under title XIX or XXI of the Social Security Act that results from children from enrolling under title XXII of such Act shall be used in a manner that improves services to beneficiaries under title XIX of such Act, such as through

increases in provider payment rates, expansion of eligibility, improved nurse and nurse aide staffing and improved inspections of nursing facilities, and coverage of additional services.

(2) MEDIKIDS AS PRIMARY PAYOR.—In applying title XIX of the Social Security Act, the MediKids program under title XXII of such Act shall be treated as a primary payor in cases in which the election described in section 2207(b)(2) of such Act, as added by subsection (a), has been made.

(d) EXPANSION OF MEDPAC MEMBERSHIP TO 19.—

(1) IN GENERAL.—Section 1805(c) of the Social Security Act (42 U.S.C. 1395b–6(c)) is amended—

(A) in paragraph (1), by striking ''17'' and inserting ''19''; and

(B) in paragraph (2)(B), by inserting ''experts in children's health,'' after ''other health professionals,''.

(2) INITIAL TERMS OF ADDITIONAL MEMBERS.—

(A) IN GENERAL.—For purposes of staggering the initial terms of members of the Medicare Payment Advisory Commission under section 1805(c)(3) of the Social Security Act

(42 U.S.C. 1395b–6(c)(3)), the initial terms of the 2 additional members of the Commission provided for by the amendment under subsection (a)(1) are as follows:

(i) One member shall be appointed for 1 year.

(ii) One member shall be appointed for 2 years.

(B) COMMENCEMENT OF TERMS.—Such terms shall begin on January 1, 2002.

SEC. 1003. MEDIKIDS PREMIUM.

(a) GENERAL RULE.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to determination of tax liability) is amended by adding at the end the following new part:

"PART VIII—MEDIKIDS PREMIUM

"Sec. 59B. MediKids premium.

"SEC. 59B. MEDIKIDS PREMIUM.

"(a) IMPOSITION OF TAX.—In the case of an individual to whom this section applies, there is hereby imposed (in addition to any other tax imposed by this subtitle) a MediKids premium for the taxable year.

"(b) INDIVIDUALS SUBJECT TO PREMIUM.—

"(1) IN GENERAL.—This section shall apply to an individual if the taxpayer has a MediKid at any time during the taxable year.

"(2) MEDIKID.—For purposes of this section, the term 'MediKid' means, with respect to a taxpayer, any individual with respect to whom the taxpayer is required to pay a premium under section 2203(c) of the Social Security Act for any month of the taxable year.

"(c) AMOUNT OF PREMIUM.—For purposes of this section, the MediKids premium for a taxable year is the sum of the monthly premiums under section 2203 of the Social Security Act for months in the taxable year.

"(d) EXCEPTIONS BASED ON ADJUSTED GROSS INCOME.—

"(1) EXEMPTION FOR VERY LOW-INCOME TAXPAYERS.—

"(A) IN GENERAL.—No premium shall be imposed by this section on any taxpayer having an adjusted gross income not in excess of the exemption amount.

"(B) EXEMPTION AMOUNT.—For purposes of this paragraph, with respect to a family, the exemption amount is the amount equal to 150 percent of the income official poverty line (as

defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(C) PHASEOUT OF EXEMPTION.—In the case of a taxpayer having an adjusted gross income which exceeds the exemption amount but does not exceed twice the exemption amount, the premium shall be the amount which bears the same ratio to the premium which would (but for this subparagraph) apply to the taxpayer as such excess bears to the exemption amount.

"(2) PREMIUM LIMITED TO 5 PERCENT OF ADJUSTED GROSS INCOME.—In no event shall any taxpayer be required to pay a premium under this section in excess of an amount equal to 5 percent of the taxpayer's adjusted gross income.

"(e) COORDINATION WITH OTHER PROVISIONS.—

"(1) NOT TREATED AS MEDICAL EXPENSE.—For purposes of this chapter, any premium paid under this section shall not be treated as expense for medical care.

"(2) NOT TREATED AS TAX FOR CERTAIN PURPOSES.—The premium paid under this section shall not be treated as a tax imposed by this chapter for purposes of determining—

"(A) the amount of any credit allowable under this chapter, or

"(B) the amount of the minimum tax imposed by section 55.

"(3) TREATMENT UNDER SUBTITLE F.—For purposes of subtitle F, the premium paid under this section shall be treated as if it were a tax imposed by section 1.".

(b) TECHNICAL AMENDMENTS.—

(1) Subsection (a) of section 6012 of such Code is amended by inserting after paragraph (9) the following new paragraph:

"(10) Every individual liable for a premium under section 59B.".

(2) The table of parts for subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

"Part VIII. MediKids premium.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 2002, in taxable years ending after such date.

SEC. 1004. REFUNDABLE CREDIT FOR COST-SHARING EXPENSES UNDER MEDIKIDS PROGRAM.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. COST-SHARING EXPENSES UNDER MEDIKIDS PROGRAM.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual who has a MediKid (as defined in section 59B) at any time during the taxable year, there shall be allowed as a credit against the tax imposed by this subtitle an amount equal to 50 percent of the amount paid by the taxpayer during the taxable year as cost-sharing under section 2202(b)(4) of the Social Security Act.

"(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit which would (but for this subsection) be allowed under this section for the taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as the excess of the taxpayer's adjusted gross income for such taxable year over the exemption amount (as defined in section 59B(d)) bears to such exemption amount.".

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period ''or from section 35 of such Code''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking the last item and inserting the following new items:

''Sec. 35. Cost-sharing expenses under MediKids program.
''Sec. 36. Overpayments of tax.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 1005. REPORT ON LONG-TERM REVENUES.

Within 1 year after the date of enactment of this title, the Secretary of the Treasury shall propose a gradual schedule of progressive tax changes to fund the program under title XXII of the Social Security Act, as the number of enrollees grows in the out-years.

Subtitle B—Children's Health Insurance Eligibility Expansion and Enrollment Improvements

CHAPTER 1—ELIGIBILITY EXPANSIONS

Subchapter A—Medicaid and SCHIP

SEC. 1101. EXPANSION OF CHILDREN'S ELIGIBILITY FOR MEDICAID AND SCHIP.

(a) EXPANSION OF INCOME ELIGIBILITY UNDER SCHIP.—Section 2110(c)(4) of the Social Security Act (42 U.S.C. 42 U.S.C. 1397jj(c)(4)) is amended by striking ''200'' and inserting ''300''.

(b) MANDATORY BUY-IN COVERAGE.—

(1) MEDICAID.—Section 1902(a)(10)(A)(i) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)) is amended—

(A) by striking ''or'' at the end of subclause (VI);

(B) by striking the semicolon at the end of subclause (VII) and insert '', or''; and

(C) by adding at the end the following:

''(VIII) who are children in families whose income exceeds 300 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in

accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved subject, notwithstanding section 1916, to payment of premiums or other cost-sharing charges (set on a sliding scale based on income) that the State may determine;''.

(2) SCHIP.—Section 2107(e)(1) of such Act (42 U.S.C. 1397gg(e)(1)) is amended by adding at the end the following new subparagraph:

''(E) Section 1902(a)(10)(A)(i)(VIII) (relating to buy-in coverage for children whose family income exceeds 300 percent of the poverty line).''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to medical assistance and child health assistance provided on or after October 1, 2001.

SEC. 1102. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS UNDER THE MEDICAID PROGRAM AND TITLE XXI.

(a) MEDICAID PROGRAM.—Section 1903(v) of the Social Security Act (42 U.S.C. 1396b(v)) is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (4)''; and

(2) by adding at the end the following:

"(4)(A) A State may elect (in a plan amendment under this title) to provide medical assistance under this title for aliens who are lawfully residing in the United States (including battered aliens described in section 431(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and who are otherwise eligible for such assistance, within any of the following eligibility categories:

"(i) PREGNANT WOMEN.—Women during pregnancy (and during the 60-day period beginning on the last day of the pregnancy).

"(ii) CHILDREN.—Children (as defined under such plan), including optional targeted low-income children described in section 1905(u)(2)(B).

"(B)(i) In the case of a State that has elected to provide medical assistance to a category of aliens under subparagraph (A), no debt shall accrue under an affidavit of support against any sponsor of such an alien on the basis of provision of assistance to such category and the cost of such assistance shall not be considered as an unreimbursed cost.

"(ii) The provisions of sections 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Oppor-

tunity Reconciliation Act of 1996 shall not apply to a State that makes an election under subparagraph (A).''.

(b) TITLE XXI.—Section 2107(e)(1) of the Social Security Act (42 U.S.C. 1397gg(e)(1)), as amended by section 803 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554), is amended by adding at the end the following:

''(E) Section 1903(v)(4) (relating to optional coverage of permanent resident alien children), but only if the State has elected to apply such section to that category of children under title XIX.''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2001, and apply to medical assistance and child health assistance furnished on or after such date.

Subchapter B—Family Opportunity Act

SEC. 1111. SHORT TITLE; AMENDMENTS TO SOCIAL SECURITY ACT.

(a) SHORT TITLE.—This subchapter may be cited as the ''Family Opportunity Act of 2001'' or the ''Dylan Lee James Act''.

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this

Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

SEC. 1112. OPPORTUNITY FOR FAMILIES OF DISABLED CHILDREN TO PURCHASE MEDICAID COVERAGE FOR SUCH CHILDREN.

(a) STATE OPTION TO ALLOW FAMILIES OF DISABLED CHILDREN TO PURCHASE MEDICAID COVERAGE FOR SUCH CHILDREN.—

(1) IN GENERAL.—Section 1902 (42 U.S.C. 1396a), as amended by section 2(a) of the Breast and Cervical Cancer Prevention and Treatment Act of 2000 (Public Law 106–354; 114 Stat. 1381) and section 702(b) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554), is amended—

(A) in subsection (a)(10)(A)(ii)—

(i) by striking ''or'' at the end of subclause (XVII);

(ii) by adding ''or'' at the end of subclause (XVIII); and

(iii) by adding at the end the following new subclause:

"(XIX) who are disabled children described in subsection (cc)(1);"; and

(B) by adding at the end the following new subsection:

"(cc)(1) Individuals described in this paragraph are individuals—

"(A) who have not attained 18 years of age;

"(B) who would be considered disabled under section 1614(a)(3)(C) (determined without regard to the reference to age in that section) but for having earnings or deemed income or resources (as determined under title XVI for children) that exceed the requirements for receipt of supplemental security income benefits; and

"(C) whose family income does not exceed such income level as the State establishes and does not exceed—

"(i) 300 percent of the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved; or

"(ii) such higher percent of such poverty line as a State may establish, except that no

Federal financial participation shall be provided under section 1903(a) for any medical assistance provided to an individual who would not be described in this subsection but for this clause.''.

(2) INTERACTION WITH EMPLOYER-SPONSORED FAMILY COVERAGE.—Section 1902(cc) (42 U.S.C. 1396a(cc)), as added by paragraph (1), is amended by adding at the end the following new paragraph:

''(2)(A) If an employer of a parent of an individual described in paragraph (1) offers family coverage under a group health plan (as defined in section 2791(a) of the Public Health Service Act), the State may—

''(i) require such parent to apply for, enroll in, and pay premiums for, such coverage as a condition of such parent's child being or remaining eligible for medical assistance under subsection (a)(10)(A)(ii)(XIX) if the parent is determined eligible for such coverage and the employer contributes at least 50 percent of the total cost of annual premiums for such coverage; and

''(ii) if such coverage is obtained—

''(I) subject to paragraph (2) of section 1916(h), reduce the premium imposed by the State under that section (if any) in an amount

that reasonably reflects the premium contribution made by the parent for private coverage on behalf of a child with a disability; and

"(II) treat such coverage as a third party liability under subsection (a)(25).

"(B) In the case of a parent to which subparagraph (A) applies, if the family income of such parent does not exceed 300 percent of the income official poverty line (referred to in paragraph (1)(C)(i)), a State may provide for payment of any portion of the annual premium for such family coverage that the parent is required to pay. Any payments made by the State under this subparagraph shall be considered, for purposes of section 1903(a), to be payments for medical assistance.".

(b) STATE OPTION TO IMPOSE INCOME-RELATED PREMIUMS.—Section 1916 (42 U.S.C. 1396o) is amended—

(1) in subsection (a), by striking "subsection (g)" and inserting "subsections (g) and (h)"; and

(2) by adding at the end the following new subsection:

"(h)(1) With respect to disabled children provided medical assistance under section 1902(a)(10)(A)(ii)(XIX), subject to paragraph (2), a State may (in a uniform manner for such children) require the families of such children

to pay monthly premiums set on a sliding scale based on family income.

"(2) A premium requirement imposed under paragraph (1) may only apply to the extent that—

"(A) the aggregate amount of such premium and any premium that the parent is required to pay for family coverage under section 1902(cc)(2)(A)(i) does not exceed 5 percent of the family's income; and

"(B) the requirement is imposed consistent with section 1902(cc)(2)(A)(ii)(I).

"(3) A State shall not require prepayment of a premium imposed pursuant to paragraph (1) and shall not terminate eligibility of a child under section 1902(a)(10)(A)(ii)(XIX) for medical assistance under this title on the basis of failure to pay any such premium until such failure continues for a period of not less than 60 days from the date on which the premium became past due. The State may waive payment of any such premium in any case where the State determines that requiring such payment would create an undue hardship.".

(c) CONFORMING AMENDMENT.—Section 1903(f)(4) (42 U.S.C. 1396b(f)(4)), as amended by section 710(a) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by

section 1(a)(6) of Public Law 106–554), is amended in the matter preceding subparagraph (A) by inserting "1902(a)(10)(A)(ii)(XIX)," after "1902(a)(10)(A)(ii)(XVIII),".

(d) TECHNICAL AMENDMENTS.—

(1) Section 1902 (42 U.S.C. 1396a), as amended by section 702(b) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554), is amended by redesignating the subsection (aa) added by such section as subsection (bb).

(2) Section 1902(a)(15) (42 U.S.C. 1396a(a)(15)), as added by section 702(a)(2) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as so enacted into law), is amended by striking "subsection (aa)" and inserting "subsection (bb)".

(3) Section 1915(b) (42 U.S.C. 1396n(b)), as amended by section 702(c)(2) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as so enacted into law), is amended by striking "1902(aa)" and inserting "1902(bb)".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to medical assistance for items and services furnished on or after January 1, 2002.

(2) TECHNICAL AMENDMENTS.—The amendments made by subsection (d) shall take effect as if included in the enactment of section 702 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554).

SEC. 1113. TREATMENT OF INPATIENT PSYCHIATRIC HOSPITAL SERVICES FOR INDIVIDUALS UNDER AGE 21 IN HOME OR COMMUNITY-BASED SERVICES WAIVERS.

(a) IN GENERAL.—Section 1915(c) (42 U.S.C. 1396n(c)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by inserting ", or inpatient psychiatric hospital services for individuals under age 21," after "intermediate care facility for the mentally retarded"; and

(B) in the second sentence, by inserting ", or inpatient psychiatric hospital services for individuals under age 21" before the period;

(2) in paragraph (2)(B), by striking ''or services in an intermediate care facility for the mentally retarded'' each place it appears and inserting '', services in an intermediate care facility for the mentally retarded, or inpatient psychiatric hospital services for individuals under age 21'';

(3) by striking paragraph (2)(C) and inserting the following:

''(C) such individuals who are determined to be likely to require the level of care provided in a hospital, nursing facility, or intermediate care facility for the mentally retarded, or inpatient psychiatric hospital services for individuals under age 21, are informed of the feasible alternatives, if available under the waiver, at the choice of such individuals, to the provision of inpatient hospital services, nursing facility services, services in an intermediate care facility for the mentally retarded, or inpatient psychiatric hospital services for individuals under age 21;''; and

(4) in paragraph (7)(A)—

(A) by inserting '', or inpatient psychiatric hospital services for individuals under age 21,'' after ''intermediate care facility for the mentally retarded''; and

(B) by inserting ", or who would require inpatient psychiatric hospital services for individuals under age 21" before the period.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply with respect to medical assistance provided on or after January 1, 2001.

SEC. 1114. DEMONSTRATION OF COVERAGE UNDER THE MEDICAID PROGRAM OF CHILDREN WITH POTENTIALLY SEVERE DISABILITIES.

(a) STATE APPLICATION.—A State may apply to the Secretary of Health and Human Services (in this section referred to as the "Secretary") for approval of a demonstration project (in this section referred to as a "demonstration project") under which up to a specified maximum number of children with a potentially severe disability (as defined in subsection (b)) are provided medical assistance under the State medicaid plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(b) CHILD WITH A POTENTIALLY SEVERE DISABILITY DEFINED.—

(1) IN GENERAL.—In this section, the term "child with a potentially severe disability" means, with respect to a demonstration project, an individual who—

(A) has not attained 21 years of age;

(B) has a physical or mental condition, disease, disorder (including a congenital birth defect or a metabolic condition), injury, or developmental disability that was incurred before the individual attained such age; and

(C) is reasonably expected, but for the receipt of medical assistance under the State medicaid plan, to reach the level of disability defined under section 1614(a)(3) of the Social Security Act (42 U.S.C. 1382c(a)(3)), (determined without regard to the reference to age in subparagraph (C) of that section).

(2) EXCEPTION.—Such term does not include an individual who would be considered disabled under section 1614(a)(3)(C) of the Social Security Act (42 U.S.C. 1382c(a)(3)(C)) (determined without regard to the reference to age in that section).

(c) APPROVAL OF DEMONSTRATION PROJECTS.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary shall approve applications under subsection (a) that meet the requirements of paragraph (2) and such additional terms and conditions as the Secretary may require. The Secretary may waive the requirement of section 1902(a)(1) of the Social Se-

curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-State demonstrations.

(2) TERMS AND CONDITIONS OF DEMONSTRATION PROJECTS.—The Secretary may not approve a demonstration project under this section unless the State provides assurances satisfactory to the Secretary that the following conditions are or will be met:

(A) INDEPENDENT EVALUATION.—The State provides for an independent evaluation of the project to be conducted during fiscal year 2006.

(B) CONSULTATION FOR DEVELOPMENT OF CRITERIA.—The State consults with appropriate pediatric health professionals in establishing the criteria for determining whether a child has a potentially severe disability.

(C) ANNUAL REPORT.—The State submits an annual report to the Secretary (in a uniform form and manner established by the Secretary) on the use of funds provided under the grant that includes the following:

(i) Enrollment and financial statistics on—

(I) the total number of children with a potentially severe disability enrolled in the demonstration project, disaggregated by disability;

(II) the services provided by category or code and the cost of each service so categorized or coded; and

(III) the number of children enrolled in the demonstration project who also receive services through private insurance.

(ii) With respect to the report submitted for fiscal year 2006, the results of the independent evaluation conducted under subparagraph (A).

(iii) Such additional information as the Secretary may require.

(3) LIMITATIONS ON FEDERAL FUNDING.—

(A) APPROPRIATION.—

(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section—

(I) $16,666,000 for each of fiscal years 2002 and 2003; and

(II) $16,667,000 for each of fiscal years 2004 through 2007.

(ii) BUDGET AUTHORITY.—Clause (i) constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of the amounts appropriated under clause (i).

(B) LIMITATION ON PAYMENTS.—In no case may—

(i) the aggregate amount of payments made by the Secretary to States under this section exceed $100,000,000;

(ii) the aggregate amount of payments made by the Secretary to States for administrative expenses relating to the evaluations and annual reports required under subparagraphs (A) and (C) of paragraph (2) exceed $2,000,000 of such $100,000,000; or

(iii) payments be provided by the Secretary for a fiscal year after fiscal year 2010.

(C) FUNDS ALLOCATED TO STATES.—

(i) IN GENERAL.—The Secretary shall allocate funds to States based on their applications and the availability of funds. In making such allocations, the Secretary shall ensure an equitable distribution of funds among States with large populations and States with small populations.

(ii) AVAILABILITY.—Funds allocated to a State under a grant made under this section for a fiscal year shall remain available until expended.

(D) FUNDS NOT ALLOCATED TO STATES.—Funds not allocated to States in the fiscal year for which they are appropriated shall remain available in succeeding fiscal years for allocation by the Secretary using the allocation formula established under this section.

(E) PAYMENTS TO STATES.—The Secretary shall pay to each State with a demonstration project approved under this section, from its allocation under subparagraph (C), an amount for each quarter equal to the Federal medical assistance percentage (as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1395d(b))) of expenditures in the quar-

ter for medical assistance provided to children with a potentially severe disability.

(d) RECOMMENDATION.—Not later than October 1, 2005, the Secretary shall submit a recommendation to the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate regarding whether the demonstration project established under this section should be continued after fiscal year 2007.

(e) STATE DEFINED.—In this section, the term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

SEC. 1115. DEVELOPMENT AND SUPPORT OF FAMILY-TO-FAMILY HEALTH INFORMATION CENTERS.

Section 501 (42 U.S.C. 701) is amended by adding at the end the following new subsection:

''(c)(1) In addition to amounts appropriated under subsection (a) and retained under section 502(a)(1) for the purpose of carrying out activities described in subsection (a)(2), there is appropriated to the Secretary, out of any money in the Treasury not otherwise appropriated, for the purpose of enabling the Secretary (through grants, contracts, or otherwise) to provide for special projects of regional and national significance for the development and support of family-to-family health information centers de-

scribed in paragraph (2), $10,000,000 for each of fiscal years 2002 through 2007. Funds appropriated under this paragraph shall remain available until expended.

"(2) The family-to-family health information centers described in this paragraph are centers that—

"(A) assist families of children with disabilities or special health care needs to make informed choices about health care in order to promote good treatment decisions, cost-effectiveness, and improved health outcomes for such children;

"(B) provide information regarding the health care needs of, and resources available for, children with disabilities or special health care needs;

"(C) identify successful health delivery models for such children;

"(D) develop with representatives of health care providers, managed care organizations, health care purchasers, and appropriate State agencies a model for collaboration between families of such children and health professionals;

"(E) provide training and guidance regarding caring for such children;

"(F) conduct outreach activities to the families of such children, health professionals, schools, and other appropriate entities and individuals; and

"(G) are staffed by families of children with disabilities or special health care needs who have expertise in Federal and State public and private health care systems and health professionals.

"(3) The provisions of this title that are applicable to the funds made available to the Secretary under section 502(a)(1) apply in the same manner to funds made available to the Secretary under paragraph (1).".

SEC. 1116. RESTORATION OF MEDICAID ELIGIBILITY FOR CERTAIN SSI BENEFICIARIES.

(a) IN GENERAL.—Section 1902(a)(10)(A)(i)(II) (42 U.S.C. 1396a(a)(10)(A)(i)(II)) is amended—

(1) by inserting "(aa)" after "(II)";

(2) by striking "or who are" and inserting ", (bb) who are"; and

(3) by inserting before the comma at the end the following: ", or (cc) who are under 21 years of age and with respect to whom supplemental security income benefits would be paid under title XVI if subparagraphs (A) and (B) of section 1611(c)(7) were applied without regard to the phrase 'the first day of the month following' ".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to medical assistance for items and services furnished on or after the first day of the first

calendar quarter that begins after the date of enactment of this Act.

CHAPTER 2—ENROLLMENT IMPROVEMENTS

SEC. 1121. APPLICATION OF SIMPLIFIED TITLE XXI PROCEDURES UNDER THE MEDICAID PROGRAM.

(a) APPLICATION UNDER MEDICAID.—

(1) IN GENERAL.—Section 1902(l) of the Social Security Act (42 U.S.C. 1396a(l)) is amended—

(A) in paragraph (3), by inserting ''subject to paragraph (5)'', after ''Notwithstanding subsection (a)(17),''; and

(B) by adding at the end the following:

''(5) With respect to determining the eligibility of individuals under 19 years of age (or such higher age as the State has elected under paragraph (1)(D)) for medical assistance under subsection (a)(10)(A) notwithstanding any other provision of this title, if the State has established a State child health plan under title XXI—

''(A) the State may not apply a resource standard;

''(B) the State shall use the same simplified eligibility form (that in no case shall be more than 4 pages and that permits application other than in

person) as the State uses under such State child health plan with respect to such individuals;

''(C) the State shall provide for initial eligibility determinations and redeterminations of eligibility using the same verification policies, forms, and frequency as the State uses for such purposes under such State child health plan with respect to such individuals;

''(D) the State shall not require a face-to-face interview for purposes of initial eligibility determinations and redeterminations and shall allow for self-declaration of initial eligibility and recertification information; and

''(E) the State shall coordinate the enrollment of children under this title and title XXI with the enrollment of such children and their families in other Federal means-tested public assistance programs, including child care programs, free or reduced price lunches or breakfasts under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), assistance under the special supplemental nutrition program for women, infants, and children (WIC) under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), and benefits under the Food Stamp Act of 1977.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) apply to determinations of eligibility made on or after the date that is 1 year after the date of the enactment of this Act, whether or not regulations implementing such amendments have been issued.

(3) DEVELOPMENT OF UNIFORM APPLICATION.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with States and organizations with expertise in outreach to, and enrollment of, children without health insurance, shall develop a uniform application that meets the requirements of section 1902(l)(5) of the Social Security Act, as added by paragraph (1), and may be used in any State.

(b) PRESUMPTIVE ELIGIBILITY.—

(1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of the Social Security Act (42 U.S.C. 1396r–1a(b)(3)(A)(i)), as amended by section 708(a) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554), is amended by inserting ‘‘a child care resource and re-

ferral agency,'' after ''a State or tribal child support enforcement agency,''.

(2) APPLICATION TO PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN UNDER MEDICAID.—Section 1920(b) of the Social Security Act (42 U.S.C. 1396r–1(b)) is amended by adding at the end after and below paragraph (2) the following flush sentence:

''The term 'qualified provider' includes a qualified entity as defined in section 1920A(b)(3).''.

(3) APPLICATION UNDER TITLE XXI.—

(A) IN GENERAL.—Section 2107(e)(1)(D) of the Social Security Act (42 U.S.C. 1397gg(e)(1)), as added by section 803 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554), is amended to read as follows:

''(D) Sections 1920 and 1920A (relating to presumptive eligibility).''.

(B) EXCEPTION FROM LIMITATION ON ADMINISTRATIVE EXPENSES.—Section 2105(c)(2) of such Act (42 U.S.C. 1397ee(c)(2)) is amended by adding at the end the following:

"(C) EXCEPTION FOR PRESUMPTIVE ELIGIBILITY EXPENDITURES.—The limitation under subparagraph (A) on expenditures shall not apply to expenditures attributable to the application of section 1920 or 1920A (pursuant to section 2107(e)(1)(D)), regardless of whether the child is determined to be ineligible for the program under this title or title XIX.".

(C) CONFORMING ELIMINATION OF RESOURCE TEST.—Section 2102(b)(1)(A) of such Act (42 U.S.C. 1397bb(b)(1)(A)) is amended—

(i) by striking "and resources (including any standards relating to spenddowns and disposition of resources)"; and

(ii) by adding at the end the following: "Effective 1 year after the date of the enactment of the Leave No Child Behind Act of 2001, such standards may not include the application of a resource standard or test.".

(c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

(1) LOSS OF MEDICAID ELIGIBILITY.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(A) by striking the period at the end of paragraph (65) and inserting "; and"; and

(B) by inserting after paragraph (65) the following:

"(66) provide, in the case of a State with a State child health plan under title XXI, that before medical assistance to a child (or a parent of a child) is discontinued under this title, a determination of whether the child (or parent) is eligible for benefits under title XXI shall be made and, if determined to be so eligible, the child (or parent) shall be automatically enrolled in the program under such title without the need for a new application.".

(2) LOSS OF TITLE XXI ELIGIBILITY.—Section 2102(b)(3) (42 U.S.C. 1397bb(b)(3)) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following:

"(D) that before health assistance to a child (or a parent of a child) is discontinued under this title, a determination of whether the child (or parent) is eligible for benefits under

title XIX is made and, if determined to be so eligible, the child (or parent) is automatically enrolled in the program under such title without the need for a new application;''.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) apply to individuals who lose eligibility under the medicaid program under title XIX, or under a State child health insurance plan under title XXI, respectively, of the Social Security Act on or after the date that is 60 days after the date of the enactment of this Act.

(d) PROVISION OF MEDICAID AND SCHIP APPLICATIONS AND INFORMATION UNDER THE SCHOOL LUNCH PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is amended—

(1) by striking ''(B) Applications'' and inserting ''(B)(i) Applications''; and

(2) by adding at the end the following:

''(ii)(I) Applications for free and reduced price lunches that are distributed pursuant to clause (i) to parents or guardians of children in attendance at schools participating in the school lunch program under this Act shall also contain information on the availability of medical assistance under title XIX of the Social Security Act (42

U.S.C. 1396 et seq.) (commonly referred to as the 'medicaid program') and of child health assistance under title XXI of such Act (commonly referred to as 'SCHIP'), including information on how to obtain an application for assistance under such program.

"(II) Information on the medicaid program and SCHIP under subclause (I) shall be provided on a form separate from the application form for free and reduced price lunches under clause (i).".

(e) 12-MONTHS CONTINUOUS ELIGIBILITY.—

(1) MEDICAID.—Section 1902(e)(12) of the Social Security Act (42 U.S.C. 1396a(e)(12)) is amended—

(A) by striking "At the option of the State, the plan may" and inserting "The plan shall";

(B) by striking "an age specified by the State (not to exceed 19 years of age)" and inserting "19 years of age (or such higher age as the State has elected under subsection (l)(1)(D)) or who is eligible for medical assistance as the parent of such a child";

(C) in subparagraph (A), by striking "a period (not to exceed 12 months) " and inserting "the 12-month period beginning on the date"; and

(D) in subparagraph (B), by inserting ''or, in the case of a parent of a child, the child)'' after ''the individual''.

(2) TITLE XXI.—Section 2101(b)(2) of such Act (42 U.S.C. 1397aa(b)(2)) is amended by adding at the end the following: ''Such methods shall provide 12-months continuous eligibility for children and parents under this title in the same manner as section 1902(e)(12) provides 12-months continuous eligibility for individuals described in such section under title XIX.''.

SEC. 1122. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO TITLE XXI PARENTS.

Section 2102(b)(1) of the Social Security Act (42 U.S.C. 1397bb(b)(1)) is amended by adding at the end the following new subparagraph:

''(C) AUTOMATIC ELIGIBILITY OF CHILDREN BORN TO A PARENT BEING PROVIDED FAMILYCARE.—Such eligibility standards shall provide for automatic coverage of a child born to an individual who is provided assistance under this title in the same manner as medical assistance would be provided under section 1902(e)(4) to a child described in such section.''.

CHAPTER 3—EFFECTIVE DATE

SEC. 1131. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to subsection (b), the amendments made by this subtitle take effect on the date of enactment of this Act.

(b) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under title XIX or XXI of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this subtitle, such State plan shall not be regarded as failing to comply with such requirements solely on the basis of its failure to meet the additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.

Subtitle C—Improving Access to Care

CHAPTER 1—COMMISSION

SEC. 1201. COMMISSION ON CHILDREN'S ACCESS TO CARE.

(a) ESTABLISHMENT.—There is established a Commission on Children's Access to Care (in this section referred to as the ''Commission'').

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 11 members of whom—

(A) 3 members shall be appointed by the President;

(B) 2 members shall be appointed by the Majority Leader of the Senate;

(C) 2 members shall be appointed by the Speaker of the House of Representatives;

(D) 2 members shall be appointed by the Minority Leader of the Senate; and

(E) 2 members shall be appointed by the Minority Leader of the House of Representatives.

(2) QUALIFICATIONS.—Members of the Commission shall be appointed from among representatives of children's advocacy groups and children's health care providers.

(3) TIMING OF APPOINTMENTS.—Members of the Commission shall be appointed not later than 6 months after the date of enactment of this Act.

(4) CHAIR.—

(A) IN GENERAL.—The Commission shall select a Chair from among its members.

(B) DUTIES.—The Chair of the Commission shall be responsible for—

(i) the assignment of duties and responsibilities among staff personnel and their continuing supervision; and

(ii) the use and expenditure of funds available to the Commission.

(5) VACANCIES.—Any vacancy on the Commission shall be filled in the same manner as the original incumbent was appointed.

(6) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) TIME.—The Commission shall meet at the call of the Chair.

(3) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(d) DUTIES.—

(1) IN GENERAL.—The Commission shall conduct annual studies of children's access to health care.

(2) MATTERS STUDIED.—Each year the Commission shall study—

(A) the impact of payment rates under the medicaid and the State children's health insurance programs on access to health care and provider participation in the delivery of health care to children;

(B) the access to health care of children with special health care needs, particularly those in managed care delivery systems;

(C) the access to, and delivery of, preventive health care to children;

(D) Federal and State government efforts to collect data, report, evaluate, and monitor children's access to health care, including Federal and State government deficiencies in assessing children's access to health care;

(E) the needs for supplemental and enabling services to improve children's access to health care, including translation and transportation services; and

(F) other factors that impact the ability of families with children to gain access to health care services.

(3) REPORTS.—

(A) IN GENERAL.—Not later than 1 year after the date of the initial meeting of the Commission, and annually thereafter, the Commission shall submit to Congress and the President a report.

(B) CONTENTS.—Each report shall contain the results of the study conducted for that year and the Commission's recommendations to improve children's—

(i) health status; and

(ii) access to health care.

(e) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission may hold hearings, sit and act at times and places, take testimony, and receive evidence as the Commission considers advisable to carry out this section.

(2) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this section. Upon request of the Chair of the Commission, the head of such department or agency shall furnish such information to the Commission.

(3) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(4) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

(f) STAFF AND ADMINISTRATIVE SUPPORT.—

(1) IN GENERAL.—The Chair of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform

its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chair of the Commission may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(4) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chair of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code.

CHAPTER 2—CHILDREN'S HEALTH INSURANCE ACCOUNTABILITY

SEC. 1211. SHORT TITLE.

This chapter may be cited as the ''Children's Health Insurance Accountability Act of 2001''.

SEC. 1212. FINDINGS.

Congress makes the following findings:

(1) Children have health and development needs that are markedly different than those for the adult population.

(2) Children experience complex and continuing changes during the continuum from birth to adulthood in which appropriate health care is essential for optimal development.

(3) The vast majority of work done on development methods to assess the effectiveness of health care services and the impact of medical care on patient outcomes and patient satisfaction has been focused on adults.

(4) Health outcome measures need to be age, gender, and developmentally appropriate to be useful to families and children.

(5) Costly disorders of adulthood often have their origins in childhood, making early access to effective health services in childhood essential.

(6) More than 200 chronic conditions, disabilities and diseases affect children, including asthma, diabetes, sickle cell anemia, spina bifida, epilepsy, autism, cerebral palsy, congenital heart disease, mental retardation, and cystic fibrosis. These children need the services of specialists who have in depth knowledge about their particular condition.

(7) Children's patterns of illness, disability and injury differ dramatically from adults.

SEC. 1213. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT.

(a) PATIENT PROTECTION STANDARDS.—Title XXVII of the Public Health Service Act (42 U.S.C. 300gg et seq.) is amended—

(1) by redesignating part C as part D; and

(2) by inserting after part B the following new part:

"PART C—CHILDREN'S HEALTH PROTECTION STANDARDS

"SEC. 2770. ACCESS TO CARE.

"(a) ACCESS TO APPROPRIATE PRIMARY CARE PROVIDERS.—

"(1) IN GENERAL.—If a group health plan, or a health insurance issuer in connection with the provision of health insurance coverage, requires or pro-

vides for an enrollee to designate a participating primary care provider for a child of such enrollee—

"(A) the plan or issuer shall permit the enrollee to designate a physician who specializes in pediatrics as the child's primary care provider; and

"(B) if such an enrollee has not designated such a provider for the child, the plan or issuer shall consider appropriate pediatric expertise in mandatorily assigning such an enrollee to a primary care provider.

"(2) CONSTRUCTION.—Nothing in paragraph (1) shall waive any requirements of coverage relating to medical necessity or appropriateness with respect to coverage of services.

"(b) ACCESS TO PEDIATRIC SPECIALTY SERVICES.—

"(1) REFERRAL TO SPECIALTY CARE FOR CHILDREN REQUIRING TREATMENT BY SPECIALISTS.—

"(A) IN GENERAL.—In the case of a child who is covered under a group health plan, or health insurance coverage offered by a health insurance issuer and who has a mental or physical condition, disability, or disease of sufficient seriousness and complexity to require diagnosis, evaluation or treatment by a specialist, the plan

or issuer shall make or provide for a referral to a specialist who has extensive experience or training, and is available and accessible to provide the treatment for such condition or disease, including the choice of a nonprimary care physician specialist participating in the plan or a referral to a nonparticipating provider as provided for under subparagraph (D) if such a provider is not available within the plan.

"(B) SPECIALIST DEFINED.—For purposes of this subsection, the term 'specialist' means, with respect to a condition, disability, or disease, a health care practitioner, facility, or center (such as a center of excellence) that has extensive pediatric expertise through appropriate training or experience to provide high quality care in treating the condition, disability or disease.

"(C) REFERRALS TO PARTICIPATING PROVIDERS.—A plan or issuer is not required under subparagraph (A) to provide for a referral to a specialist that is not a participating provider, unless the plan or issuer does not have an appropriate specialist that is available and accessible to treat the enrollee's condition and that

is a participating provider with respect to such treatment.

"(D) TREATMENT OF NONPARTICIPATING PROVIDERS.—If a plan or issuer refers a child enrollee to a nonparticipating specialist, services provided pursuant to the referral shall be provided at no additional cost to the enrollee beyond what the enrollee would otherwise pay for services received by such a specialist that is a participating provider.

"(E) SPECIALISTS AS PRIMARY CARE PROVIDERS.—A plan or issuer shall have in place a procedure under which a child who is covered under health insurance coverage provided by the plan or issuer who has a condition or disease that requires specialized medical care over a prolonged period of time shall receive a referral to a pediatric specialist affiliated with the plan, or if not available within the plan, to a nonparticipating provider for such condition and such specialist may be responsible for and capable of providing and coordinating the child's primary and specialty care.

"(2) STANDING REFERRALS.—

"(A) IN GENERAL.—A group health plan, or health insurance issuer in connection with the provision of health insurance coverage of a child, shall have a procedure by which a child who has a condition, disability, or disease that requires ongoing care from a specialist may request and obtain a standing referral to such specialist for treatment of such condition. If the primary care provider in consultation with the medical director of the plan or issuer and the specialist (if any), determines that such a standing referral is appropriate, the plan or issuer shall authorize such a referral to such a specialist. Such standing referral shall be consistent with a treatment plan.

"(B) TREATMENT PLANS.—A group health plan, or health insurance issuer, with the participation of the family and the health care providers of the child, shall develop a treatment plan for a child who requires ongoing care that covers a specified period of time (but in no event less than a 6-month period). Services provided for under the treatment plan shall not require additional approvals or referrals through a gatekeeper.

"(C) TERMS OF REFERRAL.—The provisions of subparagraph (C) and (D) of paragraph (1) shall apply with respect to referrals under subparagraph (A) in the same manner as they apply to referrals under paragraph (1)(A).

"(c) ADEQUACY OF ACCESS.—For purposes of subsections (a) and (b), a group health plan or health insurance issuer in connection with health insurance coverage shall ensure that a sufficient number, distribution, and variety of qualified participating health care providers are available so as to ensure that all covered health care services, including specialty services, are available and accessible to all enrollees in a timely manner.

"(d) COVERAGE OF EMERGENCY SERVICES.—

"(1) IN GENERAL.—If a group health plan, or health insurance coverage offered by a health insurance issuer, provides any benefits for children with respect to emergency services (as defined in paragraph (2)(A)), the plan or issuer shall cover emergency services furnished under the plan or coverage—

"(A) without the need for any prior authorization determination;

"(B) whether or not the physician or provider furnishing such services is a participating

physician or provider with respect to such services; and

"(C) without regard to any other term or condition of such coverage (other than exclusion of benefits, or an affiliation or waiting period, permitted under section 2701).

"(2) DEFINITIONS.—In this subsection:

"(A) EMERGENCY MEDICAL CONDITION BASED ON PRUDENT LAYPERSON STANDARD.—The term 'emergency medical condition' means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in a condition described in clause (i), (ii), or (iii) of section 1867(e)(1)(A) of the Social Security Act.

"(B) EMERGENCY SERVICES.—The term 'emergency services' means—

"(i) a medical screening examination (as required under section 1867 of the Social Security Act) that is within the capability of the emergency department of a

hospital, including ancillary services routinely available to the emergency department to evaluate an emergency medical condition (as defined in subparagraph (A)); and

"(ii) within the capabilities of the staff and facilities available at the hospital, such further medical examination and treatment as are required under section 1867 of such Act to stabilize the patient.

"(3) REIMBURSEMENT FOR MAINTENANCE CARE AND POST-STABILIZATION CARE.—A group health plan, and health insurance issuer offering health insurance coverage, shall provide, in covering services other than emergency services, for reimbursement with respect to services which are otherwise covered and which are provided to an enrollee other than through the plan or issuer if the services are maintenance care or post-stabilization care covered under the guidelines established under section 1852(d) of the Social Security Act (relating to promoting efficient and timely coordination of appropriate maintenance and post-stabilization care of an enrollee after an enrollee has been determined to be stable).

1 "(e) PROHIBITION ON FINANCIAL BARRIERS.—A
2 health insurance issuer in connection with the provision
3 of health insurance coverage may not impose any cost
4 sharing for pediatric specialty services provided under
5 such coverage to enrollee children in amounts that exceed
6 the cost-sharing required for other specialty care under
7 such coverage.

8 "(f) CHILDREN WITH SPECIAL HEALTH CARE
9 NEEDS.—A health insurance issuer in connection with the
10 provision of health insurance coverage shall ensure that
11 such coverage provides special consideration for the provi-
12 sion of services to enrollee children with special health care
13 needs. Appropriate procedures shall be implemented to
14 provide care for children with special health care needs.
15 The development of such procedures shall include partici-
16 pation by the families of such children.

17 "(g) DEFINITIONS.—In this part:

18 "(1) CHILD.—The term 'child' means an indi-
19 vidual who is under 19 years of age.

20 "(2) CHILDREN WITH SPECIAL HEALTH CARE
21 NEEDS.—The term 'children with special health care
22 needs' means those children who have or are at ele-
23 vated risk for chronic physical, developmental, be-
24 havioral or emotional conditions and who also re-

quire health and related services of a type and amount not usually required by children.

"SEC. 2771. CONTINUITY OF CARE.

"(a) IN GENERAL.—If a contract between a health insurance issuer, in connection with the provision of health insurance coverage, and a health care provider is terminated (other than by the issuer for failure to meet applicable quality standards or for fraud) and an enrollee is undergoing a course of treatment from the provider at the time of such termination, the issuer shall—

"(1) notify the enrollee of such termination, and

"(2) subject to subsection (c), permit the enrollee to continue the course of treatment with the provider during a transitional period (provided under subsection (b)).

"(b) TRANSITIONAL PERIOD.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) through (4), the transitional period under this subsection shall extend for at least—

"(A) 60 days from the date of the notice to the enrollee of the provider's termination in the case of a primary care provider, or

"(B) 120 days from such date in the case of another provider.

"(2) INSTITUTIONAL CARE.—The transitional period under this subsection for institutional or inpatient care from a provider shall extend until the discharge or termination of the period of institutionalization and shall include reasonable follow-up care related to the institutionalization and shall also include institutional care scheduled prior to the date of termination of the provider status.

"(3) PREGNANCY.—If—

"(A) an enrollee has entered the second trimester of pregnancy at the time of a provider's termination of participation, and

"(B) the provider was treating the pregnancy before date of the termination,

the transitional period under this subsection with respect to provider's treatment of the pregnancy shall extend through the provision of post-partum care directly related to the delivery.

"(4) TERMINAL ILLNESS.—

"(A) IN GENERAL.—If—

"(i) an enrollee was determined to be terminally ill (as defined in subparagraph (B)) at the time of a provider's termination of participation, and

"(ii) the provider was treating the terminal illness before the date of termination,

the transitional period under this subsection shall extend for the remainder of the enrollee's life for care directly related to the treatment of the terminal illness.

"(B) DEFINITION.—In subparagraph (A), an enrollee is considered to be 'terminally ill' if the enrollee has a medical prognosis that the enrollee's life expectancy is 6 months or less.

"(c) PERMISSIBLE TERMS AND CONDITIONS.—An issuer may condition coverage of continued treatment by a provider under subsection (a)(2) upon the provider agreeing to the following terms and conditions:

"(1) The provider agrees to continue to accept reimbursement from the issuer at the rates applicable prior to the start of the transitional period as payment in full.

"(2) The provider agrees to adhere to the issuer's quality assurance standards and to provide to the issuer necessary medical information related to the care provided.

"(3) The provider agrees otherwise to adhere to the issuer's policies and procedures, including proce-

dures regarding referrals and obtaining prior authorization and providing services pursuant to a treatment plan approved by the issuer.

"SEC. 2772. CONTINUOUS QUALITY IMPROVEMENT.

"(a) IN GENERAL.—A health insurance issuer that offers health insurance coverage for children shall establish and maintain an ongoing, internal quality assurance program that at a minimum meets the requirements of subsection (b).

"(b) REQUIREMENTS.—The internal quality assurance program of an issuer under subsection (a) shall—

"(1) establish and measure a set of health care, functional assessments, structure, processes and outcomes, and quality indicators that are unique to children and based on nationally accepted standards or guidelines of care;

"(2) maintain written protocols consistent with recognized clinical guidelines or current consensus on the pediatric field, to be used for purposes of internal utilization review, with periodic updating and evaluation by pediatric specialists to determine effectiveness in controlling utilization;

"(3) provide for peer review by health care professionals of the structure, processes, and outcomes

related to the provision of health services, including pediatric review of pediatric cases;

''(4) include in member satisfaction surveys, questions on child and family satisfaction and experience of care, including care to children with special needs;

''(5) monitor and evaluate the continuity of care with respect to children;

''(6) include pediatric measures that are directed at meeting the needs of at-risk children and children with chronic conditions, disabilities and severe illnesses;

''(7) maintain written guidelines to ensure the availability of medications appropriate to children;

''(8) use focused studies of care received by children with certain types of chronic conditions and disabilities and focused studies of specialized services used by children with chronic conditions and disabilities;

''(9) monitor access to pediatric specialty services; and

''(10) monitor child health care professional satisfaction.

''(c) UTILIZATION REVIEW ACTIVITIES.—

''(1) COMPLIANCE WITH REQUIREMENTS.—

"(A) IN GENERAL.—A health insurance issuer that offers health insurance coverage for children shall conduct utilization review activities in connection with the provision of such coverage only in accordance with a utilization review program that meets at a minimum the requirements of this subsection.

"(B) DEFINITIONS.—In this subsection:

"(i) CLINICAL PEERS.—The term 'clinical peer' means, with respect to a review, a physician or other health care professional who holds a non-restricted license in a State and in the same or similar specialty as typically manages the pediatric medical condition, procedure, or treatment under review.

"(ii) HEALTH CARE PROFESSIONAL.—The term 'health care professional' means a physician or other health care practitioner licensed or certified under State law to provide health care services and who is operating within the scope of such licensure or certification.

"(iii) UTILIZATION REVIEW.—The terms 'utilization review' and 'utilization

review activities' mean procedures used to monitor or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of health care services, procedures or settings for children, and includes prospective review, concurrent review, second opinions, case management, discharge planning, or retrospective review specific to children.

"(2) WRITTEN POLICIES AND CRITERIA.—

"(A) WRITTEN POLICIES.—A utilization review program shall be conducted consistent with written policies and procedures that govern all aspects of the program.

"(B) USE OF WRITTEN CRITERIA.—A utilization review program shall utilize written clinical review criteria specific to children and developed pursuant to the program with the input of appropriate physicians, including pediatricians, nonprimary care pediatric specialists, and other child health professionals.

"(C) ADMINISTRATION BY HEALTH CARE PROFESSIONALS.—A utilization review program shall be administered by qualified health care professionals, including health care profes-

sionals with pediatric expertise who shall oversee review decisions.

"(3) USE OF QUALIFIED, INDEPENDENT PERSONNEL.—

"(A) IN GENERAL.—A utilization review program shall provide for the conduct of utilization review activities only through personnel who are qualified and, to the extent required, who have received appropriate pediatric or child health training in the conduct of such activities under the program.

"(B) PEER REVIEW OF ADVERSE CLINICAL DETERMINATIONS.—A utilization review program shall provide that clinical peers shall evaluate the clinical appropriateness of adverse clinical determinations and divergent clinical options.

"SEC. 2773. APPEALS AND GRIEVANCE MECHANISMS FOR CHILDREN.

"(a) INTERNAL APPEALS PROCESS.—A health insurance issuer in connection with the provision of health insurance coverage for children shall establish and maintain a system to provide for the resolution of complaints and appeals regarding all aspects of such coverage. Such a system shall include an expedited procedure for appeals on

behalf of a child enrollee in situations in which the time frame of a standard appeal would jeopardize the life, health, or development of the child.

"(b) EXTERNAL APPEALS PROCESS.—A health insurance issuer in connection with the provision of health insurance coverage for children shall provide for an independent external review process that meets the following requirements:

"(1) External appeal activities shall be conducted through clinical peers, a physician or other health care professional who is appropriately credentialed in pediatrics with the same or similar specialty and typically manages the condition, procedure, or treatment under review or appeal.

"(2) External appeal activities shall be conducted through an entity that has sufficient pediatric expertise, including subspecialty expertise, and staffing to conduct external appeal activities on a timely basis.

"(3) Such a review process shall include an expedited procedure for appeals on behalf of a child enrollee in which the time frame of a standard appeal would jeopardize the life, health, or development of the child.

"SEC. 2774. ACCOUNTABILITY THROUGH DISTRIBUTION OF INFORMATION.

"(a) IN GENERAL.—A health insurance issuer in connection with the provision of health insurance coverage for children shall submit to enrollees (and prospective enrollees), and make available to the public, in writing the health-related information described in subsection (b).

"(b) INFORMATION.—The information to be provided under subsection (a) shall include a report of measures of structures, processes, and outcomes regarding each health insurance product offered to participants and dependents in a manner that is separate for both the adult and child enrollees, using measures that are specific to each group.".

(b) APPLICATION TO GROUP HEALTH INSURANCE COVERAGE.—

(1) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act (42 U.S.C. 300gg-4 et seq.) is amended by adding at the end the following new section:

"SEC. 2707. CHILDREN'S HEALTH ACCOUNTABILITY STANDARDS.

"(a) IN GENERAL.—Each health insurance issuer shall comply with children's health accountability requirement under part C with respect to group health insurance coverage it offers.

"(b) ASSURING COORDINATION.—The Secretary of Health and Human Services and the Secretary of Labor shall ensure, through the execution of an interagency memorandum of understanding between such Secretaries, that—

"(1) regulations, rulings, and interpretations issued by such Secretaries relating to the same matter over which such Secretaries have responsibility under part C (and this section) and section 714 of the Employee Retirement Income Security Act of 1974 are administered so as to have the same effect at all times; and

"(2) coordination of policies relating to enforcing the same requirements through such Secretaries in order to have a coordinated enforcement strategy that avoids duplication of enforcement efforts and assigns priorities in enforcement.".

(2) CONFORMING AMENDMENT.—Section 2792 of the Public Health Service Act (42 U.S.C. 300gg–92) is amended by inserting "and section 2707(b)" after "of 1996".

(c) APPLICATION TO INDIVIDUAL HEALTH INSURANCE COVERAGE.—Part B of title XXVII of the Public Health Service Act (42 U.S.C. 300gg-41 et seq.) is amend-

ed by inserting after section 2752 the following new section:

"SEC. 2753. CHILDREN'S HEALTH ACCOUNTABILITY STANDARDS.

"Each health insurance issuer shall comply with children's health accountability requirements under part C with respect to individual health insurance coverage it offers.".

(d) MODIFICATION OF PREEMPTION STANDARDS.—

(1) GROUP HEALTH INSURANCE COVERAGE.—Section 2723 of the Public Health Service Act (42 U.S.C. 300gg–23) is amended—

(A) in subsection (a)(1), by striking "subsection (b)" and inserting "subsections (b) and (c)";

(B) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(C) by inserting after subsection (b) the following new subsection:

"(c) SPECIAL RULES IN CASE OF CHILDREN'S HEALTH ACCOUNTABILITY REQUIREMENTS.—Subject to subsection (a)(2), the provisions of section 2707 and part C, and part D insofar as it applies to section 2707 or part C, shall not prevent a State from establishing requirements relating to the subject matter of such provisions

so long as such requirements are at least as stringent on health insurance issuers as the requirements imposed under such provisions.''.

(2) INDIVIDUAL HEALTH INSURANCE COVERAGE.—Section 2762 of the Public Health Service Act (42 U.S.C. 300gg–62), as added by section 605(b)(3)(B) of Public Law 104–204, is amended—

(A) in subsection (a), by striking ''subsection (b), nothing in this part'' and inserting ''subsections (b) and (c)'', and

(B) by adding at the end the following new subsection:

''(c) SPECIAL RULES IN CASE OF CHILDREN'S HEALTH ACCOUNTABILITY REQUIREMENTS.—Subject to subsection (b), the provisions of section 2753 and part C, and part D insofar as it applies to section 2753 or part C, shall not prevent a State from establishing requirements relating to the subject matter of such provisions so long as such requirements are at least as stringent on health insurance issuers as the requirements imposed under such section.''.

SEC. 1214. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security

Act of 1974 (29 U.S.C. 1185 et seq.) is amended by adding at the end the following:

"SEC. 714. CHILDREN'S HEALTH ACCOUNTABILITY STANDARDS.

"(a) IN GENERAL.—Subject to subsection (b), the provisions of part C of title XXVII of the Public Health Service Act shall apply under this subpart and part to a group health plan (and group health insurance coverage offered in connection with a group health plan) as if such part were incorporated in this section.

"(b) APPLICATION.—In applying subsection (a) under this subpart and part, any reference in such part C—

"(1) to health insurance coverage is deemed to be a reference only to group health insurance coverage offered in connection with a group health plan and to also be a reference to coverage under a group health plan;

"(2) to a health insurance issuer is deemed to be a reference only to such an issuer in relation to group health insurance coverage or, with respect to a group health plan, to the plan;

"(3) to the Secretary is deemed to be a reference to the Secretary of Labor;

"(4) to an applicable State authority is deemed to be a reference to the Secretary of Labor; and

"(5) to an enrollee with respect to health insurance coverage is deemed to include a reference to a participant or beneficiary with respect to a group health plan.".

(b) MODIFICATION OF PREEMPTION STANDARDS.—Section 731 of the Employee Retirement Income Security Act of 1974 (42 U.S.C. 1191) is amended—

(1) in subsection (a)(1), by striking "subsection (b)" and inserting "subsections (b) and (c)";

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(3) by inserting after subsection (b) the following new subsection:

"(c) SPECIAL RULES IN CASE OF PATIENT ACCOUNTABILITY REQUIREMENTS.—Subject to subsection (a)(2), the provisions of section 714, shall not prevent a State from establishing requirements relating to the subject matter of such provisions so long as such requirements are at least as stringent on group health plans and health insurance issuers in connection with group health insurance coverage as the requirements imposed under such provisions.".

(c) CONFORMING AMENDMENTS.—

(1) Section 732(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185(a)) is amended by striking ''section 711'' and inserting ''sections 711 and 714''.

(2) The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 713 the following new item:

''Sec. 714. Children's health accountability standards.''.

SEC. 1215. STUDIES.

(a) BY SECRETARY.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall conduct a study, and prepare and submit to Congress a report, concerning—

(1) the unique characteristics of patterns of illness, disability, and injury in children;

(2) the development of measures of quality of care and outcomes related to the health care of children; and

(3) the access of children to primary mental health services and the coordination of managed behavioral health services.

(b) BY GAO.—

(1) MANAGED CARE.—Not later than 1 year after the date of enactment of this Act, the General Accounting Office shall conduct a study, and pre-

pare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives a report, concerning—

(A) an assessment of the structure and performance of non-governmental health plans, medicaid managed care organizations, plans under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), and the program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) serving the needs of children with special health care needs;

(B) an assessment of the structure and performance of non-governmental plans in serving the needs of children as compared to medicaid managed care organizations under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.); and

(C) the emphasis that private managed care health plans place on primary care and the control of services as it relates to care and services provided to children with special health care needs.

(2) PLAN SURVEY.—Not later than 1 year after the date of enactment of this Act, the General Ac-

counting Office shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives a report that contains a survey of health plan activities that address the unique health needs of adolescents, including quality measures for adolescents and innovative practice arrangement.

CHAPTER 3—EPSDT

SEC. 1221. COLLECTION OF DATA REGARDING THE DELIVERY OF EPSDT SERVICES.

Section 1902(a)(43) of the Social Security Act (42 U.S.C. 1396a(a)(43)) is amended—

(1) in subparagraph (C), by striking ''and'' at the end;

(2) in subparagraph (D)(iv), by striking the semicolon and inserting '', and''; and

(3) by inserting after subparagraph (D)(iv), the following new subparagraph:

''(E) beginning with fiscal year 2003, reporting to the Secretary (in a uniform form and manner established by the Secretary that does not identify individual patients and that allows for the comparison of data within and among States) the following information relating to

early and periodic screening, diagnostic, and treatment services provided to each child enrolled under the plan during each fiscal year:

"(i) as of the date of enrollment of the child, the child's—

"(I) age, State of residence, gender, and race/ethnicity,

"(II) the basis for eligibility for medical assistance,

"(III) immunization history,

"(IV) blood-lead level,

"(V) weight and height percentile compared to the widely accepted standard percentiles for the child's age,

"(VI) general health and any chronic conditions or disabilities, and

"(VII) the primary service delivery arrangement (such as fee-for-service, managed care, preferred provider organization, or other provider practice arrangement); and

"(ii) throughout the fiscal year (at such intervals as the Secretary shall specify)—

"(I) the number of medical screenings the child received and a specific description of the services performed as part of such screenings (such as the weighing and measuring of the child and the administering of a blood-lead level test),

"(II) the number of screenings the child received for vision and hearing problems,

"(III) the number of dental screenings the child received,

"(IV) information regarding whether a condition was discovered from any of such screenings, whether the child was referred for, and received, further treatment, and if so, the number of visits, and the treatments received, and

"(V) the actual or estimated costs of each of such screenings and treatments,

"(VI) information regarding whether such screenings and treatments are more comprehensive that

similar screenings and treatments provided to adult individuals enrolled in the plan, and

"(VII) the service delivery arrangement for such screening and treatment provided;".

Subtitle D—Reducing Public Health Risks

CHAPTER 1—ASTHMA TREATMENTS

SEC. 1301. FINDINGS.

Congress finds that—

(1)(A) asthma is 1 of the most common and deadly diseases in the United States, affecting an estimated 14,000,000 to 15,000,000 individuals in the United States, including almost 5,000,000 children;

(B) asthma is the most common chronic illness in children, affecting an estimated 7 percent of children in the United States;

(C) although asthma can occur at any age, about 80 percent of the children who develop asthma do so before starting school;

(D) asthma is the single greatest cause of school absenteeism, with 10,100,000 days missed from school per year in the United States; and

(E) according to a 1995 National Institutes of Health workshop report, the cost of lost productivity from missed school days for parents of children with asthma is estimated at $1,000,000,000 per year; and

(2)(A) vision and hearing screening is an essential part of child health care;

(B) a vision or hearing deficit may undermine a child's ability to learn;

(C) the Chicago public school system has determined through vision screening that a far higher number of children identified as failing academically suffer from vision impairment;

(D) students who have failed a grade 1 or more times are even more likely to have a vision problem;

(E) more than 30 percent of students in Chicago public schools who were retained during the 1998-1999 school year failed their school-based vision screening, a rate that is 50 percent higher than children who were not failing;

(F) schools play a critical role in promoting a clear link between visual and hearing acuity and academic performance;

(G) providing vision and hearing screening in schools helps children receive those essential health care services in a timely fashion;

(H) many parents find it difficult to take time off work in order to ensure that their children receive preventive or other nonemergency health care services; and

(I) allowing children to receive nonemergency health care services at school would ensure that the children receive services that promote healthy lives and better academic achievement.

SEC. 1302. ASTHMA, VISION, AND HEARING SCREENING FOR EARLY HEAD START AND HEAD START PROGRAMS.

(a) EARLY HEAD START PROGRAMS.—Section 645A of the Head Start Act (42 U.S.C. 9840a) is amended by adding at the end the following:

''(h) ASTHMA, VISION, AND HEARING SCREENING.—

''(1) IN GENERAL.—An entity that receives assistance under this section may carry out a program under which the entity—

''(A) determines whether a child eligible to participate in the program described in subsection (a)(1) has received each of an asthma, vision, and hearing screening test using a test

that is appropriate for age and risk factors on the enrollment of the child in the program; and

"(B) in the case of a child who has not received each of an asthma, and vision, and hearing screening test, ensures that the enrolled child receives such a test either by referral or by performing the test (under contract or otherwise).

"(2) REIMBURSEMENT.—

"(A) IN GENERAL.—On the request of an entity that performs or arranges for the performance of an asthma, vision, or hearing screening test under paragraph (1) on a child who is eligible for or receiving medical assistance under a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), the Secretary of Health and Human Services, notwithstanding any other provision of, or limitation under, title XIX of the Social Security Act, shall reimburse the entity, from funds that are made available under that title, for 100 percent of the cost of the test and data reporting.

"(B) COSTS.—The costs of a test conducted under this subsection—

"(i) shall include reimbursement for testing devices and associated supplies approved for sale by the Food and Drug Administration and used in compliance with section 353 of the Public Health Service Act (42 U.S.C. 263a); and

"(ii) shall include reimbursement for administering the tests and related services, as determined appropriate by the State agency.

"(3) HEAD START.—This subsection shall apply to Head Start programs that include coverage, directly or indirectly, for infants and toddlers under the age of 3 years.".

(b) HEAD START PROGRAMS.—Section 642(b) of the Head Start Act (42 U.S.C. 9837(b)) is amended—

(1) in paragraph (10), by striking "and" at the end;

(2) in paragraph (11), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(12) with respect to an agency that elects to carry out a program under section 645(h), comply with the requirements of such section 645A(h) in the

case of each child eligible to participate in the Head Start program to be carried out by the agency.''.

(c) PAYMENTS FOR SCREENING AND TREATMENT PROVIDED TO CHILDREN ELIGIBLE UNDER MEDICAID OR SCHIP.—

(1) MEDICAID.—Section 1903(c) of the Social Security Act (42 U.S.C. 1396b(c)) is amended—

(A) by inserting ''(1)'' after ''(c)''; and

(B) by adding at the end the following:

''(2) Nothing in this title or any other provision of law, including the payment limitation commonly known as the 'free care rule', shall be construed as prohibiting or restricting, or authorizing the Secretary to prohibit or restrict, payment under subsection (a) for medical assistance for covered services furnished to a child who is eligible for or receiving medical assistance under the State plan and who receives an asthma, vision, hearing, or other health screening test, or is provided treatment, education in disease management, corrective eyewear, or hearing aids, through a public elementary or secondary school, whether directly or indirectly, and regardless of whether the school participates in a program established under subsection (a) or (b) of section 320B of the Public Health Service Act.''.

(2) SCHIP.—Section 2105 of the Social Security Act (42 U.S.C.1397ee) is amended by adding at the end the following:

"(g) REQUIRED PAYMENT FOR CERTAIN SCHOOL-BASED SERVICES.—Nothing in this title or any other provision of law (including the payment limitation under title XIX commonly known as the 'free care rule' to the extent, if any, such limitation applies to the program established under this title), shall be construed as prohibiting or restricting, or authorizing the Secretary to prohibit or restrict, payment under subsection (a) for child health assistance for covered services furnished to a child who is eligible for or receiving such assistance under the State plan and who receives an asthma, vision, or hearing screening test, or other health screening test that is available to children receiving assistance under the State plan, or is provided treatment, education in disease management, corrective eyewear, or hearing aids through a public elementary or secondary school, whether directly or indirectly, and regardless of whether the school participates in a program established under subsection (a) or (b) of section 320B of the Public Health Service Act.".

SEC. 1303. ASTHMA, VISION, AND HEARING SCREENING AND TREATMENT FOR CHILDREN ENROLLED IN PUBLIC SCHOOLS.

Part B of title III of the Public Health Service Act (42 U.S.C. 243 et seq.) is amended by adding at the end the following:

"SEC. 320B. ASTHMA, VISION, AND HEARING SCREENING AND TREATMENT FOR CHILDREN ENROLLED IN PUBLIC SCHOOLS.

"(a) ASTHMA SCREENING AND CASE MANAGEMENT PROGRAM.—

"(1) IN GENERAL.—The Secretary, in collaboration with the Secretary of Education, shall carry out an asthma screening and case management program under which local educational agencies shall be reimbursed for the provision of asthma screening and case management to children enrolled in public elementary schools and secondary schools located in areas with respect to which there is a high incidence of childhood asthma.

"(2) PROGRAM ELEMENTS.—Under the program, a local educational agency shall—

"(A) determine whether a child enrolled in a school described in paragraph (1) has received an asthma screening test using a test that is

appropriate for age and risk factors on the enrollment of the child in the school;

"(B) in the case of a child who has not received an asthma screening test, ensure that the child receives such a test either by referral or by performing the test (under contract or otherwise); and

"(C) in the case of a child determined to have asthma, provide treatment or refer the child for treatment (including case management) and education in the management of asthma.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection with respect to a child, and any data reporting with respect to the child, who is not eligible for coverage under title XIX or XXI of the Social Security Act, or is not otherwise covered under a health insurance plan, $10,000,000 for each fiscal year.

"(b) VISION AND HEARING SCREENING PROGRAM.—

"(1) IN GENERAL.—The Secretary shall carry out a vision and hearing screening program under which local educational agencies shall be reimbursed for the provision of vision and hearing screening and

corrective eyewear and hearing aids to children enrolled in public elementary schools and secondary schools.

"(2) PROGRAM ELEMENTS.—Under the program, a local educational agency shall—

"(A) elect to provide vision and hearing screening tests—

"(i) to all children enrolled in a school who are most likely to suffer from vision or hearing loss; or

"(ii) to all children enrolled in a school;

"(B) ensure that the category of children elected under subparagraph (A) receive such tests, either by referral or by performing the test (under contract or otherwise), that are appropriate for the age and risk factors of the children, based on the enrollment of the children in the school; and

"(C) in the case of any child determined to have a vision or hearing impairment, provide the child with such eyewear and hearing aids as are appropriate to correct the child's vision or hearing, to the extent that such correction is feasible.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection with respect to a child, and any data reporting with respect to the child, who is not eligible for coverage under title XIX or XXI of the Social Security Act, or is not otherwise covered under a health insurance plan, $10,000,000 for each fiscal year.

"(c) REIMBURSEMENT.—

"(1) CHILDREN ENROLLED IN OR ELIGIBLE FOR MEDICAID.—

"(A) IN GENERAL.—With respect to a child who is eligible for or receiving medical assistance under a State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and who receives, or is provided, a test, treatment, education, corrective eyewear, or hearing aid under a program established under subsection (a) or (b), the Secretary, notwithstanding any other provision of, or limitation under, such title XIX, including the payment limitation commonly known as the 'free care rule', shall reimburse the local educational agency administering such program from funds that are made available under such title XIX

for 100 percent of the cost of the performance, arrangement, or provision and data reporting.

"(B) COSTS.—The costs of a test conducted under this section shall include reimbursement for—

"(i) testing devices and associated supplies approved for sale by the Food and Drug Administration and used in compliance with section 353; and

"(ii) administering the tests and related services, as determined appropriate by the State agency responsible for the administration of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

"(2) CHILDREN ENROLLED IN OR ELIGIBLE FOR SCHIP.—

"(A) IN GENERAL.—With respect to a child who is eligible for or receiving child health assistance under a State plan under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) and who receives, or is provided, a test, treatment, education, corrective eyewear, or hearing aid under a program established under subsection (a) or (b), the Secretary, notwithstanding any other provision of, or limitation

under, such title XXI, or any other provision of law (including the payment limitation under title XIX commonly known as the 'free care rule' to the extent, if any, such limitation applies to the State children's health insurance program established under title XXI of that Act), shall reimburse the local educational agency administering such program from funds that are made available under such title XXI for 100 percent of the cost of the performance, arrangement, or provision and data reporting.

"(B) COSTS.—The costs shall include the costs described in paragraph (1)(B).

"(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require that a local educational agency participate in a program carried out by the Secretary under this section.

"(e) DEFINITIONS.—In this section, the terms 'local educational agency' and 'elementary and secondary school' shall have the meanings given such terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).".

SEC. 1304. GENERAL EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this chapter take effect on

the date that is 18 months after the date of enactment of this Act.

(b) HEAD START WAIVERS.—

(1) IN GENERAL.—An entity carrying out activities under section 642 or 645A of the Head Start Act (42 U.S.C. 9837, 9840a), may be awarded a waiver from the amendments made by section 1302 if the State where the entity is located establishes to the satisfaction of the Secretary of Health and Human Services, in accordance with requirements and procedures recommended in accordance with paragraph (2) to the Secretary by the Director of the Centers for Disease Control and Prevention a plan for increasing the number of asthma, vision, and hearing screening tests of children enrolled in the Early Head Start and Head Start programs in the State.

(2) DEVELOPMENT OF WAIVER PROCEDURES AND REQUIREMENTS.—Not later than 1 year after the date of enactment of this Act, the Director of the Centers for Disease Control and Prevention shall develop and recommend to the Secretary of Health and Human Services criteria and procedures (including a timetable for the submission of the State plan

described in paragraph (1)) for the awarding of waivers under that paragraph.

CHAPTER 2—INCREASE IN FUNDING FOR HUD PROGRAMS

SEC. 1311. LEAD-BASED PAINT HAZARD CONTROL GRANTS.

Section 1011(p) of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4852) is amended by striking ''appropriated'' and all that follows through the period and inserting ''appropriated—

''(1) $125,000,000 for fiscal year 1993 and $250,000,000 for fiscal year 1994;

''(2) $200,000,000 for fiscal year 2002;

''(3) $250,000,000 for fiscal year 2003; and

''(4) $300,000,000 beginning with fiscal year 2004 and fiscal years thereafter.''.

SEC. 1312. HEALTHY HOMES INITIATIVE PROGRAM.

There are authorized to be appropriated for the Healthy Homes Initiative program pursuant to sections 501 and 502 of the Housing and Urban Development Act of 1970, for which funds were provided under title II of the Departments of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act, 2000—

(1) $100,000,000 for fiscal year 2002; and

(2) $150,000,000 beginning with fiscal year 2003 and fiscal years thereafter.

CHAPTER 3—YOUTH SMOKING CESSATION AND EDUCATION

SEC. 1321. SHORT TITLE.

This chapter may be cited as the ''Kids Deserve Freedom from Tobacco Act of 2001'' or the ''KIDS Act''.

Subchapter A—Protection of Children from Tobacco

PART I—FOOD AND DRUG ADMINISTRATION JURISDICTION AND GENERAL AUTHORITY

SEC. 1331. REFERENCE.

Whenever in this subchapter an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.).

SEC. 1332. STATEMENT OF GENERAL AUTHORITY.

The regulations promulgated by the Secretary in the rule dated August 28, 1996 (Vol. 61, No. 168 C.F.R.), adding part 897 to title 21, Code of Federal Regulations, shall be deemed to have been lawfully promulgated under the Food, Drug, and Cosmetic Act as amended by this

subchapter. Such regulations shall apply to all tobacco products.

SEC. 1333. NONAPPLICABILITY TO OTHER DRUGS OR DEVICES.

Nothing in this subchapter, or an amendment made by this subchapter, shall be construed to affect the regulation of drugs and devices that are not tobacco products by the Secretary under the Federal Food, Drug, and Cosmetic Act.

SEC. 1334. CONFORMING AMENDMENTS TO CONFIRM JURISDICTION.

(a) DEFINITIONS.—

(1) DRUG.—Section 201(g)(1) (21 U.S.C. 321(g)(1)) is amended by striking ''; and (D)'' and inserting ''; (D) nicotine in tobacco products; and (E)''.

(2) DEVICES.—Section 201(h) (21 U.S.C. 321(h)) is amended by adding at the end the following: ''Such term includes a tobacco product.''.

(3) OTHER DEFINITIONS.—Section 201 (21 U.S.C. 321) is amended by adding at the end the following:

''(kk) The term 'tobacco product' means any product made or derived from tobacco that is intended for human consumption.''.

(b) PROHIBITED ACTS.—Section 301 (21 U.S.C. 331) is amended by adding at the end the following:

''(aa) The manufacture, labeling, distribution, advertising and sale of any adulterated or misbranded tobacco product in violation of—

''(1) regulations issued under this Act; or

''(2) the KIDS Act, or regulations issued under such Act.''.

(c) ADULTERATED DRUGS AND DEVICES.—

(1) IN GENERAL.—Section 501 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351) is amended by adding at the end the following:

''(j) If it is a tobacco product and it does not comply with the provisions of subchapter D of this chapter or the KIDS Act.''.

(2) MISBRANDING.—Section 502(q) (21 U.S.C. 352(q)) is amended—

(A) by striking ''or (2)'' and inserting in lieu thereof ''(2)''; and

(B) by inserting before the period the following: '', or (3) in the case of a tobacco product, it is sold, distributed, advertised, labeled, or used in violation of this Act or the KIDS Act, or regulations prescribed under such Acts''.

(d) RESTRICTED DEVICE.—Section 520(e) (21 U.S.C. 360j(e)) is amended—

(1) in paragraph (1), by striking ''or use—'' and inserting ''or use, including restrictions on the access to, and the advertising and promotion of, tobacco products—''; and

(2) by adding at the end the following:

''(3) Tobacco products are a restricted device under this paragraph.''.

(e) REGULATORY AUTHORITY.—Section 503(g) (21 U.S.C. 353(g)) is amended by adding at the end the following:

''(5) The Secretary may regulate any tobacco product as a drug, device, or both, and may designate the office of the Administration that shall be responsible for regulating such products.''.

SEC. 1335. GENERAL RULE.

Section 513(a)(1)(B) (21 U.S.C. 360c(a)(1)(B)) is amended by adding at the end the following: ''The sale of tobacco products to adults that comply with performance standards established for these products under section 514 and other provisions of this Act and any regulations prescribed under this Act shall not be prohibited by the Secretary, notwithstanding sections 502(j), 516, and 518.''.

SEC. 1336. SAFETY AND EFFICACY STANDARD AND RECALL AUTHORITY.

(a) SAFETY AND EFFICACY STANDARD.—Section 513(a) (21 U.S.C. 360c(a)) is amended—

(1) in paragraph (1)(B), by inserting after the first sentence the following: ''For a device which is a tobacco product, the assurance in the previous sentence need not be found if the Secretary finds that special controls achieve the best public health result.''; and

(2) in paragraph (2)—

(A) by redesignating subparagraphs (A), (B) and (C) as clauses (i), (ii) and (iii), respectively;

(B) by striking ''(2) For'' and inserting ''(2)(A) For''; and

(C) by adding at the end the following:

''(B) For purposes of paragraph (1)(B), subsections (c)(2)(C), (d)(2)(B), (e)(2)(A), (f)(3)(B)(i), and (f)(3)(C)(i), and sections 514, 519(a), 520(e), and 520(f), the safety and effectiveness of a device that is a tobacco product need not be found if the Secretary finds that the action to be taken under any such provision would achieve the best public health result. The finding as to whether the best public health result has been achieved shall be determined with respect to the risks and benefits to the

population as a whole, including users and non-users of the tobacco product, and taking into account—

"(i) the increased or decreased likelihood that existing consumers of tobacco products will stop using such products; and

"(ii) the increased or decreased likelihood that those who do not use tobacco products will start using such products.".

(b) RECALL AUTHORITY.—Section 518(e)(1) (21 U.S.C. 360h(e)(1)) is amended by inserting after "adverse health consequences or death," the following: "and for tobacco products that the best public health result would be achieved,".

PART II—REGULATION OF TOBACCO PRODUCTS

SEC. 1341. PERFORMANCE STANDARDS.

Section 514(a) (21 U.S.C. 60d(a)) is amended—

(1) in paragraph (2), by striking "device" and inserting "nontobacco product device";

(2) by redesignating paragraphs (3) and (4) as paragraphs (6) and (7), respectively; and

(3) by inserting after paragraph (2) the following:

"(3) The Secretary may adopt a performance standard under section 514(a)(2) for a tobacco product regard-

less of whether the product has been classified under section 513. Such standard may—

"(A) include provisions to achieve the best public health result;

"(B) where necessary to achieve the best public health result, include—

"(i) provisions respecting the construction, components, constituents, ingredients, and properties of the tobacco product device, including the reduction or elimination (or both) of nicotine and the other components, ingredients, and constituents of the tobacco product, its components and its by-products, based upon the best available technology;

"(ii) provisions for the testing (on a sample basis or, if necessary, on an individual basis) of the tobacco product device or, if it is determined that no other more practicable means are available to the Secretary to assure the conformity of the tobacco product device to such standard, provisions for the testing (on a sample basis or, if necessary, on an individual basis) by the Secretary or by another person at the direction of the Secretary;

"(iii) provisions for the measurement of the performance characteristics of the tobacco product device;

"(iv) provisions requiring that the results of each test or of certain tests of the tobacco product device required to be made under clause (ii) demonstrate that the tobacco product device is in conformity with the portions of the standard for which the test or tests were required; and

"(v) a provision that the sale and distribution of the tobacco product device be restricted but only to the extent that the sale and distribution of a tobacco product device may otherwise be restricted under this Act; and

"(C) where appropriate, require the use and prescribe the form and content of labeling for the use of the tobacco product device.

"(4) Not later than 1 year after the date of enactment of the KIDS Act, the Secretary (acting through the Commissioner of Food and Drugs) shall establish a Scientific Advisory Committee to evaluate whether a level or range of levels exists at which nicotine yields do not produce drug-dependence. The Advisory Committee shall also review any other safety, dependence or health issue

assigned to it by the Secretary. The Secretary need not promulgate regulations to establish the Committee.''.

SEC. 1342. APPLICATION OF FEDERAL FOOD, DRUG, AND COSMETIC ACT TO TOBACCO PRODUCTS.

(a) TOBACCO PRODUCTS REGULATION.—Chapter V (21 U.S.C. 351 et seq.) is amended by adding at the end the following:

''SUBCHAPTER F—TOBACCO PRODUCT DEVELOPMENT, MANUFACTURING, AND ACCESS RESTRICTIONS

''SEC. 570. PROMULGATION OF REGULATIONS.

''Any regulations necessary to implement this subchapter shall be promulgated not later than 12 months after the date of enactment of this subchapter using notice and comment rulemaking (in accordance with chapter 5 of title 5, United States Code). Such regulations may be revised thereafter as determined necessary by the Secretary.

''SEC. 571. MAIL-ORDER SALES.

''(a) IN GENERAL.—Not later than 2 years after the date of enactment of this subchapter, the Secretary shall review and determine whether persons under the age of 18 years are obtaining tobacco products by means of the mail.

"(b) RESTRICTIONS.—Based solely upon the review conducted under subsection (a), the Secretary may take regulatory and administrative action to restrict or eliminate mail order sales of tobacco products.

"SEC. 572. IMPLEMENTATION OF THE PROPOSED RESOLUTION.

"(a) ADDITIONAL RESTRICTIONS ON MARKETING, ADVERTISING, AND ACCESS.—Not later than 18 months after the date of the enactment of this subchapter, the Secretary shall revise the regulations related to tobacco products promulgated by the Secretary on August 28, 1996 (61 Fed. Reg. 44396) to include the additional restrictions on marketing, advertising, and access described in Title IA and Title IC of the Proposed Resolution entered into by the tobacco manufacturers and the State attorneys general on June 20, 1997, except that the Secretary shall not include an additional restriction on marketing or advertising in such regulations if its inclusion would violate the First Amendment to the Constitution.

"(b) WARNINGS.—Not later than 18 months after the date of the enactment of this subchapter, the Secretary shall promulgate regulations to require warnings on cigarette and smokeless tobacco labeling and advertisements. The content, format, and rotation of warnings shall conform to the specifications described in Title IB of the Pro-

posed Resolution entered into by the tobacco manufacturers and the State attorneys general on June 20, 1997.

"(c) RULES OF CONSTRUCTION.—

"(1) IN GENERAL.—Nothing in this section shall be construed to limit the ability of the Secretary to change the text or layout of any of the warning statements, or any of the labeling provisions, under the regulations promulgated under subsection (b) and other provisions of this Act, if determined necessary by the Secretary in order to make such statements or labels larger, more prominent, more conspicuous, or more effective.

"(2) UNFAIR ACTS.—Nothing in this section (other than the requirements of subsections (a) and (b)) shall be construed to limit or restrict the authority of the Federal Trade Commission with respect to unfair or deceptive acts or practices in the advertising of tobacco products.

"(d) LIMITED PREEMPTION.—

"(1) STATE AND LOCAL ACTION.—No warning label with respect to tobacco products, or any other tobacco product for which warning labels have been required under this section, other than the warning labels required under this Act, shall be required by

any State or local statute or regulation to be included on any package of a tobacco product.

"(2) EFFECT ON LIABILITY LAW.—Nothing in this section shall relieve any person from liability at common law or under State statutory law to any other person.

"(e) VIOLATION OF SECTION.—Any tobacco product that is in violation of this section shall be deemed to be misbranded.

"SEC. 573. GENERAL RESPONSIBILITIES OF MANUFACTURERS, DISTRIBUTORS AND RETAILERS.

"Each manufacturer, distributor, and retailer shall ensure that the tobacco products it manufactures, labels, advertises, packages, distributes, sells, or otherwise holds for sale comply with all applicable requirements of this Act.

"SEC. 574. DISCLOSURE AND REPORTING OF TOBACCO AND NONTOBACCO INGREDIENTS AND CONSTITUENTS.

"(a) DISCLOSURE OF ALL INGREDIENTS.—

"(1) IMMEDIATE AND ANNUAL DISCLOSURE.—Not later than 30 days after the date of enactment of this subchapter, and annually thereafter, each manufacturer of a tobacco product shall submit to the Secretary an ingredient list for each brand of to-

bacco product it manufactures that contains the information described in paragraph (2).

"(2) REQUIREMENTS.—The list described in paragraph (1) shall, with respect to each brand or variety of tobacco product of a manufacturer, include—

"(A) a list of all ingredients, constituents, substances, and compounds that are found in or added to the tobacco or tobacco product (including the paper, filter, or packaging of the product if applicable) in the manufacture of the tobacco product, for each brand or variety of tobacco product so manufactured, including, if determined necessary by the Secretary, any material added to the tobacco used in the product prior to harvesting;

"(B) the quantity of the ingredients, constituents, substances, and compounds that are listed under subparagraph (A) in each brand or variety of tobacco product;

"(C) the nicotine content of the product, measured in milligrams of nicotine;

"(D) for each brand or variety of cigarettes—

"(i) the filter ventilation percentage (the level of air dilution in the cigarette as provided by the ventilation holes in the filter, described as a percentage);

"(ii) the pH level of the smoke of the cigarette; and

"(iii) the tar, unionized (free) nicotine, and carbon monoxide delivery level and any other smoking conditions established by the Secretary, reported in milligrams of tar, nicotine, and carbon monoxide per cigarette;

"(E) for each brand or variety of smokeless tobacco products—

"(i) the pH level of the tobacco;

"(ii) the moisture content of the tobacco expressed as a percentage of the weight of the tobacco; and

"(iii) the nicotine content—

"(I) for each gram of the product, measured in milligrams of nicotine;

"(II) expressed as a percentage of the dry weight of the tobacco; and

"(III) with respect to unionized (free) nicotine, expressed as a percentage per gram of the tobacco and expressed in milligrams per gram of the tobacco; and

"(F) any other information determined appropriate by the Secretary.

"(3) METHODS.—The Secretary shall have the authority to promulgate regulations to establish the methods to be used by manufacturers in making the determinations required under paragraph (2).

"(4) OTHER TOBACCO PRODUCTS.—The Secretary shall prescribe such regulations as may be necessary to establish information disclosure procedures for other tobacco products.

"(b) SAFETY ASSESSMENTS.—

"(1) APPLICATION TO NEW INGREDIENTS.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subchapter, and annually thereafter, each manufacturer shall submit to the Secretary a safety assessment for each new ingredient, constituent, substance, or compound that such manufacturer desires to make a part of a tobacco product. Such new ingredient, constituent, substance, or

compound shall not be included in a tobacco product prior to approval by the Secretary of such a safety assessment.

"(B) METHOD OF FILING.—A safety assessment submitted under subparagraph (A) shall be signed by an officer of the manufacturer who is acting on behalf of the manufacturer and who has the authority to bind the manufacturer, and contain a statement that ensures that the information contained in the assessment is true, complete and accurate.

"(C) DEFINITION OF NEW INGREDIENT.—For purposes of subparagraph (A), the term 'new ingredient, constituent, substance, or compound' means an ingredient, constituent, substance, or compound listed under subsection (a)(1) that was not used in the brand or variety of tobacco product involved prior to January 1, 1998.

"(2) APPLICATION TO OTHER INGREDIENTS.—With respect to the application of this section to ingredients, constituents substances, or compounds listed under subsection (a) to which paragraph (1) does not apply, all such ingredients, constituents, substances, or compounds shall be reviewed through

the safety assessment process within the 5-year period beginning on the date of enactment of this subchapter. The Secretary shall develop a procedure for the submission of safety assessments of such ingredients, constituents, substances, or compounds that staggers such safety assessments within the 5-year period.

"(3) BASIS OF ASSESSMENT.—The safety assessment of an ingredient, constituent, substance, or compound described in paragraphs (1) and (2) shall—

"(A) be based on the best scientific evidence available at the time of the submission of the assessment; and

"(B) demonstrate that there is a reasonable certainty among experts qualified by scientific training and experience who are consulted, that the ingredient, constituent, substance, or compound will not present any risk to consumers or the public in the quantities used under the intended conditions of use.

"(c) PROHIBITION.—

"(1) REGULATIONS.—Not later than 12 months after the date of enactment of this subchapter, the Secretary shall promulgate regulations to prohibit

the use of any ingredient, constituent, substance, or compound in the tobacco product of a manufacturer—

"(A) if no safety assessment has been submitted by the manufacturer for the ingredient, constituent, substance, or compound as otherwise required under this section; or

"(B) if the Secretary finds that the manufacturer has failed to demonstrate the safety of the ingredient, constituent, substance, or compound that was the subject of the assessment under paragraph (2).

"(2) REVIEW OF ASSESSMENTS.—

"(A) GENERAL REVIEW.—Not later than 180 days after the receipt of a safety assessment under subsection (b), the Secretary shall review the findings contained in such assessment and approve or disapprove of the safety of the ingredient, constituent, substance, or compound that was the subject of the assessment. The Secretary may, for good cause, extend the period for such review. The Secretary shall provide notice to the manufacturer of an action under this subparagraph.

"(B) INACTION BY SECRETARY.—If the Secretary fails to act with respect to an assessment of an existing ingredient, constituent, substance, or additive during the period referred to in subparagraph (A), the manufacturer of the tobacco product involved may continue to use the ingredient, constituent, substance, or compound involved until such time as the Secretary makes a determination with respect to the assessment.

"(d) RIGHT TO KNOW; FULL DISCLOSURE OF INGREDIENTS TO THE PUBLIC.—

"(1) IN GENERAL.—Except as provided in paragraph (3), a package of a tobacco product shall disclose all ingredients, constituents, substances, or compounds contained in the product in accordance with regulations promulgated under section 701(a) by the Secretary.

"(2) DISCLOSURE OF PERCENTAGE OF DOMESTIC AND FOREIGN TOBACCO.—The regulations referred to in paragraph (1) shall require that the package of a tobacco product disclose, with respect to the tobacco contained in the product—

"(A) the percentage that is domestic tobacco; and

"(B) the percentage that is foreign tobacco.

"(3) HEALTH DISCLOSURE.—Notwithstanding section 301(j), the Secretary may require the public disclosure of any ingredient, constituent, substance, or compound contained in a tobacco product that relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, if the Secretary determines that such disclosure will promote the public health.

"SEC. 575. REDUCED RISK PRODUCTS.

"(a) PROHIBITION.—

"(1) IN GENERAL.—No manufacturer, distributor or retailer of tobacco products may make any direct or implied statement in advertising or on a product package that could reasonably be interpreted to state or imply a reduced health risk associated with a tobacco product unless the manufacturer demonstrates to the Secretary, in such form as the Secretary may require, that based on the best available scientific evidence the product significantly reduces the overall health risk to the public when compared to other tobacco products.

"(2) SUBMISSION TO SECRETARY.—Prior to making any statement described in paragraph (1), a

manufacturer, distributor or retailer shall submit such statement to the Secretary, who shall review such statement to ensure its accuracy and, in the case of advertising, to prevent such statement from increasing, or preventing the contraction of, the size of the overall market for tobacco products.

''(b) DETERMINATION BY SECRETARY.—If the Secretary determines that a statement described in subsection (a)(2) is permissible because the tobacco product does present a significantly reduced overall health risk to the public, the Secretary may permit such statement to be made.

''(c) DEVELOPMENT OR ACQUISITION OF REDUCED RISK TECHNOLOGY.—

''(1) IN GENERAL.—Any manufacturer that develops or acquires any technology that the manufacturer reasonably believes will reduce the risk from tobacco products shall notify the Secretary of the development or acquisition of the technology. Such notice shall be in such form and within such time as the Secretary shall require.

''(2) CONFIDENTIALITY.—With respect to any technology described in paragraph (1) that is in the early stages of development (as determined by the Secretary), the Secretary shall establish protections

to ensure the confidentiality of any proprietary information submitted to the Secretary under this subsection during such development.

"SEC. 576. ACCESS TO COMPANY INFORMATION.

"(a) COMPLIANCE PROCEDURES.—Each manufacturer of tobacco products shall establish procedures to ensure compliance with this Act.

"(b) REQUIREMENT.—In addition to any other disclosure obligations under this Act, the KIDS Act, or any other law, each manufacturer of tobacco products shall, not later than 90 days after the date of the enactment of the KIDS Act and thereafter as required by the Secretary, disclose to the Secretary all nonpublic information and research in its possession or control relating to the addiction or dependency, or the health or safety of tobacco products, including (without limitation) all research relating to processes to make tobacco products less hazardous to consumers and the research and documents described in subsection (c).

"(c) RESEARCH AND DOCUMENTS.—The documents described in this section include any documents concerning tobacco product research relating to—

"(1) nicotine, including—

"(A) the interaction between nicotine and other components in tobacco products including

ingredients in the tobacco and smoke components;

"(B) the role of nicotine in product design and manufacture, including product charters, and parameters in product development, the tobacco blend, filter technology, and paper;

"(C) the role of nicotine in tobacco leaf purchasing;

"(D) reverse engineering activities involving nicotine (such as analyzing the products of other companies);

"(E) an analysis of nicotine delivery; and

"(F) the biology, psychopharmacology and any other health effects of nicotine;

"(2) other ingredients, including—

"(A) the identification of ingredients in tobacco products and constituents in smoke, including additives used in product components such as paper, filter, and wrapper;

"(B) any research on the health effects of ingredients; and

"(C) any research or other information explaining what happens to ingredients when they are heated and burned;

"(3) less hazardous or safer products, including any research or product development information on activities involving reduced risk, less hazardous, low-tar or reduced-tar, low-nicotine or reduced-nicotine or nicotine-free products; and

"(4) tobacco product advertising, marketing and promotion, including—

"(A) documents related to the design of advertising campaigns, including the desired demographics for individual products on the market or being tested;

"(B) documents concerning the age of initiation of tobacco use, general tobacco use behavior, beginning smokers, pre-smokers, and new smokers;

"(C) documents concerning the effects of advertising; and

"(D) documents concerning future marketing options or plans in light of the requirements and regulations to be imposed under this subchapter or the KIDS Act.

"(d) AUTHORITY OF SECRETARY.—With respect to tobacco product manufacturers, the Secretary shall have the same access to records and information and inspection

authority as is available with respect to manufacturers of other medical devices.

"SEC. 577. OVERSIGHT OF TOBACCO PRODUCT MANUFACTURING.

"The Secretary shall by regulation prescribe good manufacturing practice standards for tobacco products. Such regulations shall be modeled after good manufacturing practice regulations for medical devices, food, and other items under section 520(f). Such standards shall be directed specifically toward tobacco products, and shall include—

"(1) a quality control system, to ensure that tobacco products comply with such standards;

"(2) a system for inspecting tobacco product materials to ensure their compliance with such standards;

"(3) requirements for the proper handling of finished tobacco products;

"(4) strict tolerances for pesticide chemical residues in or on tobacco or tobacco product commodities in the possession of the manufacturer, except that nothing in this paragraph shall be construed to affect any authority of the Environmental Protection Agency;

"(5) authority for officers or employees of the Secretary to inspect any factory, warehouse, or other establishment of any tobacco product manufacturer, and to have access to records, files, papers, processes, controls and facilities related to tobacco product manufacturing, in accordance with appropriate authority and rules promulgated under this Act; and

"(6) a requirement that the tobacco product manufacturer maintain such files and records as the Secretary may specify, as well as that the manufacturer report to the Secretary such information as the Secretary shall require, in accordance with section 519.

"SEC. 578. PRESERVATION OF STATE AND LOCAL AUTHORITY.

"Notwithstanding section 521 and except as otherwise provided for in section 572(e), nothing in this subchapter shall be construed as prohibiting a State or locality from imposing requirements, prohibitions, penalties or other measures to further the purposes of this subchapter that are in addition to the requirements, prohibitions, or penalties required under this subchapter. State and local governments may impose additional tobacco product control measures to further restrict or limit the use of such products.".

SEC. 1343. FUNDING.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this part (and the amendments made by this part).

(b) TRIGGER.—No expenditures shall be made under this part (or the amendments made by this part) during any fiscal year in which the annual amount appropriated for the Food and Drug Administration is less than the amount so appropriated for the prior fiscal year.

SEC. 1344. REPEALS.

The following provisions of law are repealed:

(1) The Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1331 et seq.), except for sections 5(d)(1) and (2) and 6.

(2) The Comprehensive Smokeless Tobacco Health Education Act of 1986 (15 U.S.C. 4401 et seq.), except for sections 3(f) and 8(a) and (b).

(3) The Comprehensive Smoking Education Act of 1964 (Public law 98-474).

Subchapter B—Miscellaneous Provisions

SEC. 1351. NONAPPLICATION TO TOBACCO PRODUCERS.

(a) IN GENERAL.—This chapter and the amendments made by this chapter shall not apply to the producers of tobacco leaf, including tobacco growers, tobacco warehouses, and tobacco grower cooperatives.

(b) RULE OF CONSTRUCTION.—Nothing in this chapter, or an amendment made by this chapter, shall be construed to provide the Secretary of Health and Human Services with the authority to—

(1) enter onto a farm owned by a producer of tobacco leaf without the written consent of such producer; or

(2) promulgate regulations on any matter that involves the production of tobacco leaf or a producer thereof, other than activities by a manufacturer that affect production.

(c) MANUFACTURER ACTING AS PRODUCER.—Notwithstanding any other provision of this section, if a producer of tobacco leaf is also a tobacco product manufacturer or is owned or controlled by a tobacco product manufacturer, the producer shall be subject to the provisions of this chapter, and the amendments made by this chapter, in the producer's capacity as a manufacturer.

(d) DEFINITION.—In this section, the term ''controlled by'' means a producer that is a member of the same controlled group of corporations, as that term is used for purposes of section 52(a) of the Internal Revenue Code of 1986, or under common control within the meaning of the regulations promulgated under section 52(b) of such Code.

SEC. 1352. EQUAL TREATMENT OF RETAIL OUTLETS.

The Secretary of Health and Human Services shall promulgate regulations to require that retail establishments that are accessible to individuals under the age of 18, for which the predominant business is the sale of tobacco products, comply with any advertising restrictions applicable to such establishments.

CHAPTER 4—COVERAGE OF CHILDHOOD IMMUNIZATIONS

SEC. 1361. SHORT TITLE.

This chapter be cited as the ''Comprehensive Insurance Coverage of Childhood Immunization Act of 2001''.

SEC. 1362. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185 et seq.), as amended by section 1214, is further amended by adding at the end the following:

''SEC. 715. STANDARD RELATING TO COVERAGE OF CHILDHOOD IMMUNIZATION.

''(a) IN GENERAL.—A group health plan, and a health insurance issuer offering health insurance coverage in connection with a group health plan, shall provide for each plan year comprehensive coverage for routine immunizations for each individual who is a dependent of a par-

ticipant or beneficiary under the plan and is under 19 years of age.

"(b) COMPREHENSIVE COVERAGE.—For purposes of this section, comprehensive coverage for routine immunizations for a plan year consists of coverage, without deductibles, coinsurance, or other cost-sharing, for immunizations (including the vaccine itself) in accordance with the most recent version of the Recommended Childhood Immunization Schedule issued prior to such plan year by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention.".

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974, as amended by section 1214, is further amended by inserting after the item relating to section 714 the following new item:

"Sec. 715. Standard relating to coverage of childhood immunization.".

SEC. 1363. AMENDMENTS TO THE PUBLIC HEALTH SERVICE ACT.

(a) GROUP MARKET.—Subpart 2 of part A of title XXVII of the Public Health Service Act (42 U.S.C. 300gg–4 et seq.) is amended by adding at the end the following:

"SEC. 2707. STANDARD RELATING TO COVERAGE OF CHILDHOOD IMMUNIZATION.

"(a) IN GENERAL.—A group health plan, and a health insurance issuer offering health insurance coverage in connection with a group health plan, shall provide for each plan year comprehensive coverage for routine immunizations for each individual who is a dependent of a participant or beneficiary under the plan and is under 19 years of age.

"(b) COMPREHENSIVE COVERAGE.—For purposes of this section, comprehensive coverage for routine immunizations for a plan year consists of coverage, without deductibles, coinsurance, or other cost-sharing, for immunizations (including the vaccine itself) in accordance with the most recent version of the Recommended Childhood Immunization Schedule issued prior to such plan year by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention.".

(b) INDIVIDUAL MARKET.—The first subpart 3 of part B of title XXVII of the Public Health Service Act (42 U.S.C. 300gg–51 et seq.) (relating to other requirements) (42 U.S.C. 300gg–51 et seq.) is amended—

(1) by redesignating such subpart as subpart 2; and

(2) by inserting after section 2753, as added by section 1213(c), the following:

"SEC. 2754. STANDARD RELATING TO COVERAGE OF CHILDHOOD IMMUNIZATION.

''The provisions of section 2707 shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as they apply to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.''.

SEC. 1364. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.

Subchapter B of chapter 100 of the Internal Revenue Code of 1986 is amended—

(1) in the table of sections, by inserting after the item relating to section 9812 the following new item:

''Sec. 9813. Standard relating to coverage of childhood immunization.'';

and

(2) by inserting after section 9812 the following:

"SEC. 9813. STANDARD RELATING TO COVERAGE OF CHILDHOOD IMMUNIZATION.

''(a) IN GENERAL.—A group health plan shall provide for each plan year comprehensive coverage for routine immunizations for each individual who is a dependent of

a participant or beneficiary under the plan and is under 19 years of age.

"(b) COMPREHENSIVE COVERAGE.—For purposes of this section, comprehensive coverage for routine immunizations for a plan year consists of coverage, without deductibles, coinsurance, or other cost-sharing, for immunizations (including the vaccine itself) in accordance with the most recent version of the Recommended Childhood Immunization Schedule issued prior to such plan year by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention.".

SEC. 1365. EFFECTIVE DATES.

(a) GROUP HEALTH INSURANCE COVERAGE.—Subject to subsection (c), the amendments made by sections 1362, 1363(a), and 1364 apply with respect to group health plans for plan years beginning on or after January 1, 2002.

(b) INDIVIDUAL HEALTH INSURANCE COVERAGE.—The amendment made by section 1363(b) applies with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after such date.

(c) COLLECTIVE BARGAINING EXCEPTION.—In the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee

representatives and 1 or more employers ratified before the date of enactment of this Act, the amendments made sections 1362, 1363(a), and 1364 shall not apply to plan years beginning before the later of—

(1) the earliest date as of which all such collective bargaining agreements relating to the plan have terminated (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(2) January 1, 2002.

For purposes of paragraph (1), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by sections 1362, 1363(a), and 1364 shall not be treated as a termination of such collective bargaining agreement.

Subtitle E—Reducing Environmental Health Risks

CHAPTER 1—ENVIRONMENTAL PROTECTION OF CHILDREN

SEC. 1401. SHORT TITLE.

This chapter may be cited as the ''Children's Environmental Protection Act''.

SEC. 1402. ENVIRONMENTAL PROTECTION FOR CHILDREN AND OTHER VULNERABLE SUBPOPULATIONS.

The Toxic Substances Control Act (15 U.S.C. 2601 et seq.) is amended by adding at the end the following:

"TITLE V—ENVIRONMENTAL PROTECTION FOR CHILDREN AND OTHER VULNERABLE SUBPOPULATIONS

"SEC. 501. FINDINGS AND POLICY.

''(a) FINDINGS.—Congress finds that—

''(1) the protection of public health and safety depends on individuals and government officials being aware of the pollution dangers that exist in their homes, schools, and communities, and whether those dangers present special threats to the health of children and other vulnerable subpopulations;

''(2) children spend much of their young lives in schools and day care centers, and may face significant exposure to pesticides and other environmental pollutants in those locations;

''(3) the metabolism, physiology, and diet of children, and exposure patterns of children to environmental pollutants, differ from those of adults, and those differences and the inherent nature of immature and developing systems of children can make

children more susceptible than adults to the harmful effects of environmental pollutants;

"(4) a study conducted by the National Academy of Sciences that particularly considered the effects of pesticides on children concluded that current approaches to assessing pesticide risks typically do not consider risks to children and, as a result, current standards and tolerances often fail to adequately protect children;

"(5) there are often insufficient data to enable the Administrator, when establishing an environmental and public health standard for an environmental pollutant, to evaluate the special susceptibility or exposure of children to environmental pollutants;

"(6) when data are lacking to evaluate the special susceptibility or exposure of children to an environmental pollutant, the Administrator generally—

"(A) does not presume that the environmental pollutant presents a special risk to children; and

"(B) does not apply a special or additional margin of safety to protect the health of children in establishing an environmental or public health standard for that pollutant; and

"(7) safeguarding children from environmental pollutants requires the systematic collection of data concerning the special susceptibility and exposure of children to those pollutants, and the adoption of an additional safety factor of at least 10-fold in the establishment of environmental and public health standards where reliable data are not available.

"(b) POLICY.—It is the policy of the United States that—

"(1) the public has the right to be informed about the pollution dangers to which children are being exposed in their homes, schools and communities, and how those dangers may present special health threats to children and other vulnerable subpopulations;

"(2) each environmental and public health standard for an environmental pollutant established by the Administrator must, with an adequate margin of safety, protect children and other vulnerable subpopulations;

"(3) where data sufficient to evaluate the special susceptibility and exposure of children (including exposure in utero) to an environmental pollutant are lacking, the Administrator should presume that the environmental pollutant poses a special risk to chil-

dren and should apply an appropriate additional margin of safety of at least 10-fold in establishing an environmental or public health standard for that environmental pollutant;

"(4) since it is difficult to identify all conceivable risks and address all uncertainties associated with pesticide use, the use of dangerous pesticides in schools and day care centers should be eliminated; and

"(5) the Environmental Protection Agency, the Department of Health and Human Services (including the National Institute of Environmental Health Sciences and the Agency for Toxic Substances and Disease Registry), the National Institutes of Health, and other Federal agencies should support research on the short-term and long-term health effects of cumulative and synergistic exposures of children and other vulnerable subpopulations to environmental pollutants.

"SEC. 502. DEFINITIONS.

"In this title:

"(1) CHILD.—The term 'child' means an individual 18 years of age or younger.

"(2) COMMITTEE.—The term 'Committee' means the Children's Environmental Health Protec-

tion Advisory Committee established under section 506.

"(3) DAY CARE CENTER.—The term 'day care center' means a center-based child care provider that is licensed, regulated, or registered under applicable State or local law.

"(4) ENVIRONMENTAL POLLUTANT.—The term 'environmental pollutant' includes—

"(A) a hazardous substance (as defined in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601));

"(B) a contaminant (as defined in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f));

"(C) an air pollutant subject to regulation under the Clean Air Act (42 U.S.C. 7401 et seq.);

"(D) a water pollutant subject to regulation under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.); and

"(E) a pesticide subject to regulation under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.).

"(5) PESTICIDE.—The term 'pesticide' has the meaning given the term in section 2 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136).

"(6) SCHOOL.—The term 'school' means an elementary school (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)), a secondary school (as defined in section 14101 of that Act), a kindergarten, or a nursery school that is public or receives Federal funding.

"(7) VULNERABLE SUBPOPULATION.—The term 'vulnerable subpopulation' means—

"(A) children;

"(B) pregnant women;

"(C) the elderly;

"(D) individuals with a history of serious illness; and

"(E) any other subpopulation identified by the Administrator as being likely to experience special health risks from environmental pollutants.

"SEC. 503. SAFEGUARDING CHILDREN AND OTHER VULNERABLE SUBPOPULATIONS.

"(a) IN GENERAL.—The Administrator shall—

"(1) ensure that each environmental and public health standard for an environmental pollutant protects children and other vulnerable subpopulations with an adequate margin of safety;

"(2) explicitly evaluate data concerning the special susceptibility and exposure of children to any environmental pollutant for which an environmental or public health standard is established; and

"(3) adopt an additional margin of safety of at least 10-fold in the establishment of an environmental or public health standard for an environmental pollutant in the absence of reliable data on toxicity and exposure of the child to an environmental pollutant or if there is a lack of reliable data on the susceptibility of the child to an environmental pollutant for which the environmental and public health standard is being established.

"(b) ESTABLISHING, MODIFYING, OR REEVALUATING ENVIRONMENTAL AND PUBLIC HEALTH STANDARDS.—

"(1) IN GENERAL.—In establishing, modifying, or reevaluating any environmental or public health standard for an environmental pollutant under any law administered by the Administrator, the Administrator shall take into consideration available information concerning—

"(A) all routes of exposure of children to that environmental pollutant; and

"(B) the special susceptibility of children to the environmental pollutant, including—

"(i) neurological differences between children and adults;

"(ii) the effect of exposure to that environmental pollutant in utero; and

"(iii) the cumulative effect on a child of exposure to that environmental pollutant and any other substance having a common toxicological mechanism.

"(2) ADDITIONAL SAFETY MARGIN.—If any of the data described in paragraph (1) are not available, the Administrator shall, in completing a risk assessment, risk characterization, or other assessment of risk underlying an environmental or public health standard, adopt an additional margin of safety of at least 10-fold to take into account—

"(A) potential pre-natal and post-natal toxicity of an environmental pollutant; and

"(B) the completeness of data concerning the exposure and toxicity of the environmental pollutant to children.

"(c) IDENTIFICATION AND REVISION OF CURRENT ENVIRONMENTAL AND PUBLIC HEALTH STANDARDS THAT PRESENT SPECIAL RISKS TO CHILDREN.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this title and annually thereafter, based on the recommendations of the Committee, the Administrator shall—

"(A) repromulgate, in accordance with this section, at least 3 of the environmental and public health standards identified by the Committee as posing a special risk to children; or

"(B) publish a finding in the Federal Register that provides the reasons of the Administrator for declining to repromulgate at least 3 of the environmental and public health standards identified by the Committee as posing a special risk to children.

"(2) DETERMINATION BY ADMINISTRATOR.—If the Administrator makes the finding described in paragraph (1)(B), the Administrator shall repromulgate in accordance with this section at least 3 environmental and public health standards determined to pose a greater risk to children's health than the environmental and public health standards identified

by the Children's Environmental Health Protection Advisory Committee.

"(3) REPORT.—Not later than 1 year after the date of enactment of this title and annually thereafter, the Administrator shall submit a report to Congress describing the progress made by the Administrator in carrying out this subsection.

"SEC. 504. SAFER ENVIRONMENT FOR CHILDREN.

"Not later than 1 year after the date of enactment of this title, the Administrator shall—

"(1) identify environmental pollutants commonly used or found in areas that are reasonably accessible to children;

"(2) create a scientifically peer-reviewed list of substances identified under paragraph (1) with known, likely, or suspected health risks to children;

"(3) develop a scientifically peer reviewed list of safer-for-children substances and products recommended by the Administrator for use in areas that are reasonably accessible to children that, when applied as recommended by the manufacturer, will minimize potential risks to children from exposure to environmental pollutants;

"(4) establish guidelines to help reduce and eliminate exposure of children to environmental pol-

lutants in areas reasonably accessible to children, including advice on how to establish an integrated pest management program;

"(5) develop a family right-to-know information kit that includes a summary of helpful information and guidance to families, such as—

"(A) the information developed under paragraph (3);

"(B) the guidelines established under paragraph (4);

"(C) information on the potential health effects of environmental pollutants;

"(D) practical suggestions on how parents may reduce the exposure of their children to environmental pollutants; and

"(E) other information determined to be relevant by the Administrator, in cooperation with the Director of the Centers for Disease Control and Prevention;

"(6) make all information developed under this subsection available to Federal and State agencies, to the public, and on the Internet; and

"(7) review and update the lists developed under paragraphs (2) and (3) at least annually.

"SEC. 505. RESEARCH TO IMPROVE INFORMATION ON THE EFFECTS OF ENVIRONMENTAL POLLUTANTS ON CHILDREN.

"(a) EXPOSURE AND TOXICITY DATA.—The Administrator, the Secretary of Agriculture, and the Secretary of Health and Human Services shall coordinate and support the development and implementation of basic and applied research initiatives to examine—

"(1) the health effects and toxicity of pesticides (including active and inert ingredients) and other environmental pollutants on children and other vulnerable subpopulations; and

"(2) the exposure of children and other vulnerable subpopulations to environmental pollutants.

"(b) BIENNIAL REPORTS.—The Administrator, the Secretary of Agriculture, and the Secretary of Health and Human Services shall submit biennial reports to Congress describing actions taken to carry out this section.

"SEC. 506. CHILDREN'S ENVIRONMENTAL HEALTH PROTECTION ADVISORY COMMITTEE.

"(a) ESTABLISHMENT.—The Administrator shall establish a Children's Environmental Health Protection Advisory Committee to assist the Administrator in carrying out this title.

"(b) COMPOSITION.—The Committee shall be comprised of—

"(1) medical professionals specializing in pediatric health;

"(2) educators;

"(3) representatives of community groups;

"(4) representatives of environmental and public health nonprofit organizations;

"(5) industry representatives; and

"(6) representatives of State environmental and public health departments.

"(c) DUTIES.—Not later than 2 years after the date of enactment of this title and annually thereafter, the Committee shall develop a list of standards that merit re-evaluation by the Administrator in order to better protect the health of children.

"(d) TERMINATION.—The Committee shall terminate not later than 15 years after the date on which the Committee is established.

"SEC. 507. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this title.".

SEC. 1403. CONFORMING AMENDMENT.

The table of contents in section 1 of the Toxic Substances Control Act (15 U.S.C. prec. 2601) is amended by adding at the end the following:

"TITLE V—ENVIRONMENTAL PROTECTION FOR CHILDREN AND OTHER VULNERABLE SUBPOPULATIONS

''Sec. 501. Findings and policy.
''Sec. 502. Definitions.
''Sec. 503. Safeguarding children and other vulnerable subpopulations.
''Sec. 504. Safer environment for children.
''Sec. 505. Research to improve information on the effects of environmental pollutants on children.
''Sec. 506. Children's environmental health protection advisory committee.
''Sec. 507. Authorization of appropriations.''.

CHAPTER 2—SCHOOL ENVIRONMENTAL PROTECTION

SEC. 1411. SHORT TITLE.

This chapter may be cited as the ''School Environment Protection Act''.

SEC. 1412. INTEGRATED PEST MANAGEMENT SYSTEMS FOR SCHOOLS.

The Federal Insecticide, Fungicide, and Rodenticide Act is amended—

(1) by redesignating sections 33 and 34 (7 U.S.C. 136x, 136y) as sections 34 and 35, respectively; and

(2) by inserting after section 32 (7 U.S.C. 136w–7) the following:

''SEC. 33. INTEGRATED PEST MANAGEMENT SYSTEMS FOR SCHOOLS.

''(a) DEFINITIONS.—In this section:

''(1) BOARD.—The term 'Board' means the National School Integrated Pest Management Advisory Board established under subsection (c).

"(2) CONTACT PERSON.—The term 'contact person' means an individual who is—

"(A) knowledgeable about integrated pest management systems; and

"(B) designated by a local educational agency as the contact person under subsection (f).

"(3) CRACK AND CREVICE TREATMENT.—The term 'crack and crevice treatment' means the application of small quantities of a pesticide in a building into openings such as those commonly found at expansion joints, between levels of construction, and between equipment and floors.

"(4) EMERGENCY.—The term 'emergency' means an urgent need to mitigate or eliminate a pest that threatens the health or safety of a student or staff member.

"(5) FUND.—The term 'Fund' means the Integrated Pest Management Trust Fund established under subsection (m).

"(6) INTEGRATED PEST MANAGEMENT SYSTEM.—The term 'integrated pest management system' means a managed pest control system that—

"(A) eliminates or mitigates economic, health, and aesthetic damage caused by pests;

"(B) uses—

"(i) integrated methods;

"(ii) site or pest inspections;

"(iii) pest population monitoring;

"(iv) an evaluation of the need for pest control; and

"(v) 1 or more pest control methods, including sanitation, structural repair, mechanical and biological controls, other nonchemical methods, and (if nontoxic options are unreasonable and have been exhausted) least toxic pesticides; and

"(C) minimizes—

"(i) the use of pesticides; and

"(ii) the risk to human health and the environment associated with pesticide applications.

"(7) LEAST TOXIC PESTICIDES.—

"(A) IN GENERAL.—The term 'least toxic pesticides' means—

"(i) boric acid and disodium octoborate tetrahydrate;

"(ii) silica gels;

"(iii) diatomaceous earth;

"(iv) nonvolatile insect and rodent baits in tamper resistant containers or for crack and crevice treatment only;

"(v) microbe-based insecticides;

"(vi) botanical insecticides (not including synthetic pyrethroids) without toxic synergists;

"(vii) biological, living control agents; and

"(viii) materials for which the inert ingredients are nontoxic and disclosed.

"(B) EXCLUSIONS.—The term 'least toxic pesticides' does not include a pesticide that is determined by the Administrator to be an acutely or moderately toxic pesticide, carcinogen, mutagen, teratogen, reproductive toxin, developmental neurotoxin, endocrine disrupter, or immune system toxin, and any application of the pesticide using a broadcast spray, dust, tenting, fogging, or baseboard spray application.

"(8) LIST.—The term 'list' means the list of least toxic pesticides established under subsection (d).

"(9) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

"(10) OFFICIAL.—The term 'official' means the official appointed by the Administrator under subsection (e).

"(11) PERSON.—The term 'person' means—

"(A) an individual that attends, has children enrolled in, works at, or uses a school;

"(B) a resident of a school district; and

"(C) any other individual that may be affected by pest management activities of a school.

"(12) PESTICIDE.—

"(A) IN GENERAL.—The term 'pesticide' means any substance or mixture of substances, including herbicides and bait stations, intended for—

"(i) preventing, destroying, repelling, or mitigating any pest;

"(ii) use as a plant regulator, defoliant, or desiccant; or

"(iii) use as a spray adjuvant such as a wetting agent or adhesive.

"(B) EXCLUSION.—The term 'pesticide' does not include antimicrobial agents such as disinfectants or deodorizers used for cleaning products.

"(13) SCHOOL.—The term 'school' means a public—

"(A) elementary school (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801));

"(B) secondary school (as defined in section 14101 of that Act); or

"(C) kindergarten or nursery school.

"(14) SCHOOL GROUNDS.—

"(A) IN GENERAL.—The term 'school grounds' means the area outside of the school buildings controlled, managed, or owned by the school or school district.

"(B) INCLUSIONS.—The term 'school grounds' includes a lawn, playground, sports field, and any other property or facility controlled, managed, owned, or leased for use for a school-sponsored event, by a school.

"(15) SPACE SPRAYING.—

"(A) IN GENERAL.—The term 'space spraying' means application of a pesticide by

discharge into the air throughout an inside area.

"(B) INCLUSION.—The term 'space spraying' includes the application of a pesticide using a broadcast spray, dust, tenting, or fogging.

"(C) EXCLUSION.—The term 'space spraying' does not include crack and crevice treatment.

"(16) STAFF MEMBER.—

"(A) IN GENERAL.—The term 'staff member' means an employee of a school or local educational agency.

"(B) INCLUSIONS.—The term 'staff member' includes an administrator, teacher, and other person that is regularly employed by a school or local educational agency.

"(C) EXCLUSIONS.—The term 'staff member' does not include—

"(i) an employee hired by a school, local educational agency, or State to apply a pesticide; or

"(ii) a person assisting in the application of a pesticide.

"(17) STATE EDUCATIONAL AGENCY.—The term 'State educational agency' has the meaning

given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

"(18) UNIVERSAL NOTIFICATION.—The term 'universal notification' means notice provided by a local educational agency or school to—

"(A) all parents or guardians of children attending the school; and

"(B) staff members of the school or local educational agency.

"(b) INTEGRATED PEST MANAGEMENT SYSTEMS.—

"(1) IN GENERAL.—The Administrator, in consultation with the Secretary of Education, shall establish a National School Integrated Pest Management Advisory System to develop and update uniform standards and criteria for implementing integrated pest management systems in schools.

"(2) IMPLEMENTATION.—Not later than 18 months after the date of enactment of this subsection, each local educational agency of a school district shall develop and implement in each of the schools in the school district an integrated pest management system that complies with this section.

"(3) STATE PROGRAMS.—If, on the date of enactment of this section, a State maintains an inte-

grated pest management system that meets the standards and criteria established under paragraph (1) (as determined by the Board), a local educational agency in the State may continue to implement the system in a school or in the school district in accordance with paragraph (2).

"(4) APPLICATION TO SCHOOLS AND SCHOOL GROUNDS.—The requirements of this section that apply to a school, including the requirement to implement an integrated management system, apply to pesticide application in a school building and on the school grounds.

"(5) APPLICATION OF PESTICIDES WHEN SCHOOLS IN USE.—A school shall prohibit—

"(A) the application of a pesticide when a school or school grounds are occupied or in use; or

"(B) the use of an area or room treated by a pesticide, other than a least toxic pesticide, during the 24-hour period beginning at the end of the treatment.

"(c) NATIONAL SCHOOL INTEGRATED PEST MANAGEMENT ADVISORY BOARD.—

"(1) IN GENERAL.—The Administrator, in consultation with the Secretary of Education, shall es-

tablish a National School Integrated Pest Management Advisory Board to—

"(A) establish uniform standards and criteria for developing integrated pest management systems and policies in schools;

"(B) develop standards for the use of least toxic pesticides in schools; and

"(C) advise the Administrator on any other aspects of the implementation of this section.

"(2) COMPOSITION OF BOARD.—The Board shall be composed of 12 members and include 1 representative from each of the following groups:

"(A) Parents.

"(B) Public health care professionals.

"(C) Medical professionals.

"(D) State integrated pest management system coordinators.

"(E) Independent integrated pest management specialists that have carried out school integrated pest management programs.

"(F) Environmental advocacy groups.

"(G) Children's health advocacy groups.

"(H) Trade organization for pest control operators.

"(I) Teachers and staff members.

"(J) School maintenance staff.

"(K) School administrators.

"(L) School board members.

"(3) APPOINTMENT.—Not later than 180 days after the date of enactment of this section, the Administrator shall appoint members of the Board from nominations received from Parent Teacher Associations, school districts, States, and other interested persons and organizations.

"(4) TERM.—

"(A) IN GENERAL.—A member of the Board shall serve for a term of 5 years, except that the Administrator may shorten the terms of the original members of the Board in order to provide for a staggered term of appointment for all members of the Board.

"(B) CONSECUTIVE TERMS.—Subject to subparagraph (C), a member of the Board shall not serve consecutive terms unless the term of the member has been reduced by the Administrator.

"(C) MAXIMUM TERM.—In no event may a member of the Board serve for more than 6 consecutive years.

"(5) MEETINGS.—The Administrator shall convene—

"(A) an initial meeting of the Board not later than 60 days after the appointment of the members; and

"(B) subsequent meetings on a periodic basis, but not less often than 2 times each year.

"(6) COMPENSATION.—A member of the Board shall serve without compensation, but may be reimbursed by the Administrator for expenses (in accordance with section 5703 of title 5, United States Code) incurred in performing duties as a member of the Board.

"(7) CHAIRPERSON.—The Board shall select a Chairperson for the Board.

"(8) QUORUM.—A majority of the members of the Board shall constitute a quorum for the purpose of conducting business.

"(9) DECISIVE VOTES.—Two-thirds of the votes cast at a meeting of the Board at which a quorum is present shall be decisive for any motion.

"(10) ADMINISTRATION.—The Administrator—

"(A) shall—

"(i) authorize the Board to hire a staff director; and

"(ii) detail staff of the Environmental Protection Agency, or allow for the hiring of staff for the Board; and

"(B) subject to the availability of appropriations, may pay necessary expenses incurred by the Board in carrying out this subtitle, as determined appropriate by the Administrator.

"(11) RESPONSIBILITIES OF THE BOARD.—

"(A) IN GENERAL.—The Board shall provide recommendations to the Administrator regarding the implementation of this section.

"(B) LIST OF LEAST TOXIC PESTICIDES.—Not later than 1 year after the initial meeting of the Board, the Board shall—

"(i) review implementation of this section (including use of least toxic pesticides); and

"(ii) review and make recommendations to the Administrator with respect to new proposed active and inert ingredients or proposed amendments to the list in accordance with subsection (d).

"(C) TECHNICAL ADVISORY PANELS.—

"(i) IN GENERAL.—The Board shall convene technical advisory panels to pro-

vide scientific evaluations of the materials considered for inclusion on the list.

"(ii) COMPOSITION.—A panel described in clause (i) shall include experts on integrated pest management, children's health, entomology, health sciences, and other relevant disciplines.

"(D) SPECIAL REVIEW.—

"(i) IN GENERAL.—Not later than 2 years after the initial meeting of the Board, the Board shall review, with the assistance of a technical advisory panel, pesticides used in school buildings and on school grounds for their acute toxicity and chronic effects, including cancer, mutations, birth defects, reproductive dysfunction, neurological and immune system effects, and endocrine system disruption.

"(ii) DETERMINATION.—The Board—

"(I) shall determine whether the use of pesticides described in clause (i) may endanger the health of children; and

"(II) may recommend to the Administrator restrictions on pesticide

use in school buildings and on school grounds.

"(12) REQUIREMENTS.—In establishing the proposed list, the Board shall—

"(A) review available information from the Environmental Protection Agency, the National Institute of Environmental Health Studies, medical and scientific literature, and such other sources as appropriate, concerning the potential for adverse human and environmental effects of substances considered for inclusion in the proposed list; and

"(B) cooperate with manufacturers of substances considered for inclusion in the proposed list to obtain a complete list of ingredients and determine that such substances contain inert ingredients that are generally recognized as safe.

"(13) PETITIONS.—The Board shall establish procedures under which individuals may petition the Board for the purpose of evaluating substances for inclusion on the list.

"(14) PERIODIC REVIEW.—

"(A) IN GENERAL.—The Board shall review each substance included on the list at least once during each 5-year period beginning on—

"(i) the date that the substance was initially included on the list; or

"(ii) the date of the last review of the substance under this subsection.

"(B) SUBMISSION TO ADMINISTRATOR.—The Board shall submit the results of a review under subparagraph (A) to the Administrator with a recommendation as to whether the substance should continue to be included on the list.

"(15) CONFIDENTIALITY.—Any business sensitive material obtained by the Board in carrying out this section shall be treated as confidential business information by the Board and shall not be released to the public.

"(d) LIST OF LEAST TOXIC PESTICIDES; PESTICIDE REVIEW.—

"(1) IN GENERAL.—The Board shall recommend to the Administrator a list of least toxic pesticides (including the pesticides described in subsection (a)(7)) that may be used as least toxic pesticides, any restrictions on the use of the listed pes-

ticides, and any recommendations regarding restrictions on all other pesticides, in accordance with this section.

"(2) PROCEDURE FOR EVALUATING PESTICIDE USE.—

"(A) LIST OF LEAST TOXIC PESTICIDES.—

"(i) IN GENERAL.—The Administrator shall establish a list of least toxic pesticides that may be used in school buildings and on school grounds, including any restrictions on the use of the pesticides, that is based on the list prepared by the Board.

"(ii) REGULATORY REVIEW.—The Administrator shall initiate regulatory review of all other pesticides recommended for restriction by the Board.

"(B) RECOMMENDATIONS.—Not later than 1 year after receiving the proposed list and restrictions, and recommended restrictions on all other pesticides from the Board, the Administrator shall—

"(i) publish the proposed list and restrictions and all other proposed pesticide restrictions in the Federal Register and

seek public comment on the proposed proposals; and

"(ii) after evaluating all comments received concerning the proposed list and restrictions, but not later than 1 year after the close of the period during which public comments are accepted, publish the final list and restrictions in the Federal Register, together with a discussion of comments received.

"(C) FINDINGS.—Not later than 2 years after publication of the final list and restrictions, the Administrator shall make a determination and issue findings on whether use of registered pesticides in school buildings and on school grounds may endanger the health of children.

"(D) NOTICE AND COMMENT.—

"(i) IN GENERAL.—Prior to establishing or making amendments to the list, the Administrator shall publish the proposed list or any proposed amendments to the list in the Federal Register and seek public comment on the proposals.

"(ii) RECOMMENDATIONS.—The Administrator shall include in any publication described in clause (i) any changes or amendments to the proposed list that are recommended to and by the Administrator.

"(E) PUBLICATION OF LIST.—After evaluating all comments received concerning the proposed list or proposed amendments to the list, the Administrator shall publish the final list in the Federal Register, together with a description of comments received.

"(e) OFFICE OF PESTICIDE PROGRAMS.—

"(1) ESTABLISHMENT.—The Administrator shall appoint an official for school pest management within the Office of Pesticide Programs of the Environmental Protection Agency to coordinate the development and implementation of integrated pest management systems in schools.

"(2) DUTIES.—The official shall—

"(A) coordinate the development of school integrated pest management systems and policies;

"(B) consult with schools concerning—

"(i) issues related to the integrated pest management systems of schools;

"(ii) the use of least toxic pesticides; and

"(iii) the registration of pesticides, and amendments to the registrations, as the registrations and amendments relate to the use of integrated pest management systems in schools; and

"(C) support and provide technical assistance to the Board.

"(f) CONTACT PERSON.—

"(1) IN GENERAL.—Each local educational agency of a school district shall designate a contact person for carrying out an integrated pest management system in schools in the school district.

"(2) DUTIES.—The contact person of a school district shall—

"(A) maintain information about pesticide applications inside and outside schools within the school district, in school buildings, and on school grounds;

"(B) act as a contact for inquiries about the integrated pest management system;

"(C) maintain material safety data sheets and labels for all pesticides that may be used in the school district;

"(D) be informed of Federal and State chemical health and safety information and contact information;

"(E) maintain scheduling of all pesticide usage for schools in the school district;

"(F) maintain contact with Federal and State integrated pest management system experts; and

"(G) obtain periodic updates and training from State integrated pest management system experts.

"(3) PESTICIDE USE DATA.—A local educational agency of a school district shall—

"(A) maintain all pesticide use data for each school in the school district; and

"(B) on request, make the data available to the public for review.

"(g) NOTICE OF INTEGRATED PEST MANAGEMENT SYSTEM.—

"(1) IN GENERAL.—At the beginning of each school year, each local educational agency or school of a school district shall include a notice of the integrated pest management system of the school district in school calendars or other forms of universal notification.

"(2) CONTENTS.—The notice shall include a description of—

"(A) the integrated pest management system of the school district;

"(B) any pesticide (including any least toxic pesticide) or bait station that may be used in a school building or on school grounds as part of the integrated pest management system;

"(C) the name, address, and telephone number of the contact person of the school district;

"(D) a statement that—

"(i) the contact person maintains the product label and material safety data sheet of each pesticide (including each least toxic pesticide) and bait station that may be used by a school in buildings or on school grounds;

"(ii) the label and data sheet is available for review by a parent, guardian, staff member, or student attending the school; and

"(iii) the contact person is available to parents, guardians, and staff members for information and comment; and

"(E) the time and place of any meetings that will be held under subsection (g)(1).

"(3) USE OF PESTICIDES.—A local educational agency or school may use a pesticide during a school year only if the use of the pesticide has been disclosed in the notice required under paragraph (1) at the beginning of the school year.

"(4) NEW EMPLOYEES AND STUDENTS.—After the beginning of each school year, a local educational agency or school of a school district shall provide the notice required under this subsection to—

"(A) each new staff member who is employed during the school year; and

"(B) the parent or guardian of each new student enrolled during the school year.

"(h) USE OF PESTICIDES.—

"(1) IN GENERAL.—If a local educational agency or school determines that a pest in the school or on school grounds cannot be controlled after having used the integrated pest management system of the school or school district and least toxic pesticides, the school may use a pesticide (other than space spraying of the pesticide) to control the pest in accordance with this subsection.

"(2) PRIOR NOTIFICATION OF PARENTS, GUARDIANS, AND STAFF MEMBERS.—

"(A) IN GENERAL.—Subject to paragraphs (4) and (5), not less than 72 hours before a pesticide (other than a least toxic pesticide) is used by a school, the school shall provide to a parent or guardian of each student enrolled at the school and each staff member of the school, notice that includes—

"(i) the common name, trade name, and Environmental Protection Agency registration number of the pesticide;

"(ii) a description of the location of the application of the pesticide;

"(iii) a description of the date and time of application, except that, in the case of outdoor pesticide applications, 1 notice shall include 3 dates, in chronological order, that the outdoor pesticide applications may take place if the preceding date is canceled;

"(iv) a statement that 'The Office of Pesticide Programs of the United States Environmental Protection Agency has stated: 'Where possible, persons who poten-

tially are sensitive, such as pregnant women and infants (less than 2 years old), should avoid any unnecessary pesticide exposure.';

''(v) a description of potential adverse effects of the pesticide based on the material safety data sheet of the pesticide;

''(vi) a description of the reasons for the application of the pesticide;

''(vii) the name and telephone number of the contact person of the school district; and

''(viii) any additional warning information related to the pesticide.

''(B) METHOD OF NOTIFICATION.—The school may provide the notice required by subparagraph (A) by—

''(i) written notice sent home with the student and provided to the staff member;

''(ii) a telephone call;

''(iii) direct contact; or

''(iv) written notice mailed at least 1 week before the application.

''(C) REISSUANCE.—If the date of the application of the pesticide needs to be extended

beyond the period required for notice under this paragraph, the school shall reissue the notice under this paragraph for the new date of application.

"(3) POSTING OF SIGNS.—

"(A) IN GENERAL.—Subject to paragraphs (4) and (5), at least 72 hours before a pesticide (other than a least toxic pesticide) is used by a school, the school shall post a sign that provides notice of the application of the pesticide—

"(i) in a prominent place that is in or adjacent to the location to be treated; and

"(ii) at each entrance to the building or school grounds to be treated.

"(B) ADMINISTRATION.—A sign required under subparagraph (A) for the application of a pesticide shall—

"(i) remain posted for at least 72 hours after the end of the treatment;

"(ii) be at least 8½ inches by 11 inches; and

"(iii) state the same information as that required for prior notification of the application under paragraph (2).

"(C) OUTDOOR PESTICIDE APPLICATIONS.—

"(i) IN GENERAL.—In the case of outdoor pesticide applications, each sign shall include 3 dates, in chronological order, that the outdoor pesticide application may take place if the preceding date is canceled due to weather.

"(ii) DURATION OF POSTING.—A sign described in clause (i) shall be posted after an outdoor pesticide application in accordance with subparagraph (B).

"(4) ADMINISTRATION.—

"(A) APPLICATORS.—Paragraphs (2) and (3) shall apply to any person that applies a pesticide in a school or on school grounds, including a custodian, staff member, or commercial applicator.

"(B) TIME OF YEAR.—Paragraphs (2) and (3) shall apply to a school—

"(i) during the school year; and

"(ii) during holidays and the summer months, if the school is in use, with notice provided to all staff members and the par-

ents or guardians of the students that are using the school in an authorized manner.

"(5) EMERGENCIES.—

"(A) IN GENERAL.—A school may apply a pesticide (other than a least toxic pesticide) in the school or on school grounds without complying with paragraphs (2) and (3) in an emergency, subject to subparagraph (B).

"(B) SUBSEQUENT NOTIFICATION OF PARENTS, GUARDIANS, AND STAFF MEMBERS.—Not later than the earlier of the time that is 24 hours after a school applies a pesticide under this paragraph or on the morning of the next school day, the school shall provide to each parent or guardian of a student enrolled at the school, and staff member of the school, notice of the application of the pesticide for emergency pest control that includes—

"(i) the information required for a notice under paragraph (2)(A);

"(ii) a description of the problem and the factors that qualified the problem as an emergency that threatened the health or safety of a student or staff member; and

"(iii) a description of the steps the school will take in the future to avoid emergency application of a pesticide under this paragraph.

"(C) METHOD OF NOTIFICATION.—The school may provide the notice required by subparagraph (B) by—

"(i) written notice sent home with the student and provided to the staff member;

"(ii) a telephone call; or

"(iii) direct contact.

"(D) POSTING OF SIGNS.—A school applying a pesticide under this paragraph shall post a sign warning of the pesticide application in accordance with paragraph (3).

"(E) MODIFICATION OF INTEGRATED PEST MANAGEMENT PLANS.—If a school in a school district applies a pesticide under this paragraph, the local educational agency of the school district shall modify the integrated pest management plan of the school district to minimize the future applications of pesticides under this paragraph.

"(6) DRIFT OF PESTICIDES ONTO SCHOOL GROUNDS.—Each local educational agency, State

pesticide lead agency, and the Administrator are encouraged to—

"(A) identify sources of pesticides that drift from treated land to school grounds of the educational agency; and

"(B) take steps necessary to create an indoor and outdoor school environment that are protected from pesticides described in subparagraph (A).

"(i) MEETINGS.—

"(1) IN GENERAL.—Before the beginning of a school year, at the beginning of each new calendar year, and at a regularly scheduled meeting of a school board, each local educational agency shall provide an opportunity for the contact person designated under subsection (d) to receive and address public comments regarding the integrated pest management system of the school district.

"(2) EMERGENCY MEETINGS.—An emergency meeting of a school board to address a pesticide application may be called under locally appropriate procedures for convening emergency meetings.

"(j) INVESTIGATIONS AND ORDERS.—

"(1) IN GENERAL.—Not later than 60 days after receiving a complaint of a violation of this section, the Administrator shall—

"(A) conduct an investigation of the complaint;

"(B) determine whether it is reasonable to believe the complaint has merit; and

"(C) notify the complainant and the person alleged to have committed the violation of the findings of the Administrator.

"(2) PRELIMINARY ORDER.—If the Administrator determines it is reasonable to believe a violation occurred, the Administrator shall issue a preliminary order (that includes findings) to impose the penalty described in subsection (j).

"(3) OBJECTIONS TO PRELIMINARY ORDER.—

"(A) IN GENERAL.—Not later than 30 days after the preliminary order is issued under paragraph (2), the complainant and the person alleged to have committed the violation may—

"(i) file objections to the preliminary order (including findings); and

"(ii) request a hearing on the record.

"(B) FINAL ORDER.—If a hearing is not requested within 30 days after the preliminary

order is issued, the preliminary order shall be final and not subject to judicial review.

"(4) HEARING.—A hearing under this subsection shall be conducted expeditiously.

"(5) FINAL ORDER.—Not later than 120 days after the end of the hearing, the Administrator shall issue a final order.

"(6) SETTLEMENT AGREEMENT.—Before the final order is issued, the proceeding may be terminated by a settlement agreement, which shall remain open, entered into by the Administrator, the complainant, and the person alleged to have committed the violation.

"(7) COSTS.—

"(A) IN GENERAL.—If the Administrator issues a final order against a school or school district for violation of this section and the complainant requests, the Administrator may assess against the person against whom the order is issued the costs (including attorney's fees) reasonably incurred by the complainant in bringing the complaint.

"(B) AMOUNT.—The Administrator shall determine the amount of the costs that were reasonably incurred by the complainant.

"(8) JUDICIAL REVIEW AND VENUE.—

"(A) IN GENERAL.—A person adversely affected by an order issued after a hearing under this subsection may file a petition for review not later than 60 days after the date that the order is issued, in a district court of the United States or other United States court for any district in which a local educational agency or school is found, resides, or transacts business.

"(B) TIMING.—The review shall be heard and decided expeditiously.

"(C) COLLATERAL REVIEW.—An order of the Administrator subject to review under this paragraph shall not be subject to judicial review in a criminal or other civil proceeding.

"(k) CIVIL PENALTY.—

"(1) IN GENERAL.—Any local educational agency, school, or person that violates this section may be assessed a civil penalty by the Administrator under subsections (h) and (i), respectively, of not more than $10,000 for each offense.

"(2) TRANSFER TO TRUST FUND.—Except as provided in subsection (i)(4)(B), civil penalties collected under paragraph (1) shall be deposited in the Fund.

"(l) INTEGRATED PEST MANAGEMENT TRUST FUND.—

"(1) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund to be known as the 'Integrated Pest Management Trust Fund', consisting of—

"(A) amounts deposited in the Fund under subsection (j)(2);

"(B) amounts transferred to the Secretary of the Treasury for deposit into the Fund under paragraph (5); and

"(C) any interest earned on investment of amounts in the Fund under paragraph (3).

"(2) EXPENDITURES FROM FUND.—

"(A) IN GENERAL.—Subject to subparagraph (B), on request by the Administrator, the Secretary of the Treasury shall transfer from the Fund to the Administrator, without further appropriation, such amounts as the Secretary determines are necessary to provide funds to each State educational agency of a State, in proportion to the amount of civil penalties collected in the State under subsection (j)(1), to carry out education, training, propagation, and development activities under integrated pest

management systems of schools in the State to remedy the harmful effects of actions taken by the persons that paid the civil penalties.

"(B) ADMINISTRATIVE EXPENSES.—An amount not to exceed 6 percent of the amounts in the Fund shall be available for each fiscal year to pay the administrative expenses necessary to carry out this subsection.

"(3) INVESTMENT OF AMOUNTS.—

"(A) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the Fund as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals. Investments may be made only in interest-bearing obligations of the United States.

"(B) ACQUISITION OF OBLIGATIONS.—For the purpose of investments under subparagraph (A), obligations may be acquired—

"(i) on original issue at the issue price; or

"(ii) by purchase of outstanding obligations at the market price.

"(C) SALE OF OBLIGATIONS.—Any obligation acquired by the Fund may be sold by the Secretary of the Treasury at the market price.

"(D) CREDITS TO FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"(4) TRANSFERS OF AMOUNTS.—

"(A) IN GENERAL.—The amounts required to be transferred to the Fund under this subsection shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

"(B) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(5) ACCEPTANCE AND USE OF DONATIONS.—The Secretary may accept and use donations to carry out paragraph (2)(A). Amounts received by the Secretary in the form of donations shall be transferred to the Secretary of the Treasury for deposit into the Fund.

"(m) EMPLOYEE PROTECTION.—

"(1) IN GENERAL.—No local educational agency, school, or person may harass, prosecute, hold lia-

ble, or discriminate against any employee or other person because the employee or other person—

"(A) is assisting or demonstrating an intent to assist in achieving compliance with this section (including any regulation);

"(B) is refusing to violate or assist in the violation of this section (including any regulation); or

"(C) has commenced, caused to be commenced, or is about to commence a proceeding, has testified or is about to testify at a proceeding, or has assisted or participated or is about to participate in any manner in such a proceeding or in any other action to carry out this section.

"(2) COMPLAINTS.—Not later than 1 year after an alleged violation occurred, an employee or other person alleging a violation of this section, or another person at the request of the employee, may file a complaint with the Administrator.

"(3) REMEDIAL ACTION.—If the Administrator decides, on the basis of a complaint, that a local educational agency, school, or person violated paragraph (1), the Administrator shall order the local educational agency, school, or person to—

"(A) take affirmative action to abate the violation;

"(B) reinstate the complainant to the former position with the same pay and terms and privileges of employment; and

"(C) pay compensatory damages, including back pay.

"(n) GRANTS.—

"(1) IN GENERAL.—The Administrator, in consultation with the Secretary of Education, shall provide grants to local educational agencies to develop and implement integrated pest management systems in schools in the school district of the local educational agencies.

"(2) AMOUNT.—The amount of a grant provided to a local educational agency of a school district under paragraph (1) shall be based on the ratio that the number of students enrolled in schools in the school district bears to the total number of students enrolled in schools in all school districts in the United States.

"(o) RELATIONSHIP TO STATE AND LOCAL REQUIREMENTS.—This section (including regulations promulgated under this section) shall not preempt requirements imposed on local educational agencies and schools related to

the use of integrated pest management by State or local law (including regulations) that are more stringent than the requirements imposed under this section.

"(p) REGULATIONS.—Subject to subsection (m), the Administrator shall promulgate such regulations as are necessary to carry out this section.

"(q) RESTRICTION ON PESTICIDE USE.—Not later than 6 years after the date of enactment of this section, no pesticide, other than a pesticide that is defined as a least toxic pesticide under this subsection, shall be used in a school or on school grounds unless the Administrator has met the deadlines and requirements of this section.

"(r) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $7,000,000 for each of fiscal years 2002 through 2006.".

SEC. 1413. CONFORMING AMENDMENT.

The table of contents in section 1(b) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. prec. 121) is amended by striking the items relating to sections 30 through 32 and inserting the following:

"Sec. 30. Minimum requirements for training of maintenance applicators and service technicians.
"Sec. 31. Environmental Protection Agency minor use program.
"Sec. 32. Department of Agriculture minor use program.
"(a) In general.
"(b)(1) Minor use pesticide data.
"(2) Minor Use Pesticide Data Revolving Fund.
"Sec. 33. Integrated pest management systems for schools.

"(a) Definitions.
"(1) Board.
"(2) Contact person.
"(3) Crack and crevice treatment.
"(4) Emergency.
"(5) Fund.
"(6) Integrated pest management system.
"(7) Least toxic pesticides.
"(8) List.
"(9) Local educational agency.
"(10) Official.
"(11) Person.
"(12) Pesticide.
"(13) School.
"(14) School grounds.
"(15) Space spraying.
"(16) Staff member.
"(17) State educational agency.
"(18) Universal notification.
"(b) Integrated pest management systems.
"(1) In general.
"(2) Implementation.
"(3) State programs.
"(4) Application to schools and school grounds.
"(5) Application of pesticides when schools in use.
"(c) National School Integrated Pest Management Advisory Board.
"(1) In general.
"(2) Composition of Board.
"(3) Appointment.
"(4) Term.
"(5) Meetings.
"(6) Compensation.
"(7) Chairperson.
"(8) Quorum.
"(9) Decisive votes.
"(10) Administration.
"(11) Responsibilities of the Board.
"(12) Requirements.
"(13) Petitions.
"(14) Periodic review.
"(15) Confidentiality.
"(d) List of least toxic pesticides.
"(1) In general.
"(2) Procedure for evaluating pesticide use.
"(e) Office of Pesticide Programs.
"(1) Establishment.
"(2) Duties.
"(f) Contact person.
"(1) In general.
"(2) Duties.
"(3) Pesticide use data.
"(g) Notice of integrated pest management system.
"(1) In general.
"(2) Contents.

"(3) Use of pesticides.
"(4) New employees and students.
"(h) Use of pesticides.
"(1) In general.
"(2) Prior notification of parents, guardians, and staff members.
"(3) Posting of signs.
"(4) Administration.
"(5) Emergencies.
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"(i) Meetings.
"(1) In general.
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"(j) Investigations and orders.
"(1) In general.
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"(8) Judicial review and venue.
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"(1) In general.
"(2) Transfer to Trust Fund.
"(l) Integrated Pest Management Trust Fund.
"(1) Establishment.
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"(5) Acceptance and use of donations.
"(m) Employee protection.
"(1) In general.
"(2) Complaints.
"(3) Remedial action.
"(n) Grants.
"(1) In general.
"(2) Amount.
"(o) Relationship to State and local requirements.
"(p) Regulations.
"(q) Restriction on pesticide use.
"(r) Authorization of appropriations.
"Sec. 34. Severability.
"Sec. 35. Authorization of appropriations.".

1 **SEC. 1414. EFFECTIVE DATE.**

2 This chapter and the amendments made by this chap-
3 ter take effect on October 1, 2001.

TITLE II—HEALTHY START - SUPPORT FOR HEALTHY DEVELOPMENT

Subtitle A—Promotion of State and Local Support

SEC. 2001. STATE AND LOCAL PARENTING SUPPORT AND EDUCATION GRANT PROGRAM.

(a) STATE ALLOTMENTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (referred to in this section as the ''Secretary'') shall make grants, from allotments made under paragraph (2), to eligible States to support parenting support and education programs.

(2) ALLOTMENTS.—From the funds appropriated under subsection (h) for a fiscal year, the Secretary shall allot to each State an amount that bears the same relationship to the funds as the total number of children in the State bears to the total number of children in all States, but no State shall receive less than ½ of 1 percent of the funds.

(3) RESERVATION.—

(A) IN GENERAL.—For each State in which the population of Indians (including Alaska Natives) is more than 2 percent of the population of the State, the Governor of the State

shall reserve for Indian tribes 2 percent of the funds received through an allotment made under paragraph (2).

(B) DISTRIBUTION.—

(i) IN GENERAL.—Except as described in clause (ii), from the funds reserved under subparagraph (A), the Governor shall allocate to each Indian tribe in the State an amount that bears the same relationship to the funds as the total number of children in the tribe bears to the total number of children in all Indian tribes in the State.

(ii) ALASKA.—The Governor of Alaska shall allocate the funds reserved under subparagraph (A) for Indian tribes in Alaska to the nonprofit entities described in section 419(4)(B) of the Social Security Act (42 U.S.C. 619(4)(B)). The Governor shall allocate to each region of the State, for such entities, an amount that bears the same relationship to the funds as the total number of Alaska Native children in the region bears to the total number of Alaska Native children in all regions of the State.

(C) DEFINITIONS.—In this paragraph:

(i) ALASKA NATIVE.—The term ''Alaska Native'' has the meaning given the term ''Native'' in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

(ii) INDIAN; INDIAN TRIBE.—The terms 'Indian' and 'Indian tribe' have the meanings given the terms in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(b) STATE PARENTING SUPPORT AND EDUCATION COUNCILS.—

(1) IN GENERAL.—To be eligible to receive a grant under subsection (a), the Governor of each State shall appoint or designate an existing entity (as of the date of the appointment or designation) to serve as a State Parenting Support and Education Council (referred to in this section as the ''Council''), which shall include—

(A) representatives of parents;

(B) representatives of the State government;

(C) bipartisan representation from the State legislature;

(D) representatives from communities; and

(E) representatives of children's organizations interested in promoting parenting support and education programs.

(2) RESPONSIBILITIES.—

(A) ASSESSMENT.—The Council shall conduct a needs and resources assessment of parenting support and education programs in the State to—

(i) determine areas in which such programs are lacking or inadequate; and

(ii) identify the additional programs that are needed and the programs that require additional resources.

(B) GRANTS.—On completion of the assessment, the Council for a State may use the grant received by the State under subsection (a) to make grants under subsection (c) in a manner that takes into account the results of the assessment.

(c) GRANTS TO STATE AND LOCAL AGENCIES AND ENTITIES.—

(1) IN GENERAL.—The Council may carry out a program under which the Council makes grants to State agencies to provide parenting support and edu-

cation programs on a statewide basis, or to local agencies (including schools) and nonprofit service providers (including faith-based organizations) to provide parenting support and education programs.

(2) APPLICATIONS.—To be eligible to receive a grant under this subsection, an agency or entity shall submit an application to a Council at such time, in such manner, and containing such information as the Council may require.

(d) LOCAL USE OF FUNDS.—An agency or entity that receives a grant under subsection (c) may use the funds made available through the grant to carry out parenting support and education programs that—

(1) provide parenting support to promote early brain development and childhood development and education, including—

(A) providing assistance to schools to offer classroom instruction on brain stimulation, child development, and early childhood education;

(B) distributing materials developed by entities that reflect best parenting practices;

(C) developing and distributing referral information on programs and services available to

children and families at the local level, including information on eligibility criteria;

(D) conducting voluntary hospital visits for postpartum women and in-home visits for families with infants, toddlers, or newly adopted children to provide hands-on training and one-on-one instruction on brain stimulation, child development, and early childhood education; and

(E) carrying out parenting education programs, including training programs, with respect to best parenting practices;

(2) provide parenting support for parents of adolescents and youth, including providing funds for services and support for parents and other caregivers of adolescents and youth being served by a range of education, social service, mental health, health, runaway, and homeless youth programs, which parenting support—

(A) may be provided by the Boys and Girls Club, the YMCA, the YWCA, entities that provide after school programs, entities that provide 4-H programs, or other community based organizations; and

(B) may include providing parent-caregiver support groups, peer support groups, parent education classes, seminars or discussion groups on problems facing adolescents and youth, or advocates and mentors to help parents understand and work with schools, the courts, and various treatment programs; or

(3) provide parenting support and education resource centers, including—

(A) centers that may serve as a single point of contact for the provision to children and their families of comprehensive services, which—

(i) shall include services available to children from Federal, State, and local government agencies and nonprofit organizations; and

(ii) may include child care, respite care, pediatric care, child abuse prevention programs, nutrition programs, parent training, infant and child cardiopulmonary resuscitation programs, safety training, caregiver training and education, and other related programs;

(B) centers that provide a national toll-free parent hotline that provides 24-hour consultation and advice, on an anonymous basis, including referrals to local community-based services; and

(C) centers that provide respite care for parents with children with special needs, single mothers, and parents with at-risk youth.

(e) REPORTING.—Each agency or entity that receives a grant under this section shall prepare and submit to the Council every 2 years a report describing the program that the agency or entity carried out under this section, the number of parents and children served, and the success of the program in supporting and educating parents using specific performance measures.

(f) ADMINISTRATIVE COSTS.—Not more than 5 percent of the amount made available through a grant received by a State under subsection (a) may be used for the administrative expenses of the State Council in implementing the grant program described in subsection (c).

(g) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to this section shall be used to supplement and not supplant other Federal, State, and local public funds expended for parenting support and education programs.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2002 and 2003, $200,000,000 for each of fiscal years 2004 and 2005, and $300,000,000 for fiscal year 2006.

(i) DEFINITION.—In this section, the term ''child'' means an individual who is younger than age 18.

Subtitle B—Support for Parents Caring for Children

SEC. 2101. SHORT TITLE.

This subtitle may be cited as the ''Family and Medical Leave Fairness Act of 2001''.

SEC. 2102. FINDINGS.

Congress finds that—

(1) the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.) has provided employees with a significant new tool in balancing the needs of their families with the demands of work;

(2) the Family and Medical Leave Act of 1993 has had a minimal impact on business, and over 90 percent of private employers covered by the Act experienced little or no cost and a minimal, or positive, impact on productivity as a result of the Act;

(3) although both employers at workplaces with large numbers of employees and employers at work-

places with small numbers of employees reported that compliance with the Family and Medical Leave Act of 1993 involved very easy administration and low costs, the smaller employers found it easier and less expensive to comply with the Act than the larger employers;

(4) over three-quarters of worksites with under 50 employees covered by the Family and Medical Leave Act of 1993 report no cost increases or small cost increases associated with compliance with the Act;

(5) in 1998, 27 percent of Americans needed to take family or medical leave but were unable to do so, and 44 percent of these employees did not take such leave because they would have lost their jobs or their employers did not allow it;

(6) only 57 percent of the private workforce is currently protected by the Family and Medical Leave Act of 1993; and

(7) 13,000,000 more private employees, or an additional 14 percent of the private workforce, would be protected by the Family and Medical Leave Act of 1993 if the Act was expanded to cover private employers with 25 or more employees.

SEC. 2103. COVERAGE OF EMPLOYEES.

Paragraphs (2)(B)(ii) and (4)(A)(i) of section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611(2)(B)(ii) and (4)(A)(i)) are amended by striking ''50'' each place it appears and inserting ''25''.

Subtitle C—Paid Family Leave

SEC. 2201. SHORT TITLE.

This subtitle may be cited as the ''Family Income to Respond to Significant Transitions Insurance Act''.

SEC. 2202. FINDINGS.

Congress finds that—

(1) nearly every industrialized nation other than the United States, and most developing nations, provide parents with paid leave for infant care;

(2)(A) parents' interactions with their infants have a major influence on the physical, cognitive, and social development of the infants; and

(B) optimal development of an infant depends on a strong attachment between an infant and the infant's parents;

(3) nearly ⅔ of employees, who need to take family or medical leave, but do not take the leave, report that they cannot afford to take the leave;

(4) although some employees in the United States receive wage replacement during periods of family or medical leave, the benefit of wage replace-

ment is not shared equally in the workforce, as demonstrated by the fact that—

(A) employees with less education and lower income are less likely to receive wage replacement than employees with more education and higher salaries; and

(B) female employees, employees from racial minority groups, and younger employees are slightly less likely to receive wage replacement than male employees, white employees, and older employees, respectively;

(5) in order to cope financially with taking family or medical leave, of persons taking that leave without full wage replacement—

(A) 40 percent cut their leave short;

(B) 39 percent put off paying bills;

(C) 25 percent borrowed money; and

(D) 9 percent obtained public assistance;

(6) taking family or medical leave often drives employees earning low wages into poverty, and 21 percent of such low-wage employees who take family or medical leave without full wage replacement resort to public assistance;

(7) studies document shortages in the supply of infant care, and that the shortages are expected to

worsen as welfare reform measures are implemented; and

(8) compared to 30 years ago, families have experienced an average decrease of 22 hours per week in time that parents spend with their children.

SEC. 2203. PURPOSES.

The purposes of this subtitle are—

(1) to establish a demonstration program that supports the efforts of States and political subdivisions to provide partial or full wage replacement, often referred to as FIRST insurance, to new parents so that the new parents are able to spend time with a new infant or newly adopted child, and to other employees; and

(2) to learn about the most effective mechanisms for providing the wage replacement assistance.

SEC. 2204. DEFINITIONS.

In this subtitle:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Labor, acting after consultation with the Secretary of Health and Human Services.

(2) SON OR DAUGHTER; STATE.—The terms ''son or daughter'' and ''State'' have the meanings given the terms in section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611).

SEC. 2205. DEMONSTRATION PROJECTS.

(a) GRANTS.—The Secretary shall make grants to eligible entities to pay for the Federal share of the cost of carrying out projects that assist families by providing, through various mechanisms, wage replacement for eligible individuals that are responding to caregiving needs resulting from the birth or adoption of a son or daughter or other family caregiving needs. The Secretary shall make the grants for periods of 5 years.

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a State or political subdivision of a State.

(c) USE OF FUNDS.—

(1) IN GENERAL.—An entity that receives a grant under this section may use the funds made available through the grant to provide partial or full wage replacement as described in subsection (a) to eligible individuals—

(A) directly;

(B) through an insurance program, such as a State temporary disability insurance program or the State unemployment compensation benefit program;

(C) through a private disability or other insurance plan, or another mechanism provided by a private employer; or

(D) through another mechanism.

(2) ADMINISTRATIVE COSTS.—No entity may use more than 10 percent of the total funds made available through the grant during the 5-year period of the grant to pay for the administrative costs relating to a project described in subsection (a).

(d) ELIGIBLE INDIVIDUALS.—To be eligible to receive wage replacement under subsection (a), an individual shall—

(1) meet such eligibility criteria as the eligible entity providing the wage replacement may specify in an application described in subsection (e); and

(2) be—

(A) an individual who is taking leave, under the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), other Federal, State, or local law, or a private plan, for a reason described in subparagraph (A) or (B) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1));

(B) at the option of the eligible entity, an individual who—

(i) is taking leave, under that Act, other Federal, State, or local law, or a private plan, for a reason described in sub-

paragraph (C) or (D) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)); or

(ii) leaves employment because the individual has elected to care for a son or daughter under age 1; or

(C) at the option of the eligible entity, an individual with other characteristics specified by the eligible entity in an application described in subsection (e).

(e) APPLICATION.—To be eligible to receive a grant under this section, an entity shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including, at a minimum—

(1) a plan for the project to be carried out with the grant;

(2) information demonstrating that the applicant consulted representatives of employers and employees, including labor organizations, in developing the plan;

(3) estimates of the costs and benefits of the project;

(4)(A) information on the number and type of families to be covered by the project, and the extent

of such coverage in the area served under the grant; and

(B) information on any criteria or characteristics that the entity will use to determine whether an individual is eligible for wage replacement under subsection (a), as described in paragraphs (1) and (2)(C) of subsection (d);

(5) if the project will expand on State and private systems of wage replacement for eligible individuals, information on the manner in which the project will expand on the systems;

(6) information demonstrating the manner in which the wage replacement assistance provided through the project will assist families in which an individual takes leave as described in subsection (d)(1); and

(7) an assurance that the applicant will participate in efforts to evaluate the effectiveness of the project.

(f) SELECTION CRITERIA.—In selecting entities to receive grants for projects under this section, the Secretary shall—

(1) take into consideration—

(A) the scope of the proposed projects;

(B) the cost-effectiveness, feasibility, and financial soundness of the proposed projects;

(C) the extent to which the proposed projects would expand access to wage replacement in response to family caregiving needs, particularly for low-wage employees, in the area served by the grant; and

(D) the benefits that would be offered to families and children through the proposed projects; and

(2) to the extent feasible, select entities proposing projects that utilize diverse mechanisms, including expansion of State unemployment compensation benefit programs, and establishment or expansion of State temporary disability insurance programs, to provide the wage replacement.

(g) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost described in subsection (a) shall be—

(A) 50 percent for the first year of the grant period;

(B) 40 percent for the second year of that period;

(C) 30 percent for the third year of that period; and

(D) 20 percent for each subsequent year.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost may be in cash or in kind, fairly evaluated, including plant, equipment, and services and may be provided from State, local, or private sources, or Federal sources other than this subtitle.

(h) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to the authority of this subtitle shall be used to supplement and not supplant other Federal, State, and local public funds and private funds expended to provide wage replacement.

(i) EFFECT ON EXISTING RIGHTS.—Nothing in this subtitle shall be construed to supersede, preempt, or otherwise infringe on the provisions of any collective bargaining agreement or any employment benefit program or plan that provides greater rights to employees than the rights established under this subtitle.

SEC. 2206. EVALUATIONS AND REPORTS.

(a) AVAILABLE FUNDS.—The Secretary shall use not more than 2 percent of the funds made available under section 2205 to carry out this section.

(b) EVALUATIONS.—The Secretary shall, directly or by contract, evaluate the effectiveness of projects carried out with grants made under section 2205, including conducting—

(1) research relating to the projects, including research comparing—

(A) the scope of the projects, including the type of insurance or other wage replacement mechanism used, the method of financing used, the eligibility requirements, the level of the wage replacement benefit provided (such as the percentage of salary replaced), and the length of the benefit provided, for the projects;

(B) the utilization of the projects, including the characteristics of individuals who benefit from the projects, particularly low-wage workers, and factors that determine the ability of eligible individuals to obtain wage replacement through the projects; and

(C) the costs of and savings achieved by the projects, including the cost-effectiveness of the projects and their benefits for children and families;

(2) analysis of the overall need for wage replacement; and

(3) analysis of the impact of the projects on the overall availability of wage replacement.

(c) REPORTS.—

(1) INITIAL REPORT.—Not later than 3 years after the beginning of the grant period for the first grant made under section 2205, the Secretary shall prepare and submit to Congress a report that contains information resulting from the evaluations conducted under subsection (b).

(2) SUBSEQUENT REPORTS.—Not later than 4 years after the beginning of that grant period, and annually thereafter, the Secretary shall prepare and submit to Congress a report that contains—

(A) information resulting from the evaluations conducted under subsection (b); and

(B) usage data for the demonstration projects, for the most recent year for which data are available.

SEC. 2207. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle $400,000,000 for fiscal year 2002 and such sums as may be necessary for each subsequent fiscal year.

Subtitle D—Health Care for the Uninsured

SEC. 2301. FAMILYCARE COVERAGE OF PARENTS UNDER THE MEDICAID PROGRAM AND TITLE XXI.

(a) INCENTIVES TO IMPLEMENT FAMILYCARE COVERAGE.—

(1) UNDER MEDICAID.—

(A) ESTABLISHMENT OF NEW OPTIONAL ELIGIBILITY CATEGORY.—Section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

(i) by striking ''or'' at the end of subclause (XVI);

(ii) by adding ''or'' at the end of subclause (XVII); and

(iii) by adding at the end the following new subclause:

''(XVIII) who are parents described in subsection (k)(1), but only if the State meets the conditions described in subsection (k)(2);''.

(B) CONDITIONS FOR COVERAGE.—Section 1902 of such Act is further amended by inserting after subsection (j) the following new subsection:

''(k)(1)(A) Parents described in this paragraph are the parents of an individual who is under 19 years of age (or such higher age as the State may have elected under section 1902(l)(1)(D)) and who is eligible and enrolled for medical assistance under subsection (a)(10)(A), if—

"(i) such parents are not otherwise eligible for such assistance under such subsection; and

"(ii) the income of the family that includes such parents does not exceed an income level specified by the State consistent with paragraph (2)(B).

"(B) In this subsection, the term 'parent' has the meaning given the term 'caretaker' for purposes of carrying out section 1931, and such additional meaning as defined by the State and approved by the Secretary.

"(2) The conditions for a State to provide medical assistance under subsection (a)(10)(A)(ii)(XVIII) are as follows:

"(A) The State has a State child health plan under title XXI which (whether implemented under such title or under this title)—

"(i) has an income standard (or will establish an income standard that is effective at the time additional allotments are available to the State under section 2104(d), as amended by the Leave No Child Behind Act of 2001) for children that is at least 200 percent of the poverty line; and

"(ii) does not limit the acceptance of applications, does not use a waiting list for children who meet eligibility standards to qualify for as-

sistance, and provides benefits to all children in the State who apply for and meet eligibility standards.

"(B) The income level specified under paragraph (1)(A)(ii) for parents in a family exceeds the income level applicable under section 1931 but does not exceed the highest income level applicable to a child in the family under this title. A State may not cover such parents with higher family income without covering parents with a lower family income.

"(3) In the case of a parent described in paragraph (1) who is also the parent of a child who is eligible and enrolled for child health assistance under title XXI, the State may elect (on a uniform basis) to cover all such parents under section 2111 or under subsection (a)(10)(A).".

(C) ENHANCED MATCHING FUNDS AVAILABLE.—Section 1905 of such Act (42 U.S.C. 1396d) is amended—

(i) in the fourth sentence of subsection (b), by striking "or subsection (u)(3)" and inserting ", (u)(3), or (u)(4)"; and

(ii) in subsection (u)—

(I) by redesignating paragraph (4) as paragraph (6), and

(II) by inserting after paragraph (3) the following new paragraph:

"(4) For purposes of subsection (b) and section 2105(a)(1):

"(A) FAMILYCARE PARENTS.—The expenditures described in this subparagraph are the following:

"(i) PARENTS.—Expenditures for medical assistance made available under section 1931, or under section 1902(a)(10)(A)(ii)(XVIII) for parents described in section 1902(k)(1), in a family the income of which exceeds the income level applicable under such section 1931 to a family of the size involved as of January 1, 2000.

"(ii) CERTAIN PREGNANT WOMEN.—Expenditures for medical assistance for pregnant women under section 1902(l)(1)(A) in a family the income of which exceeds the income level applicable under section 1902(l)(2)(A) to a family of the size involved as of January 1, 2000.".

(D) APPROPRIATION FROM TITLE XXI ALLOTMENT FOR CERTAIN MEDICAID EXPANSION COSTS.—Section 2105(a)(1)(C) of such Act (42

U.S.C. 1397ee(a)(1)(C))) is amended by inserting "and for medical assistance that is attributable to expenditures described in section 1905(u)(4)(A)" before the semicolon.

(E) ONLY COUNTING ENHANCED PORTION FOR COVERAGE OF ADDITIONAL PREGNANT WOMEN.—Section 1905 of such Act (42 U.S.C. 1396d) is amended—

(i) in the fourth sentence of subsection (b), by inserting "(except in the case of expenditures described in subsection (u)(5))" after "do not exceed";

(ii) in subsection (u), by inserting after paragraph (4) (as inserted by subparagraph (C)), the following new paragraph:

"(5) For purposes of the fourth sentence of subsection (b) and section 2105(a), the following payments under this title do not count against a State's allotment under section 2104:

"(A) REGULAR FMAP FOR EXPENDITURES FOR PREGNANT WOMEN WITH INCOME ABOVE JANUARY 1, 2000 INCOME LEVEL AND BELOW 185 PERCENT OF POVERTY.—The portion of the payments made for expenditures described in paragraph (4)(A)(ii) that

represents the amount that would have been paid if the enhanced FMAP had not been substituted for the Federal medical assistance percentage.''.

(2) UNDER TITLE XXI.—

(A) FAMILYCARE COVERAGE.—Title XXI of such Act is amended by adding at the end the following new section:

"SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PARENTS OF TARGETED LOW-INCOME CHILDREN.

''(a) OPTIONAL COVERAGE.—Notwithstanding any other provision of this title, a State child health plan may provide for coverage, through an amendment to its State child health plan under section 2102, of FamilyCare assistance for targeted low-income parents in accordance with this section, but only if—

''(1) the State meets the conditions described in section 1902(k)(2); and

''(2) the State elects to provide medical assistance under section 1902(a)(10)(A)(ii)(XVIII) and elects an applicable income limit that is not lower than the limit described in subsection (b)(2)(A).

''(b) DEFINITIONS.—For purposes of this section:

''(1) FAMILYCARE ASSISTANCE.—The term 'FamilyCare assistance' has the meaning given the term child health assistance in section 2110(a) as if

any reference to targeted low-income children were a reference to targeted low-income parents.

"(2) TARGETED LOW-INCOME PARENT.—The term 'targeted low-income parent' has the meaning given the term targeted low-income child in section 2110(b) as if the reference to a child were deemed a reference to a parent (as defined in paragraph (3)) of the child; except that in applying such section—

"(A) there shall be substituted for the income limit described in paragraph (1)(B)(ii)(I) the applicable income limit in effect for a targeted low-income child;

"(B) in paragraph (3), January 1, 2000, shall be substituted for July 1, 1997; and

"(C) in paragraph (4), January 1, 2000, shall be substituted for March 31, 1997.

"(3) PARENT.—The term 'parent' has the meaning given the term 'caretaker' for purposes of carrying out section 1931, and such additional meaning as defined by the State and approved by the Secretary.

"(4) OPTIONAL TREATMENT OF PREGNANT WOMEN AS PARENTS.—A State child health plan may treat a pregnant woman who is not otherwise a parent as a targeted low-income parent for pur-

poses of this section but only if the State has established an income level under section 1902(l)(2)(A)(i) for pregnant women that is at least 185 percent of the income official poverty line described in such section.

"(c) REFERENCES TO TERMS AND SPECIAL RULES.—In the case of, and with respect to, a State providing for coverage of FamilyCare assistance to targeted low-income parents under subsection (a), the following special rules apply:

"(1) Any reference in this title (other than subsection (b)) to a targeted low-income child is deemed to include a reference to a targeted low-income parent.

"(2) Any such reference to child health assistance with respect to such parents is deemed a reference to FamilyCare assistance.

"(3) In applying section 2103(e)(3)(B) in the case of a family provided coverage under this section, the limitation on total annual aggregate cost-sharing shall be applied to the entire family.

"(4) In applying section 2110(b)(4), any reference to 'section 1902(l)(2) or 1905(n)(2) (as selected by a State)' is deemed a reference to the income level applicable to parents under section 1931,

or, in the case of a pregnant woman described in subsection (b)(4), the income level established under section 1902(l)(2)(A).''.

(B) ADDITIONAL ALLOTMENT FOR STATES PROVIDING FAMILYCARE.—

(i) IN GENERAL.—Section 2104 of such Act (42 U.S.C. 1397dd) is amended by inserting after subsection (c) the following new subsection:

''(d) ADDITIONAL ALLOTMENTS FOR STATE PROVIDING FAMILYCARE.—

''(1) APPROPRIATION; TOTAL ALLOTMENT.—For the purpose of providing additional allotments to States electing to provide FamilyCare coverage under section 2111, there is appropriated, out of any money in the Treasury not otherwise appropriated—

''(A) for fiscal year 2002, $2,000,000,000;

''(B) for fiscal year 2003, $2,000,000,000;

''(C) for fiscal year 2004, $3,000,000,000;

''(D) for fiscal year 2005, $3,000,000,000;

''(E) for fiscal year 2006, $6,000,000,000;

''(F) for fiscal year 2007, $7,000,000,000;

''(G) for fiscal year 2008, $8,000,000,000;

''(H) for fiscal year 2009, $9,000,000,000;

"(I) for fiscal year 2010, $10,000,000,000; and

"(J) for fiscal year 2011 and each fiscal year thereafter, the amount of the allotment provided under this paragraph for the preceding fiscal year increased by the percentage increase (if any) in the medical care expenditure category of the Consumer Price Index for All Urban Consumers (United States city average).

"(2) STATE AND TERRITORIAL ALLOTMENTS.—

"(A) IN GENERAL.—In addition to the allotments provided under subsections (b) and (c), subject to paragraph (3), of the amount available for the additional allotments under paragraph (1) for a fiscal year, the Secretary shall allot to each State with a State child health plan approved under this title and which has elected to provide coverage under section 2111 during the fiscal year—

"(i) in the case of such a State other than a commonwealth or territory described in clause (ii), the same proportion as the proportion of the State's allotment under section 2104(b) (determined without regard to section 2104(f)) to 98.95 percent

of the total amount of the allotments under such section for such States eligible for an allotment under this subparagraph for such fiscal year; and

"(ii) in the case of a commonwealth or territory described in section 2104(c)(3), the same proportion as the proportion of the commonwealth's or territory's allotment under section 2104(c) (determined without regard to section 2104(f)) to 1.05 percent of the total amount of the allotments under such section for commonwealths and territories eligible for an allotment under this subparagraph for such fiscal year.

"(B) REDISTRIBUTION OF UNUSED ALLOTMENTS.—In applying subsection (f) with respect to additional allotments made available under this subsection, the procedures established under such subsection shall ensure such additional allotments are only made available to States which have elected to provide coverage under section 2111.

"(3) USE OF ADDITIONAL ALLOTMENT.—Additional allotments provided under this subsection are

not available for amounts expended before October 1, 2001. Such amounts are available for amounts expended on or after such date for child health assistance for targeted low-income children, as well as for FamilyCare assistance.''.

(ii) CONFORMING AMENDMENTS.—Section 2104 of such Act (42 U.S.C. 1397dd) is further amended—

(I) in subsection (a), by inserting ''subject to subsection (d),'' after ''under this section,'';

(II) in subsection (b)(1), by inserting ''and subsection (d)'' after ''Subject to paragraph (4)''; and

(III) in subsection (c)(1), by inserting ''subject to subsection (d),'' after ''for a fiscal year,''.

(C) NO COST-SHARING FOR PREGNANCY-RELATED BENEFITS.—Section 2103(e)(2) of such Act (42 U.S.C. 1397cc(e)(2)) is amended—

(i) in the heading, by inserting ''AND PREGNANCY-RELATED SERVICES'' after ''PREVENTIVE SERVICES''; and

(ii) by inserting before the period at the end the following: ''and for pregnancy-related services''.

(3) EFFECTIVE DATE.—The amendments made by this subsection apply to items and services furnished on or after October 1, 2001.

(b) RULES FOR IMPLEMENTATION BEGINNING WITH FISCAL YEAR 2006.—

(1) REQUIRED COVERAGE OF FAMILYCARE PARENTS.—Section 1902(a)(10)(A)(i) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)) is amended—

(A) by striking ''or'' at the end of subclause (VI);

(B) by striking the semicolon at the end of subclause (VII) and insert '', or''; and

(C) by adding at the end the following new subclause:

''(VIII) who would be parents described in subsection (k)(1) if the income level specified in subsection (k)(2)(B) were equal to at least 100 percent of the poverty line referred to in such subsection;''.

(2) EXPANSION OF AVAILABILITY OF ENHANCED MATCH UNDER MEDICAID FOR PRE-CHIP EXPANSIONS.—Paragraph (4) of section 1905(u) of such Act (42 U.S.C. 1396d(u)), as inserted by subsection (a)(1)(C), is amended—

(A) by amending clause (ii) of subparagraph (A) to read as follows:

"(ii) CERTAIN PREGNANT WOMEN.—Expenditures for medical assistance for pregnant women under section 1902(l)(1)(A) in a family the income of which exceeds the 133 percent of the income official poverty line."; and

(B) by adding at the end the following new subparagraphs:

"(B) PARENTS WITH INCOME ABOVE 100 PERCENT OF POVERTY BUT BELOW JANUARY 1, 2000 INCOME LEVEL.—The expenditures described in this subparagraph are expenditures for medical assistance made available for any parents described in section 1902(a)(10)(A)(i)(VIII), whose income exceeds 100 percent of the income official poverty line applicable to a family of the size involved but does not exceed the applicable income level established under this title (under section 1931 or otherwise) for

a parent in a family of the size involved as of January 1, 2000.

"(C) CHILDREN IN FAMILIES WITH INCOME ABOVE MEDICAID MANDATORY LEVEL NOT PREVIOUSLY DESCRIBED.—The expenditures described in this subparagraph are expenditures (other than expenditures described in paragraph (2) or (3)) for medical assistance made available to any child who is eligible for assistance under section 1902(a)(10)(A) and the income of whose family exceeds the minimum income level required under subsection 1902(l)(2) for a child of the age involved (treating any child who is 19 or 20 years of age as being 18 years of age).".

(3) OFFSET OF ADDITIONAL EXPENDITURES FOR ENHANCED MATCH FOR PRE-CHIP EXPANSION; ELIMINATION OF OFFSET FOR REQUIRED COVERAGE OF FAMILYCARE PARENTS.—

(A) IN GENERAL.—Section 1905(u)(5) of such Act (42 U.S.C. 1396d(u)(5)), as added by subsection (a)(1)(E), is amended—

(i) by amending subparagraph (A) to read as follows:

"(A) REGULAR FMAP FOR EXPENDITURES FOR PREGNANT WOMEN WITH INCOME ABOVE 133 PER-

CENT OF POVERTY.—The portion of the payments made for expenditures described in paragraph (4)(A)(ii) that represents the amount that would have been paid if the enhanced FMAP had not been substituted for the Federal medical assistance percentage.''; and

(ii) by adding at the end the following new subparagraphs:

''(B) FAMILYCARE PARENTS UNDER 100 PERCENT OF POVERTY.—Payments for expenditures described in paragraph (4)(A)(i) in the case of parents whose income does not exceed 100 percent of the income official poverty line applicable to a family of the size involved.

''(C) REGULAR FMAP FOR EXPENDITURES FOR PARENTS WITH INCOME ABOVE 100 PERCENT OF POVERTY BUT BELOW JANUARY 1, 2000 INCOME LEVEL.—The portion of the payments made for expenditures described in paragraph (4)(B) that represents the amount that would have been paid if the enhanced FMAP had not been substituted for the Federal medical assistance percentage.

''(D) REGULAR FMAP FOR EXPENDITURES FOR CERTAIN CHILDREN IN FAMILIES WITH INCOME ABOVE MEDICAID MANDATORY LEVEL.—The portion

of the payments made for expenditures described in paragraph (4)(C) that represents the amount that would have been paid if the enhanced FMAP had not been substituted for the Federal medical assistance percentage.''.

(B) CONFORMING AMENDMENTS.—Section 2105(a)(1)(C) of such Act (42 U.S.C. 1397ee(1)(1)(C)), as amended by subsection (a)(1)(D), is amended by striking ''and for medical assistance that is attributable to expenditures described in section 1905(u)(4)(A)'' and inserting ''and for medical assistance that is attributable to expenditures described in section 1905(u)(4), except as provided in section 1905(u)(5)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection apply as of October 1, 2005, to fiscal years beginning on or after such date and to expenditures under the State plan on and after such date.

(c) MAKING TITLE XXI BASE ALLOTMENTS PERMANENT.—Section 2104(a) of such Act (42 U.S.C. 1397dd(a)) is amended—

(1) by striking ''and'' at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(11) for fiscal year 2008 and each fiscal year thereafter, the amount of the allotment provided under this subsection for the preceding fiscal year increased by the percentage increase (if any) in the medical care expenditure category of the Consumer Price Index for All Urban Consumers (United States city average).".

(d) OPTIONAL APPLICATION OF PRESUMPTIVE ELIGIBILITY PROVISIONS TO PARENTS.—Section 1920A of such Act (42 U.S.C. 1396r–1a) is amended by adding at the end the following new subsection:

"(e) In accordance with regulations, a State may elect to apply the previous provisions of this section to provide for a period of presumptive eligibility for medical assistance for a parent of a child with respect to whom such a period is provided under this section.".

(e) CONFORMING AMENDMENTS.—

(1) ELIGIBILITY CATEGORIES.—Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended, in the matter before paragraph (1)—

(A) by striking ''or'' at the end of clause (xi);

(B) by inserting ''or'' at the end of clause (xii); and

(C) by inserting after clause (xii) the following new clause:

''(xiii) who are parents described (or treated as if described) in section 1902(k)(1),''.

(2) INCOME LIMITATIONS.—Section 1903(f)(4) of such Act (42 U.S.C. 1396b(f)(4))—

(A) effective October 1, 2005, by inserting ''1902(a)(10)(A)(i)(VIII),'' after ''1902(a)(10)(A)(i)(VII),''; and

(B) by inserting ''1902(a)(10)(A)(ii)(XVII), 1902(a)(10)(A)(ii)(XVIII),'' after ''1902(a)(10)(A)(ii)(XVI),''.

(3) CONFORMING AMENDMENT RELATING TO NO WAITING PERIOD FOR CERTAIN WOMEN.—Section 2102(b)(1)(B) of such Act (42 U.S.C. 1397bb(b)(1)(B)) is amended—

(A) by striking '', and'' at the end of clause (i) and inserting a semicolon;

(B) by striking the period at the end of clause (ii) and inserting ''; and''; and

(C) by adding at the end the following new clause:

"(iii) may not apply a waiting period (including a waiting period to carry out paragraph (3)(C)) in the case of targeted low-income women who are pregnant.".

Subtitle E—Awareness of Environmental Risks to Children

SEC. 2401. SHORT TITLE.

This subtitle may be cited as the "Children's Environmental Protection and Right to Know Act".

SEC. 2402. FINDING.

Congress finds that requirements to disclose information about environmental risks will improve health and safety by—

(1) prompting persons causing those risks to reduce the risks; and

(2) enabling individuals to take actions to protect themselves from those risks.

CHAPTER 1—CHILDREN'S ENVIRONMENTAL PROTECTION

Subchapter A—Disclosure of Industrial Releases That Present a Significant Risk to Children

SEC. 2411. REPORTING REQUIREMENTS.

(a) IN GENERAL.—Section 313(f) of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023(f)) is amended by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—

"(A) TOXIC CHEMICAL THRESHOLD QUANTITY.—The threshold quantities for purposes of reporting toxic chemicals under this section are as follows:

"(i) TOXIC CHEMICALS USED AT FACILITIES.—The threshold quantity of a toxic chemical used at a facility shall be 10,000 pounds of the toxic chemical per year.

"(ii) MANUFACTURED OR PROCESSED TOXIC CHEMICALS.—The threshold quantity of a toxic chemical manufactured or processed at a facility shall be—

"(I) 75,000 pounds of a toxic chemical per year, for any toxic chemical for which a toxic chemical release form is required to be submitted under this section on or before July 1, 1988;

"(II) 50,000 pounds of a toxic chemical per year, for any toxic chemical for which a toxic chemical release form is required to be submitted during the period beginning July 2, 1988, and ending July 1, 1989; and

"(III) 25,000 pounds of a toxic chemical per year, for any toxic chemical for which any toxic release form is required to be submitted on or after July 2, 1989.

"(B) TOXIC CHEMICALS RELEASED FROM FACILITIES.—

"(i) TOXIC CHEMICAL THRESHOLD PROGRAM.—

"(I) ESTABLISHMENT.—Not later than 2 years after the date of enactment of the Children's Environmental Protection and Right to Know

Act, subject to clause (ii) and in addition to the reporting thresholds for the toxic chemicals specified in subclause (II), the Administrator shall establish a reporting threshold for each toxic chemical that the Administrator determines may present a significant risk to children's health or the environment due to, as determined by the—

"(aa) the persistent use or existence of the toxic chemical in the environment;

"(bb) the potential of the toxic chemical to bioaccumulate or disrupt endocrine systems; or

"(cc) other characteristics of the toxic chemical.

"(II) TOXIC CHEMICALS INCLUDED.—The Administrator shall establish a reporting threshold under subclause (I) for—

"(aa) lead;

"(bb) mercury;

"(cc) dioxin;

"(dd) cadmium;

"(ee) chromium; and

"(ff) each substance identified as a bioaccumulative chemical of concern in the final rule promulgated by the Administrator entitled 'Water Quality Guidance for the Great Lakes System, Part III' (60 Fed. Reg. 15336 (March 23, 1995)).

"(ii) THRESHOLD QUANTITY.—The Administrator shall establish by regulation each threshold quantity for a toxic chemical described in clause (i) at a level that, as determined by the Administrator, will ensure reporting of at least 80 percent of the aggregate of all releases of the toxic chemical from facilities that—

"(I) have 10 or more full-time employees; and

"(II) are designated with any of Standard Industrial Classification Codes 20 through 39 or any of the Standard Industrial Classification

Codes added under subsection (b)(1)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 313 of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023) is amended—

(A) in subsections (a) and (b)(1)(A), by striking ''or otherwise used'' each place it appears and inserting ''otherwise used, or released'';

(B) in subsection (c)—

(i) by striking ''are those chemicals'' and inserting the following: ''are—

''(1) those chemicals'';

(ii) by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(2) dioxin and each other substance identified as a bioaccumulative chemical of concern in the final rule promulgated by the Administrator entitled 'Water Quality Guidance for the Great Lakes System, Part III' (60 Fed. Reg. 15336 (March 23, 1995)).''; and

(C) in the first sentence of subsection (f)(2), by striking ''paragraph (1)'' and inserting ''subparagraph (A) or (B) of paragraph (1)''.

(2) Section 326(a)(1)(B) of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11046(a)(1)(B)) is amended by adding at the end the following:

''(vii) Establish reporting thresholds for chemicals referred to in section 313(f)(1)(C).''.

Subchapter B—Disclosure of High Health Risk Chemicals in Children's Consumer Products

SEC. 2421. LIST OF TOXIC CHEMICALS.

(a) DEFINITION OF ELIGIBLE PRODUCT.—Section 2 of the Federal Hazardous Substances Act (15 U.S.C. 1261) is amended by adding at the end the following:

''(u) ELIGIBLE PRODUCT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'eligible product' means any toy or other article intended for use by children.

''(2) EXCEPTION.—On and after the date that is 3 years after the date of enactment of this subsection, the term 'eligible product' means any con-

sumer product (as defined in section 3 of the Consumer Product Safety Act (15 U.S.C. 2052)).''.

(b) LIST OF TOXIC CHEMICALS.—Section 3 of the Federal Hazardous Substances Act (15 U.S.C. 1262) is amended by adding at the end the following:

''(k) LIST OF TOXIC CHEMICALS.—

''(1) DEFINITIONS.—In this subsection:

''(A) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

''(B) CHAIRMAN.—The term 'Chairman' means the Chairman of the Consumer Product Safety Commission.

''(2) LIST.—Not later than 1 year after the date of enactment of this subsection, the Administrator, acting jointly with the Chairman, shall publish in the Federal Register a list of substances or mixtures of substances that have been determined by the Administrator and the Chairman to be toxic to children due to their carcinogenic, neurotoxic, or reproductive toxic effects.

''(3) SUBSTANCES AND INFORMATION TO BE INCLUDED.—The list under that paragraph shall include—

"(A)(i) any chemical that has been identified by a Federal agency as being a carcinogen, neurotoxin, or reproductive toxin;

"(ii) each chemical identified as a Group A or Group B carcinogen in the notice published by the Administrator entitled 'Regulation of Pesticides in Food: Addressing the Delaney Paradox Policy Statement' (53 Fed. Reg. 41118 (October 19, 1988));

"(iii) each chemical that adversely affects the nervous system of children, as identified in criteria documents of the National Institute for Occupational Safety and Health;

"(iv) each chemical identified by the Consumer Product Safety Commission as having sufficient evidence to demonstrate—

"(I) carcinogenicity in humans or animals;

"(II) neurotoxicity in humans or animals;

"(III) human developmental toxicity; or

"(IV) male or female reproductive toxicity in humans or animals;

"(v) each chemical regulated as a neurotoxin, reproductive toxin, or developmental toxin by the Administrator; and

"(vi) each chemical on the Biennial List of Carcinogens submitted to Congress by the Secretary of Health and Human Services; and

"(B) such reasonably available information on adverse health effects of any substance or mixture of substances as was used to determine whether to include the substance or mixture on the list required under paragraph (2).

"(4) DATA.—In carrying out paragraph (3), the Secretary and the Chairman shall require manufacturers and importers of substances and mixtures of substances on the list required under paragraph (2) to generate, and shall obtain from any Federal, State, or local government, such data as are sufficient to identify substances or mixtures of substances—

"(A) that are toxic within the meaning of paragraph (2); and

"(B) to which infants and young children are exposed.

"(l) CHEMICAL TESTING AND RISK ASSESSMENT.—As soon as practicable after the date of enactment of this

subsection, the Administrator of the Environmental Protection Agency, in consultation with experts in pediatric toxicology and exposure, shall develop and implement new short-term and long-term strategies for more comprehensive chemical testing and risk assessment to ensure that risks of exposure to children (including exposure to children *in utero*) are, to the maximum extent practicable, fully understood.''.

SEC. 2422. REPORTING OF TOXIC CHEMICALS IN CONSUMER PRODUCTS.

(a) REPORTING.—The Federal Hazardous Substances Act (15 U.S.C. 1261 et seq.) is amended by adding at the end the following:

''SEC. 25. REPORTING OF TOXIC CHEMICALS.

''(a) IN GENERAL.—A manufacturer or importer of any eligible product that contains, or is composed of, a substance or mixture of substances listed under section 3(k) shall submit to the Commission a report that describes each of the following:

''(1) The identity of the manufacturer or importer of the eligible product.

''(2) A description of the eligible product (including any model name and model number of the eligible product).

"(3) The identity of the substance or mixture of substances listed under section 3(k) (including the concentration of the substance or mixture in the eligible product).

"(4) Any information known to the manufacturer or importer that would support a determination that the eligible product is not a misbranded hazardous substance or a banned hazardous substance.

"(5) Such data as are generated by the manufacturer or importer as are sufficient to identify any substances or mixtures of substances manufactured or imported that are toxic to children, as described in section 3(k)(2).

"(b) PUBLICATION.—The Commission shall annually publish in the Federal Register, and make available to the public in an electronic format, the information submitted under subsection (a).

"(c) REGULATIONS.—The Commission shall promulgate such regulations as necessary to carry out this section.

"(d) APPLICATION OF SECTION.—Subsection (a) shall apply to a substance or mixture of substances listed under section 3(k) beginning on the date that is 1 year

after the date on which the substance or mixture of substances is listed under that section.''.

(b) PROHIBITED ACTS.—

(1) IN GENERAL.—Section 4 of the Federal Hazardous Substances Act (15 U.S.C. 1263) is amended by adding at the end the following:

''(l) The failure to report as required under section 25.''.

(2) CONFORMING AMENDMENT.—Section 5(c)(1) of the Federal Hazardous Substances Act (15 U.S.C. 1264(c)(1)) is amended in the second sentence by striking ''and (k)'' and inserting ''(k), and (l)''.

SEC. 2423. EXEMPTIONS.

(a) IN GENERAL.—Section 3(c) of the Federal Hazardous Substances Act (15 U.S.C. 1262(c)) is amended—

(1) by striking ''(c) If the Commission finds'' and inserting the following:

''(c) EXEMPTION FROM REQUIREMENTS BY REGULATION.—

''(1) IN GENERAL.—If the Commission determines''; and

(2) by adding at the end the following:

''(2) ADDITIONAL REGULATIONS.—In addition to regulations promulgated under paragraph (1), the

Commission may promulgate regulations exempting from the reporting requirements of section 25 any substance or mixture of substances.

''(3) APPLICABILITY.—This subsection shall not apply to any substance or mixture of substances unless the Commission determines that the substance or mixture would not, by reason of containing a substance or mixture of substances listed under section 3(k), cause substantial personal injury or substantial illness during, or as a proximate result of, any customary or reasonably foreseeable handling or use (including reasonably foreseeable ingestion by children).''.

(b) CONFORMING AMENDMENT.—Section 3(d) of the Federal Hazardous Substances Act (15 U.S.C. 1262(d)) is amended by striking ''adequate requirements satisfying the purposes of'' and inserting ''requirements at least as stringent as''.

SEC. 2424. PRIVATE CITIZEN ENFORCEMENT.

The Federal Hazardous Substances Act (15 U.S.C. 1261 et seq.) (as amended by section 2422(a)) is amended by adding at the end the following:

"SEC. 26. PRIVATE CITIZEN ENFORCEMENT.

"(a) IN GENERAL.—Subject to subsection (c), any person other than the Commission may bring a civil action in United States district court—

"(1) against any person, for violation of subsection (a), (b), or (l) of section 4; or

"(2) against the Commission, for a failure of the Commission to perform any nondiscretionary act or duty under the amendments made by the Children's Environmental Protection and Right to Know Act.

"(b) JURISDICTION.—In the case of a civil action under subsection (a)—

"(1) the United States district courts shall have jurisdiction over the civil action without regard to the amount in controversy or the citizenship of the parties; and

"(2) the court may apply any appropriate civil penalties under section 5 or order the Commission to perform any nondiscretionary act or duty that the Commission failed to perform.

"(c) ACTIONS PROHIBITED.—No action may be commenced under this section unless—

"(1) not later than 60 days before the date on which the action is filed, the plaintiff gives notice of the intent to bring the action—

"(A) to the Commission; and

"(B) in the case of an action for a violation of section 4, to the person that is alleged to have violated that section; and

"(2) in the case of an action for a violation of section 4, the Commission has not commenced and is not diligently pursuing a civil action on behalf of the United States.

"(d) INTERVENTION.—In any action on behalf of the United States following receipt of a notice under subsection (d)(1), the person providing the notice may intervene as of right as a plaintiff in the action.

"(e) COSTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), in any action under subsection (a), the costs of litigation (including reasonable attorney fees) may be awarded to—

"(A) any substantially prevailing plaintiff; and

"(B) in any action under subsection (c), the party intervening under subsection (c), if that party contributed significantly to the success of the plaintiff.

"(2) WAIVER.—The award of costs under paragraph (1) may be fully or partially waived by a court

if the court finds such an award to be inappropriate under the circumstances.

"(f) BURDEN OF PROOF.—In any action under subsection (a)(1), if the person alleged to have violated section 4 asserts that a substance or mixture of substances is not a hazardous substance by reason of containing a substance or mixture of substances listed under section 3(k), the burden of proof shall be the alleged violator to establish that the substance or mixture of substances is not a hazardous substance.

"(g) PENALTY FUND.—

"(1) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be used in carrying out this section (referred to in this section as the 'Fund').

"(2) DEPOSIT OF ASSESSED PENALTIES.—A penalty assessed as a result of a civil action under subsection (a) shall be deposited in the Fund.

"(3) USE OF FUNDS.—On request by the Commission, the Secretary of the Treasury shall transfer from the Fund to the Commission such amounts as the Commission determines are necessary to finance compliance and enforcement activities under this Act.

"(4) AVAILABILITY.—Amounts in the Fund shall remain available for use by the Commission until expended, without further appropriation.

"(5) REPORTS.—The Commission shall submit to Congress an annual report that describes—

"(A) any funds deposited into the Fund during the year for which the report is submitted (including the sources of those funds); and

"(B) the actual and proposed uses of the funds.

"(h) OTHER PROJECTS.—Notwithstanding subsection (g), in lieu of being deposited in the Fund, any civil penalty assessed may, at the option of the court (after consultation with the Commission), be used to fund projects of the Commission that are—

"(1) consistent with this Act; and

"(2) designed to enhance public awareness of—

"(A) the health effects of toxic substances or mixtures of toxic substances in eligible products; and

"(B) the potential for exposure of children to toxic substances or mixtures of toxic substances in eligible products.".

CHAPTER 2—PUBLIC RIGHT TO KNOW ABOUT TOXIC CHEMICAL USE

SEC. 2431. DISCLOSURE OF TOXIC CHEMICAL USE BY COMPARABLE FACILITIES.

Section 313(b)(1)(B) of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023(b)(1)(B)) is amended—

(1) by striking ''(B) The Administrator'' and inserting the following:

''(B) MODIFICATIONS TO COVERED FACILITIES.—

''(i) MODIFICATION BY THE ADMINISTRATOR.—The Administrator''; and

(2) by adding at the end the following:

''(ii) MODIFICATIONS BEGINNING WITH 2002 REPORTING YEAR.—Effective beginning with the 2002 reporting year, any facility identified by the Standard Industrial Classification Codes specified in the proposed rule entitled 'Addition of Facilities in Certain Industry Sectors; Toxic Chemical Release Reporting; Community Right-to-Know, Part II' (61 Fed. Reg. 33588 (June 27, 1996)) shall be subject to the requirements of this section.

"(iii) REGULATIONS TO ADD ADDITIONAL CATEGORIES OF FACILITIES.—

"(I) IN GENERAL.—Not later than 2 years after the date of enactment of this clause, subject to subclause (II), the Administrator shall promulgate final regulations to require compliance with this section by all additional categories of facilities that use or release toxic chemicals in volumes similar to the volumes used or released by facilities that are covered by this section as of the date of enactment of this clause.

"(II) INAPPLICABILITY TO FARMS.—Subclause (I) shall not apply to any farm.".

SEC. 2432. DISCLOSURE OF TOXIC CHEMICAL USE.

(a) IN GENERAL.—Section 313 of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023) is amended—

(1) in the second sentence of subsection (a), by striking "releases" and inserting "toxic chemical uses and releases";

(2) in subsection (g)(1)(C)—

(A) by inserting ''for the preceding calendar year'' after ''items of information'';

(B) in clause (ii), by striking ''the preceding calendar year'' and inserting ''the calendar year''; and

(C) by adding at the end the following:

''(v)(I) The number of employees, including contractors, at the facility.

''(II) The number of employees, including contractors, at the facility that were exposed to the toxic chemical.

''(III) An estimate of the quantity and level of occupational exposures to the toxic chemical.

''(vi)(I) The following materials accounting information:

''(aa) A description of the uses of the toxic chemical at the facility.

''(bb) The starting inventory of the toxic chemical at the facility.

''(cc) The quantity of the toxic chemical produced at the facility.

''(dd) The quantity of the toxic chemical transported into the facility and the mode of transportation.

"(ee) The quantity of the toxic chemical consumed at the facility.

"(ff) The quantity of the toxic chemical transported out of the facility as products or in products, and the quantity intended for—

"(AA) industrial use;

"(BB) commercial use;

"(CC) consumer use; and

"(DD) any additional category of use that the Administrator may designate.

"(gg) The quantity of the toxic chemical entering any waste stream (or otherwise released into the environment) before recycling, treatment, or disposal.

"(hh) The ending inventory of the toxic chemical at the facility.

"(ii) The quantity of the toxic chemical recycled at the facility that is subsequently used at the facility.

"(jj) The quantity of the toxic chemical used, which shall be calculated with respect to a toxic chemical by adding the quantities reported under items (bb), (cc), (dd), and (ii) with respect to the toxic chemical and sub-

tracting the quantity reported under subclause (hh) with respect to the toxic chemical.

''(II) Each quantity reported under this clause shall be complete and verifiable by computations using conventional materials accounting practices.

''(III) If the sum of the quantities reported under items (bb), (cc), (dd), and (ii) of subclause (I) does not equal the sum of the quantities reported under subclauses (ee), (ff), (gg), and (hh) of that subclause, the form shall provide an explanation of the difference in the sums.

''(vii) The quantity of the reduction, from the year prior to the preceding calendar year, in the quantity of the toxic chemical entering any waste stream (or otherwise released into the environment) before recycling, treatment, or disposal (as reported under section 6607(b)(1) of the Pollution Prevention Act of 1990 (42 U.S.C. 13106(b)(1)), as a result of—

''(I) equipment or technology modifications;

''(II) process or procedure modifications;

''(III) reformulation or redesign of products;

''(IV) substitution of raw materials; and

"(V) improvements in housekeeping, maintenance, training, or inventory control.

"(viii) The quantity of the reduction, from the year prior to the preceding calendar year, in the quantity of the toxic chemical used as determined under clause (vi)(I)(jj) as a result of all activities specified in clause (vii)."; and

(3) in the second sentence of subsection (h), by inserting "uses of toxic chemicals at covered facilities and" after "inform persons about".

(b) REGULATIONS.—Not later than 2 years after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall promulgate regulations concerning the information to be provided under section 313(g)(1)(C)(v) of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023(g)(1)(C)(v)).

SEC. 2433. STREAMLINED DATA COLLECTION AND DISSEMINATION.

Section 313 of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11023) is amended by adding at the end the following:

"(m) STREAMLINED DATA COLLECTION AND DISSEMINATION.—

"(1) IN GENERAL.—To enhance public access and use of information resources, to facilitate compliance with reporting requirements, and to promote multimedia permitting, reporting, and pollution prevention, the Administrator shall, not later than 3 years after the date of enactment of this subsection—

"(A) establish standard data formats for management of information collected under this title and other Federal environmental laws;

"(B) integrate information collected under this title and other Federal environmental laws, using—

"(i) common company, facility, industry, geographic, and chemical identifiers; and

"(ii) other identifiers as the Administrator determines to be appropriate;

"(C) establish a system for indexing, locating, and obtaining agency-held information about parent companies, facilities, industries, chemicals, geographic locations, ecological indicators, and the regulatory status of chemicals and entities subject to regulation under this title and other Federal environmental laws;

"(D) consolidate all annual reporting requirements, under this title and other Federal environmental laws, for small business concerns (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) in a manner that allows reporting to 1 point of contact using 1 form or electronic reporting system; and

"(E) provide members of the public 1 point of contact for access to all publicly available information collected by the Administrator for any 1 regulated entity.

"(2) CONSOLIDATION.—Not later than 5 years after the date of enactment of this subsection, the Administrator shall consolidate all annual reporting under this title and other Federal environmental laws, for each entity subject to such reporting, in a manner that allows reporting to 1 point of contact using 1 form or electronic reporting system.

"(3) UNDERSTANDABLE LANGUAGE.—In improving the means by which the Administrator provides information to the public and requires information be reported by regulated entities, as required by paragraphs (1) and (2), the Administrator shall use language and methods of communication that the Administrator finds to be clear and understandable

by a member of the public of average intelligence, education, and experience.''.

SEC. 2434. TRADE SECRET PROTECTION.

Section 322 of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11042) is amended—

(1) in subsection (a)(1), by adding at the end the following:

''(C) WITHHOLDING OF MATERIALS ACCOUNTING INFORMATION.—

''(i) IN GENERAL.—Subject to clause (ii), any person required to submit materials accounting information under section 313(g)(1)(C)(vi) may withhold any item of that information (as determined under regulations promulgated by the Administrator under subsection (c)) if the person complies with paragraph (2) with respect to the information to be withheld.

''(ii) LIMITATION.—Clause (i) does not provide authority to withhold any information covered by the Pollution Prevention Act of 1990 (42 U.S.C. 13101 et seq.).'';

(2) in subsection (b)(4), by inserting ''or other information withheld'' after ''The chemical identity'';

(3) in subsection (d)—

(A) in the first sentence of paragraph (1), by inserting '', or other information withheld under subsection (a)(1),'' after ''toxic chemical''; and

(B) in paragraphs (2) through (4), by inserting ''or other information withheld'' after ''chemical identity'' each place it appears;

(4) in subsection (f), by inserting ''or other information withheld under subsection (a)(1)'' after ''chemical identity''; and

(5) in subsection (h)—

(A) in paragraph (1), by inserting '', or other information withheld under subsection (a)(1),'' before ''is claimed as''; and

(B) in paragraph (2), by inserting '', or other information withheld under subsection (a)(1),'' after ''identity of a toxic chemical''.

Subtitle F—Promoting Responsible Fatherhood

CHAPTER 1—BLOCK GRANTS

SEC. 2501. BLOCK GRANTS TO STATES TO ENCOURAGE MEDIA CAMPAIGNS.

(a) IN GENERAL.—Part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) is amended by adding at the end the following:

"SEC. 469C. BLOCK GRANTS TO STATES FOR MEDIA CAMPAIGNS PROMOTING RESPONSIBLE FATHERHOOD.

''(a) DEFINITIONS.—In this section:

''(1) BROADCAST ADVERTISEMENT.—The term 'broadcast advertisement' means a communication intended to be aired by a television or radio broadcast station, including a communication intended to be transmitted through a cable channel.

''(2) CHILD AT RISK.—The term 'child at risk' means each young child whose family income does not exceed the poverty line.

''(3) POVERTY LINE.—The term 'poverty line' has the meaning given such term in section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (including any revision required by such section) that is applicable to a family of the size involved.

"(4) PRINTED OR OTHER ADVERTISEMENT.—The term 'printed or other advertisement' includes any communication intended to be distributed through a newspaper, magazine, outdoor advertising facility, mailing, or any other type of general public advertising, but does not include any broadcast advertisement.

"(5) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(6) YOUNG CHILD.—The term 'young child' means an individual under age 5.

"(b) STATE CERTIFICATIONS.—Not later than October 1 of each fiscal year for which a State desires to receive an allotment under this section, the chief executive officer of the State shall submit to the Secretary a certification that the State will—

"(1) use such funds to promote the formation and maintenance of married 2-parent families, strengthen fragile families, and promote responsible fatherhood through media campaigns conducted in accordance with the requirements of subsection (d);

"(2) return any unused funds to the Secretary in accordance with the reconciliation process under subsection (e); and

"(3) comply with the reporting requirements under subsection (f).

"(c) PAYMENTS TO STATES.—For each of fiscal years 2002 through 2006, the Secretary shall pay to each State that submits a certification under subsection (b), from any funds appropriated under subsection (h), for the fiscal year an amount equal to the amount of the allotment determined for the fiscal year under subsection (g).

"(d) ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each State receiving an allotment under this section for a fiscal year shall use the allotment to conduct media campaigns as follows:

"(1) CONDUCT OF MEDIA CAMPAIGNS.—

"(A) RADIO AND TELEVISION MEDIA CAMPAIGNS.—

"(i) PRODUCTION OF BROADCAST ADVERTISEMENTS.—At the option of the State, to produce broadcast advertisements that promote the formation and maintenance of married 2-parent families, strengthen fragile families, and promote responsible fatherhood.

"(ii) AIR TIME CHALLENGE PROGRAM.—At the option of the State, to establish an air time challenge program under which the State may spend amounts allotted under this section to purchase time from a broadcast station to air a broadcast advertisement produced under subparagraph (A), but only if the State obtains an amount of time of the same class and during a comparable period to air the advertisement using non-Federal contributions.

"(B) OTHER MEDIA CAMPAIGNS.—At the option of the State, to conduct a media campaign that consists of the production and distribution of printed or other advertisements that promote the formation and maintenance of married 2-parent families, strengthen fragile families, and promote responsible fatherhood.

"(2) ADMINISTRATION OF MEDIA CAMPAIGNS.—A State may administer media campaigns funded under this section directly or through grants, contracts, or cooperative agreements with public agencies, local governments, or private entities, including charitable and religious organizations.

"(3) CONSULTATION WITH DOMESTIC VIOLENCE ASSISTANCE CENTERS.—In developing broadcast and printed advertisements to be used in the media campaigns conducted under paragraph (1), the State or other entity administering the campaign shall consult with representatives of State and local domestic violence centers.

"(4) NON-FEDERAL CONTRIBUTIONS.—In this subsection, the term 'non-Federal contributions' includes contributions by the State and by public and private entities. Such contributions may be in cash or in kind. Such term does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, or any amount expended by a State before October 1, 2002.

"(e) RECONCILIATION PROCESS.—

"(1) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each State that receives an allotment under this section shall return to the Secretary any unused portion of the amount allotted to a State under this section for a fiscal year not later than the last day of the second succeeding fiscal year together with any earnings on such unused portion.

"(2) PROCEDURE FOR REDISTRIBUTION OF UNUSED ALLOTMENTS.—The Secretary shall establish an appropriate procedure for redistributing to States that have expended the entire amount allotted under this section any amount that is—

"(A) returned to the Secretary by States under paragraph (1); or

"(B) not allotted to a State under this section because the State did not submit a certification under subsection (b) by October 1 of a fiscal year.

"(f) REPORTING REQUIREMENTS.—

"(1) MONITORING AND EVALUATION.—Each State receiving an allotment under this section for a fiscal year shall monitor and evaluate the media campaigns conducted using funds made available under this section in such manner as the Secretary, in consultation with the States, determines appropriate.

"(2) ANNUAL REPORTS.—Not less frequently than annually, each State receiving an allotment under this section for a fiscal year shall submit to the Secretary reports on the media campaigns conducted under this section at such time, in such man-

ner, and containing such information as the Secretary may require.

"(g) AMOUNT OF ALLOTMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), of the amount appropriated for the purpose of making allotments under this section for a fiscal year, the Secretary shall allot to each State that submits a certification under subsection (b) for the fiscal year an amount equal to the sum of—

"(A) the amount that bears the same ratio to 50 percent of such funds as the number of young children in the State (as determined by the Secretary based on the most recent March supplement to the Current Population Survey of the Bureau of the Census before the beginning of the calendar year in which such fiscal year begins) as bears to the number of such children in all States; and

"(B) the amount that bears the same ratio to 50 percent of such funds as the number of children at risk in the State (as determined by the Secretary based on the most recent March supplement to the Current Population Survey of the Bureau of the Census before the beginning of the calendar year in which such fiscal

year begins) bears to the number of such children in all States.

"(2) MINIMUM ALLOTMENTS.—No allotment for a fiscal year under this section shall be less than—

"(A) in the case of a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 1 percent of the amount appropriated for the fiscal year under subsection (h); and

"(B) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 0.5 percent of such amount.

"(3) PRO RATA REDUCTIONS.—The Secretary shall make such pro rata reductions to the allotments determined under paragraph (1) as are necessary to comply with the requirements of paragraph (2).

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $25,000,000 for each of

fiscal years 2002 through 2006 for purposes of making allotments to States under this section.''.

(b) EVALUATION.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall conduct an evaluation of the impact of the media campaigns funded under section 469C of the Social Security Act, as added by subsection (a).

(2) REPORT.—Not later than December 31, 2004, the Secretary of Health and Human Services shall report to Congress the results of the evaluation under paragraph (1).

(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $1,000,000 for fiscal year 2002 for purposes of conducting the evaluation required under this subsection, to remain available until expended.

SEC. 2502. RESPONSIBLE FATHERHOOD BLOCK GRANT.

(a) IN GENERAL.—Part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.), as amended by section 2501, is amended by adding at the end the following:

"SEC. 469D. RESPONSIBLE FATHERHOOD BLOCK GRANT.

''(a) DEFINITIONS.—In this section:

"(1) CHILD AT RISK.—The term 'child at risk' has the meaning given such term in section 469C(a)(2).

"(2) POVERTY LINE.—The term 'poverty line' has the meaning given such term in section 469C(a)(3).

"(3) STATE.—The term 'State' has the meaning given such term in section 469C(a)(5).

"(4) YOUNG CHILD.—The term 'young child' has the meaning given such term in section 469C(a)(6).

"(b) STATE CERTIFICATIONS.—Not later than October 1 of each fiscal year for which a State desires to receive an allotment under this section, the chief executive officer of the State shall submit to the Secretary a certification that the State will—

"(1) comply with the matching requirements under subsection (c)(2);

"(2) use such funds to promote responsible fatherhood in accordance with the requirements of subsection (d);

"(3) use such funds to promote or sustain marriage in accordance with subparagraph (A) or (B) of subsection (d)(2);

"(4) return any unused funds to the Secretary in accordance with the reconciliation process under subsection (e); and

"(5) comply with the reporting requirements under subsection (f).

"(c) PAYMENTS TO STATES.—

"(1) IN GENERAL.—Subject to paragraph (2), for each of fiscal years 2002 through 2006, the Secretary shall pay to each State that submits a certification described in subsection (b), from any funds appropriated under subsection (h), for the fiscal year an amount equal to the amount of the allotment determined under subsection (g).

"(2) MATCHING REQUIREMENT.—The Secretary may not make a payment to a State under paragraph (1) unless the State agrees that, with respect to the costs to be incurred by the State in supporting the programs described in subsection (d), the State will make available non-Federal contributions in an amount equal to 25 percent of the amount of Federal funds paid to the State under such clause.

"(3) NON-FEDERAL CONTRIBUTIONS.—In this subsection, the term 'non-Federal contributions' includes contributions by the State and by public and

private entities. Such contributions may be in cash or in kind. Such term does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government or any amount expended by a State before October 1, 2002.

"(d) RESPONSIBLE FATHERHOOD PROGRAMS.—

"(1) SUPPORT OF PROGRAMS.—A State shall use the allotments received under this section to support programs described in paragraph (2) directly or through a grant, contract, or cooperative agreement with any public agency, local government, or private entity (including any charitable or religious organization) with experience in administering such a program.

"(2) PROGRAMS DESCRIBED.—Responsible Fatherhood programs include programs that—

"(A) promote marriage through such activities as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, teaching on how to control aggressive behavior, and disseminating information on the causes of domestic violence and child abuse;

"(B) sustain marriages through marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, programs to help parents improve their economic status, and divorce education and reduction programs, including mediation and counseling;

"(C) promote responsible parenting through such activities as counseling, mentoring, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods; and

"(D) help fathers and their families avoid or leave cash welfare and improve their economic status by providing such activities as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as Welfare to Work and referrals to local employment training initiatives, and other methods.

"(3) TARGETED LOW-INCOME PARTICIPANTS.—Not less than 50 percent of the participants in each program supported under paragraph (1) shall be—

"(A) parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under this part; or

"(B) parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150 percent of the poverty line.

"(4) CONSULTATION WITH DOMESTIC VIOLENCE ASSISTANCE CENTERS.—Each State or entity administering a program supported under paragraph (1) shall consult with representatives of State and local domestic violence centers.

"(5) SUPPLEMENT NOT SUPPLANT.—Amounts allotted to a State under this section shall be used to supplement and not supplant other Federal, State, or local funds provided to the State under this part or any other provision of law that are used to support programs and activities similar to the a responsible fatherhood program described in paragraph (2).

"(6) RESTRICTIONS ON USE.—No amount allotted under this section may be used for court proceedings on matters of child visitation or child custody, or for legislative advocacy.

"(e) RECONCILIATION PROCESS.—

"(1) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each State that receives an allotment under this section shall return to the Secretary any unused portion of the amount allotted to a State under this section for a fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

"(2) PROCEDURE FOR REDISTRIBUTION OF UNUSED ALLOTMENTS.—The Secretary shall establish an appropriate procedure for redistributing to States that have expended the entire amount allotted under this section any amount that is—

"(A) returned to the Secretary by States under paragraph (1); or

"(B) not allotted to a State under this section because the State did not submit a certification under subsection (b) by October 1 of a fiscal year.

"(f) REPORTING REQUIREMENTS.—

"(1) MONITORING AND EVALUATION.—Each State receiving an allotment under this section shall monitor and evaluate the programs supported using funds made available under this section in such manner as the Secretary, in consultation with the States, determines appropriate.

"(2) ANNUAL REPORTS.—Not less frequently than annually, each State receiving an allotment under this section for a fiscal year shall submit to the Secretary reports on the programs supported under this section at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(g) AMOUNT OF ALLOTMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), of the amount appropriated for the purpose of making allotments under this section for a fiscal year the Secretary shall allot to each State that submits a certification under subsection (b) for that fiscal year an amount equal to the sum of—

"(A) the amount that bears the same ratio to 50 percent of such funds as the number of young children in the State (as determined by the Secretary based on the most recent March supplement to the Current Population Survey

of the Bureau of the Census before the beginning of the calendar year in which such fiscal year begins) as bears to the number of such children in all States; and

"(B) the amount that bears the same ratio to 50 percent of such funds as the number of children at risk in the State (as determined by the Secretary based on the most recent March supplement to the Current Population Survey of the Bureau of the Census before the beginning of the calendar year in which such fiscal year begins) bears to the number of such children in all States.

"(2) MINIMUM ALLOTMENTS.—No allotment for a fiscal year under this section shall be less than—

"(A) in the case of a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 1 percent of the amount appropriated for the fiscal year under subsection (h); and

"(B) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands,

Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 0.5 percent of such amount.

"(3) PRO RATA REDUCTIONS.—The Secretary shall make such pro rata reductions to the allotments determined under paragraph (1) as are necessary to comply with the requirements of paragraph (2).

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $50,000,000 for each of fiscal years 2002 through 2006 for purposes of making allotments to States under this section.".

(b) EVALUATION AND REPORT.—

(1) EVALUATION.—

(A) IN GENERAL.—The Secretary of Health and Human Services (in this subsection referred to as the "Secretary"), in consultation with the Secretary of Labor, shall, directly or through a grant, contract, or interagency agreement, conduct an evaluation of the projects funded under section 469D of the Social Security Act (as added by subsection (a)).

(B) OUTCOMES ASSESSMENT.—The evaluation conducted under subparagraph (A) shall assess, among other outcomes selected by the

Secretary, effects of the projects on marriage, parenting, employment, earnings, payment of child support, and incidence of domestic violence and child abuse.

(C) PROJECT SELECTION.—In selecting projects for the evaluation, the Secretary should include projects that are most likely to further the purposes of this section.

(D) RANDOM ASSIGNMENT.—In conducting the evaluation, random assignment should be used wherever possible.

(2) REPORT.—Not later than December 31, 2004, the Secretary shall submit to Congress a report on the results of the evaluation conducted under paragraph (1).

(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $1,000,000 for each of fiscal years 2002 through 2006 to carry out this subsection.

CHAPTER 2—NATIONAL CLEARINGHOUSE

SEC. 2511. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD PROGRAMS.

Part D of title IV of the Social Security Act (42 U.S.C. 651), as amended by section 2502, is amended by adding at the end the following:

"SEC. 469E. MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD.

"(a) MEDIA CAMPAIGN AND NATIONAL CLEARINGHOUSE.—

"(1) IN GENERAL.—From any funds appropriated under subsection (c), the Secretary shall contract with a nationally recognized, nonprofit fatherhood promotion organization described in subsection (b) to—

"(A) develop, promote, and distribute to interested States, local governments, public agencies, and private entities a media campaign that encourages the appropriate involvement of both parents in the life of any child of the parents, with a priority for programs that specifically address the issue of responsible fatherhood; and

"(B) develop a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to other States information regarding the media campaigns established under section 469C.

"(2) COORDINATION WITH DOMESTIC VIOLENCE PROGRAMS.—The Secretary shall ensure that the nationally recognized nonprofit fatherhood promotion organization with a contract under paragraph (1) coordinates the media campaign developed under subparagraph (A) of such paragraph and the national clearinghouse developed under subparagraph (B) of such paragraph with a national, State, or local domestic violence program.

"(b) NATIONALLY RECOGNIZED, NONPROFIT FATHERHOOD PROMOTION ORGANIZATION DESCRIBED.—The nationally recognized, nonprofit fatherhood promotion organization described in this subsection is such an organization that has at least 4 years of experience in—

"(1) designing and disseminating a national public education campaign, including the production and successful placement of television, radio, and print public service announcements that promote the importance of responsible fatherhood; and

"(2) providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $2,000,000 for each of fiscal years 2002 through 2006 to carry out this section.".

TITLE III—HEAD START AND CHILD CARE

Subtitle A—Infants and Toddlers

SEC. 3001. RESERVATION OF HEAD START ACT FUNDS FOR INFANTS AND TODDLERS.

Section 640(a)(6) of the Head Start Act (42 U.S.C. 9835(a)(6)) is amended—

(1) by striking subparagraph (A) and inserting the following:

"(A) Except as provided in subparagraph (B), from amounts reserved and allotted pursuant to paragraphs (2) and (4), the Secretary shall use, for grants for programs described in section 645A(a), a portion of the combined total of such amounts equal to—

"(i) 10 percent of the funds appropriated pursuant to section 639(a) for fiscal year 2002;

"(ii) 11 percent of such funds for fiscal year 2003;

"(iii) 12 percent of such funds for fiscal year 2004;

"(iv) 13 percent of such funds for fiscal year 2005;

"(v) 15 percent of such funds for fiscal year 2006;

"(vi) 20 percent of such funds for fiscal year 2007;

"(vii) 25 percent of such funds for fiscal year 2008;

"(viii) 30 percent of such funds for fiscal 2009;

"(ix) 35 percent of such funds for fiscal 2010; and

"(x) 40 percent of such funds for fiscal 2011."; and

(2) in subparagraph (B)—

(A) by striking clause (i); and

(B) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively.

SEC. 3002. RESERVATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT FUNDS FOR INFANTS AND TODDLERS.

Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(1) by striking the heading and inserting the following:

"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE AND ACTIVITIES FOR INFANTS AND TODDLERS.";

(2) by inserting before "A State" the following:

"(a) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.—"; and

(3) by adding at the end the following:

"(b) ACTIVITIES FOR INFANTS AND TODDLERS.—A State that receives funds to carry out this subchapter for a fiscal year shall use, for activities that are designed to improve and expand child care for children from birth through age 3, not less than—

"(1) 5 percent of such funds for fiscal year 2002;

"(2) 6 percent of such funds for fiscal year 2003;

"(3) 7 percent of such funds for fiscal year 2004;

"(4) 8 percent of such funds for fiscal year 2005;

"(5) 9 percent of such funds for fiscal year 2006; and

"(6) 10 percent of such funds for fiscal year 2007.".

Subtitle B—Child Care Access

CHAPTER 1—IMPROVING ACCESS TO CHILD CARE

SEC. 3101. PAYMENT RATES.

Section 658E(c)(4) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(4)) is amended by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—The State plan shall provide an assurance that payment rates for the provision of child care services for which assistance is provided under this subchapter—

"(i) are set at not less than the rate at the 100th percentile of the market rate for child care in the State, calculated as a rate—

"(I) determined in accordance with market surveys (that reflect variations in the cost of care by locality) conducted by the State not less often than once every 2 years; and

"(II) adjusted at intervals between such surveys to reflect increases in the cost of living, in such manner as the Secretary may specify;

"(ii) are set at rates higher than the rate at the 100th percentile of the market rate for care of higher than average quality, such as care by accredited providers, care that includes the provision of comprehensive services, care provided at unusual hours, care for children with special needs, care for children from low-income and rural communities, and care of a type that is in short supply; and

"(iii) are set at rates that reflect variations in the cost of providing care for children of different ages and different types of care.".

CHAPTER 2—IMPROVEMENTS TO THE CHILD CARE AND DEVELOPMENT BLOCK GRANT PROGRAM

SEC. 3111. AUTHORIZATION OF APPROPRIATIONS.

(a) CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858), is amended to read as follows:

"SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subchapter—

"(1) $2,936,400,000 for fiscal year 2002;

"(2) $4,104,300,000 for fiscal year 2003;

"(3) $5,292,400,000 for fiscal year 2004;

"(4) $6,524,900,000 for fiscal year 2005;

"(5) $7,827,700,000 for fiscal year 2006;

"(6) $9,092,800,000 for fiscal year 2007;

"(7) $10,524,100,000 for fiscal year 2008;

"(8) $11,830,500,000 for fiscal year 2009;

"(9) $13,343,900,000 for fiscal year 2010; and

"(10) $14,991,200,000 for fiscal year 2011.".

(b) SOCIAL SECURITY ACT.—Section 418(a)(3) of the Social Security Act (42 U.S.C. 618(a)(3)) is amended by striking subparagraphs (A) through (F) and inserting the following:

"(A) $3,989,100,000 for fiscal year 2002;

"(B) $5,575,600,000 for fiscal year 2003;

"(C) $7,189,800,000 for fiscal year 2004;

"(D) $8,864,100,000 for fiscal year 2005;

"(E) $10,634,000,000 for fiscal year 2006;

"(F) $12,352,500,000 for fiscal year 2007;

"(G) $14,297,000,000 for fiscal year 2008;

"(H) $16,071,800,000 for fiscal year 2009;

"(I) $18,127,600,000 for fiscal year 2010; and

"(J) $20,365,600,000 for fiscal year 2011.".

SEC. 3112. STATE PLAN REQUIREMENTS.

Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(2)) is amended—

(1) by striking subparagraph (D) and inserting the following:

"(D) CONSUMER EDUCATION INFORMATION.—Certify that the State will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices, and describe how the State will inform parents receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and low-income parents about eligibility for assistance under this subchapter."; and

(2) by adding at the end the following new subparagraphs:

"(I) AVAILABILITY OF STAFF.—Describe how the State will ensure that staff from the lead agency described in section 658D will be available, at the offices of the State program

funded under part A of title IV of the Social Security Act, to provide information about eligibility for assistance under this subchapter.

"(J) ELIGIBILITY REDETERMINATION.—Demonstrate that each child that receives assistance under this subchapter in the State will receive such assistance for not less than 1 year before the State redetermines the eligibility of the child under this subchapter.".

SEC. 3113. DEFINITIONS.

Section 658P(4)(C) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(C)) is amended—

(1) in clause (i), by striking "or" at the end;

(2) in clause (ii), by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(iii) is a foster child.".

Subtitle C—Child Care Quality Improvement

CHAPTER 1—FOCUS ON COMMITTED AND UNDERPAID STAFF FOR CHILDREN'S SAKE

SEC. 3201. SHORT TITLE.

This Act may be cited as the ''Focus On Committed and Underpaid Staff for Children's Sake Act'' or as the ''FOCUS Act''.

SEC. 3202. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress makes the following findings:

(1) Research on early brain development and early childhood demonstrates that the experiences children have and the attachments children form early in life have a decisive, long-lasting impact on their later development and learning.

(2) High-quality, developmentally appropriate child care beginning in early childhood and continuing through the years that children are in school improves the scholastic success and educational attainment of children, and the success and attainment persist into adulthood.

(3) According to a growing body of research, the single most important determinant of child care

quality is the presence of consistent, sensitive, well-trained, and well-compensated child care providers. However, child care programs nationwide experience high turnover in teaching staff, fueled by poor compensation and few opportunities for advancement.

(4) The Department of Labor reports that, in 1999, the average wage for a child care provider was $7.42 per hour, or $15,430 annually. For full-time, full-year work, the average annual wage for a child care provider was not much above the 1999 poverty line of $13,423 for a family consisting of a parent and 2 children. Family child care providers earned even less. The median weekly wage of a family child care provider in 1999 was $264, which equals an annual wage of $13,728.

(5) Despite the important role child care providers may play in early child development and learning, on average, a child care provider earns less in a year than a bus driver ($26,460), barber ($20,970), or janitor ($18,220).

(6) Employer-sponsored benefits are minimal for most child care staff. Even for child care providers at child care centers, the availability of health care coverage for staff remains woefully inadequate.

(7) To offer compensation that would be sufficient to attract and retain qualified child care providers, child care programs would have to charge parents fees that many parents could not afford. For programs that serve low-income children whose families qualify for Federal and State child care subsidies, the reimbursement rates set by the State strongly influence the level of compensation that staff receive. Current reimbursement rates for center-based child care services and family child care services are insufficient to recruit and retain qualified child care providers and to ensure high-quality services for children.

(8) Teachers leaving the profession are being replaced by staff with less education and formal training in early child development.

(9) As a result of low wages and limited benefits, many child care providers do not work for long periods in the child care field. Approximately 30 percent of all teaching staff employed at child care centers leaves employment with a child care center each year.

(10) Child care providers, as well as the children, families, and businesses that depend upon the providers, suffer the consequences of inadequate

compensation. This is true, with few exceptions, for providers in all types of programs, including subsidized and nonsubsidized programs, programs offered by for-profit and nonprofit entities, and programs in large and small child care settings.

(11) Because of the severe nationwide shortage of qualified staff available for employment by child care programs, several States have recently initiated programs to improve the quality of child care by increasing the training and compensation of child care providers. Such programs encourage the training, education, and increased retention of qualified child care providers by offering financial incentives, including scholarships and increases in compensation, that range from $350 to $6,500 annually.

(b) PURPOSES.—The purposes of this Act are—

(1) to establish the Child Care Provider Development and Retention Grant Program and the Child Care Provider Scholarship Program; and

(2) to help children receive the high quality child care and early education the children need for positive cognitive and social development, by rewarding and promoting the retention of committed, qualified child care providers and by providing financial

assistance to improve the educational qualifications of child care providers.

SEC. 3203. DEFINITIONS.

In this Act:

(1) CHILD CARE PROVIDER.—The term ''child care provider'' means an individual who provides a service directly to a child on a person to person basis for compensation for—

(A) a center-based child care provider that is licensed or regulated under State or local law and that satisfies the State and local requirements applicable to the child care services provided;

(B) a licensed or regulated family child care provider that satisfies the State and local requirements applicable to the child care services provided; or

(C) an out-of-school time program that is licensed or regulated under State or local law and that satisfies the State and local requirements applicable to the child care services provided.

(2) FAMILY CHILD CARE PROVIDER.—The term ''family child care provider'' has the meaning given such term in section 658P of the Child Care and

Development Block Grant Act of 1990 (42 U.S.C. 9858n).

(3) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given such term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(4) IN-KIND CONTRIBUTION.—The term ''in-kind contribution'' means payment of the costs of participation of eligible child care providers in health insurance programs or retirement programs.

(5) LEAD AGENCY.—The term ''lead agency'' means the agency designated under section 658D of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b).

(6) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(7) STATE.—The term ''State'' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

(8) TRIBAL ORGANIZATION.—The term ''tribal organization'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

SEC. 3204. FUNDS FOR CHILD CARE PROVIDER DEVELOPMENT AND RETENTION GRANTS AND FOR CHILD CARE PROVIDER SCHOLARSHIPS.

(a) IN GENERAL.—The Secretary may allot and distribute funds appropriated to carry out this Act to eligible States and Indian tribes and tribal organizations to pay for the Federal share of the cost of making grants under sections 3207 and 3208 to eligible child care providers.

(b) ALLOTMENTS.—The funds shall be allotted and distributed by the Secretary in accordance with section 3205, and expended by the States (directly, or at the option of the States, through units of general purpose local government), and by Indian tribes and tribal organizations, in accordance with this Act.

SEC. 3205. ALLOTMENTS TO STATES.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not more than ½ of 1 percent of the funds appropriated to carry out this Act for any fiscal year for distribution to Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be allotted in accordance with their respective needs, to plan and carry out programs and activities to encourage child care providers to improve their qualifications and to retain qualified child care providers in the child care field.

(2) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall reserve not more than 3 percent of the funds appropriated to carry out this Act for any fiscal year for payments to Indian tribes and tribal organizations with applications approved under subsection (c), to plan and carry out programs and activities to encourage child care providers to improve their qualifications and to retain qualified child care providers in the child care field.

(b) ALLOTMENTS TO REMAINING STATES.—

(1) GENERAL AUTHORITY.—From the funds appropriated to carry out this Act for any fiscal year and remaining after the reservations made under subsection (a), the Secretary shall allot to each State (excluding Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands) an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product

of the school lunch factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) YOUNG CHILD FACTOR.—In this subsection, the term ''young child factor'' means the ratio of the number of children under 5 years of age in the State to the number of such children in all the States, as determined according to the most recent annual estimates of population in the States, as provided by the Bureau of the Census.

(3) SCHOOL LUNCH FACTOR.—In this subsection, the term ''school lunch factor'' means the ratio of the number of children who are receiving free or reduced price lunches under the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) in the State to the number of such children in all the States, as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), for purposes of this subsection, the allotment percentage for a State shall be determined by dividing the per capita

income of all individuals in the United States, by the per capita income of all individuals in the State.

(B) LIMITATIONS.—For purposes of this subsection, if an allotment percentage determined under subparagraph (A)—

(i) is more than 1.2 percent, the allotment percentage of that State shall be considered to be 1.2 percent; and

(ii) is less than 0.8 percent, the allotment percentage of the State shall be considered to be 0.8 percent.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning after the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from

the Department of Commerce at the time such determination is made.

(c) PAYMENTS TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—

(1) RESERVATION OF FUNDS.—From amounts reserved under subsection (a)(2), the Secretary may make grants to or enter into contracts with Indian tribes and tribal organizations that submit applications under this subsection, to plan and carry out programs and activities to encourage child care providers to improve their qualifications and to retain qualified child care providers in the child care field.

(2) APPLICATIONS AND REQUIREMENTS.—To be eligible to receive a grant or contract under this subsection, an Indian tribe or tribal organization shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. The application shall provide that the applicant—

(A) will coordinate the programs and activities involved, to the maximum extent practicable, with the lead agency in each State in which the applicant will carry out such programs and activities; and

(B) will make such reports on, and conduct such audits of the funds made available through the grant or contract for, programs and activities under this Act as the Secretary may require.

(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State for a fiscal year that the Secretary determines will not be distributed to the State for such fiscal year shall be reallotted by the Secretary to other States in proportion to the original allotments made under such subsection to such States for such fiscal year.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled under this subsection shall be reduced to the extent that such amount exceeds the amount that the Secretary estimates will be distributed to the State to make grants under this Act.

(B) REALLOTMENTS.—The amount of such reduction shall be reallotted to States for which no reduction in an allotment, or in a reallotment, is required by this subsection, in proportion to the original allotments made under subsection (b) to such States for such fiscal year.

(3) AMOUNTS REALLOTTED.—For purposes of this Act (other than this subsection and subsection (b)), any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) COST-SHARING.—

(1) FEDERAL SHARE.—The Federal share of the cost of making grants under sections 3207 and 3208, with funds allotted under this section and distributed by the Secretary to a State, shall be—

(A) not more than 90 percent of the cost of each grant made under such sections, in the 1st fiscal year for which the State receives such funds;

(B) not more than 85 percent of the cost of each grant made under such sections, in the 2d fiscal year for which the State receives such funds;

(C) not more than 80 percent of the cost of each grant made under such sections, in the 3d fiscal year for which the State receives such funds; and

(D) not more than 75 percent of the cost of each grant made under such sections, in any subsequent fiscal year for which the State receives such funds.

(2) STATE SHARE.—The non-Federal share of the cost of making such grants shall be paid by the State in cash or in the form of an in-kind contribution, fairly evaluated by the Secretary.

(g) AVAILABILITY OF ALLOTTED FUNDS DISTRIBUTED TO STATES.—Of the funds allotted under this section and distributed by the Secretary to a State for a fiscal year—

(1) not less than 67.5 percent shall be available to the State for grants under section 3207;

(2) not less than 22.5 percent shall be available to the State for grants under section 3208; and

(3) not more than 10 percent shall be available to pay administrative costs incurred by the State to carry out this Act.

SEC. 3206. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive a distribution of funds allotted under section 3205, a State shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require by rule and shall include in such application a State plan that satisfies the requirements of subsection (b).

(b) REQUIREMENTS OF PLAN.—

(1) LEAD AGENCY.—The State plan shall identify the lead agency to make grants under this Act for the State.

(2) RECRUITMENT AND RETENTION OF CHILD CARE PROVIDERS.—The State plan shall describe how the lead agency will encourage both the recruitment of eligible child care providers who are new to the child care field and the retention of eligible child care providers who have a demonstrated commitment to the child care field.

(3) NOTIFICATION OF GRANT AVAILABILITY.—The State plan shall describe how the lead agency will identify all eligible child care providers in the State and notify the providers of the availability of grants under this Act.

(4) DISTRIBUTION OF GRANTS.—The State plan shall describe how the lead agency will make

grants under sections 3207 and 3208 to child care providers in selected geographical areas in the State in compliance with the following requirements:

(A) SELECTION OF GEOGRAPHICAL AREAS.—For the purpose of making such grants for a fiscal year, the State shall—

(i) select a variety of geographical areas, determined by the State, that, collectively—

(I) include urban areas, suburban areas, and rural areas; and

(II) are areas whose residents have diverse income levels; and

(ii) give special consideration to geographical areas selected under this subparagraph for the preceding fiscal year.

(B) SELECTION OF CHILD CARE PROVIDERS TO RECEIVE GRANTS.—In making grants under section 3207, the State may make grants only to eligible child care providers in geographical areas selected under subparagraph (A), but—

(i) may give special consideration in such areas to eligible child care providers who have attained a higher relevant edu-

cational credential, who provide a specific kind of child care services, who provide child care services to populations who meet specific economic characteristics, or who meet such other criteria as the State may establish; and

(ii) shall give special consideration to eligible child care providers who received a grant under such section in the preceding fiscal year.

(C) LIMITATION.—The State shall describe how the State will ensure that grants made under section 3207 to child care providers will not be used to offset reductions in the compensation of such providers.

(D) REPORTING REQUIREMENT.—With respect to each particular geographical area selected under subparagraph (A), the State shall provide an assurance that the State will, for each fiscal year for which such State receives a grant under section 3207—

(i) include in the report required by section 3209, detailed information regarding—

(I) the continuity of employment of the grant recipients as child care providers with the same employer;

(II) with respect to each employer that employed such a grant recipient, whether such employer was accredited by a recognized national or State accrediting body during the period of employment; and

(III) to the extent practicable and available to the State, the rate and frequency of employment turnover of qualified child care providers throughout such area,

during the 2-year period ending on the deadline for submission of applications for grants under section 3207 for that fiscal year; and

(ii) provide a follow-up report, not later than 90 days after the end of the succeeding fiscal year that includes information regarding—

(I) the continuity of employment of the grant recipients as child care providers with the same employer;

(II) with respect to each employer that employed such a grant recipient, whether such employer was accredited by a recognized national or State accrediting body during the period of employment; and

(III) to the extent practicable and available to the State, detailed information regarding the rate and frequency of employment turnover of qualified child care providers throughout such area,

during the 1-year period beginning on the date on which the grant to the State was made under section 3207.

(5) CHILD CARE PROVIDER DEVELOPMENT AND RETENTION GRANT PROGRAM.—The State plan shall describe how the lead agency will determine the amounts of grants to be made under section 3207 in accordance with the following requirements:

(A) SUFFICIENT AMOUNTS.—The State shall demonstrate that the amounts of individual grants to be made under section 3207 will be sufficient—

(i) to encourage child care providers to improve their qualifications; and

(ii) to retain qualified child care providers in the child care field.

(B) AMOUNTS TO CREDENTIALED PROVIDERS.—Such grants made to child care providers who have a child development associate credential and who are employed full-time to provide child care services shall be in an amount that is not less than $1,000 per year.

(C) AMOUNTS TO PROVIDERS WITH HIGHER LEVELS OF EDUCATION.—The State shall make such grants in amounts greater than $1,000 per year to child care providers who have higher levels of education than the education required for a credential such as a child development associate credential, according to the following requirements:

(i) PROVIDERS WITH BACCALAUREATE DEGREES IN RELEVANT FIELDS.—A child care provider who has a baccalaureate degree in the area of child development or early child education shall receive a grant under section 3207 in an amount that is not less than twice the amount of the

grant that is made under section 3207 to a child care provider who has an associate of the arts degree in the area of child development or early child education.

(ii) PROVIDERS WITH ASSOCIATE DEGREES.—A child care provider who has an associate of the arts degree in the area of child development or early child education shall receive a grant under section 3207 in an amount that is not less than 150 percent of the amount of the grant that is made under section 3207 to a child care provider who has a child development associate credential and is employed full-time to provide child care services.

(iii) OTHER PROVIDERS WITH BACCALAUREATE DEGREES.—

(I) IN GENERAL.—Except as provided in subclause (II), a child care provider who has a baccalaureate degree in a field other than child development or early child education shall receive a grant under section 3207 in an amount equal to the amount of the grant that is made under section 3207

to a child care provider who has an associate of the arts degree in the area of child development or early child education.

(II) EXCEPTION.—If a child care provider who has such a baccalaureate degree obtains additional educational training in the area of child development or early child education, as specified by the State, such provider shall receive a grant under section 3207 in an amount equal to the amount of the grant that is made under section 3207 to a child care provider who has a baccalaureate degree specified in clause (i).

(D) AMOUNTS TO FULL-TIME PROVIDERS.—The State shall make a grant under section 3207 to a child care provider who works full-time in a greater amount than the amount of the grant that is made under section 3207 to a child care provider who works part-time, based on the State definitions of full-time and part-time work.

(E) AMOUNTS TO EXPERIENCED PROVIDERS.—The State shall make grants under section 3207 in progressively larger amounts to child care providers to reflect the number of years worked as child care providers.

(6) DISTRIBUTION OF CHILD CARE PROVIDER SCHOLARSHIPS.—The State plan shall describe how the lead agency will make grants for scholarships in compliance with section 3208 and shall specify the types of educational and training programs for which the scholarship grants made under such section may be used, including only programs that—

(A) are administered by institutions of higher education that are eligible to participate in student financial assistance programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and

(B) lead to a State or nationally recognized credential in the area of child development or early child education, an associate of the arts degree in the area of child development or early child education, or a baccalaureate degree in the area of child development or early child education.

(7) EMPLOYER CONTRIBUTION.—The State plan shall describe how the lead agency will encourage employers of child care providers to contribute to the attainment of education goals by child care providers who receive grants under section 3208.

(8) SUPPLEMENTATION.—The State plan shall provide assurances that amounts received by the State to carry out sections 3207 and 3208 will be used only to supplement, and not to supplant, Federal, State, and local funds otherwise available to support existing services and activities (as of the date the amounts are used) that encourage child care providers to improve their qualifications and that promote the retention of qualified child care providers in the child care field.

SEC. 3207. CHILD CARE PROVIDER DEVELOPMENT AND RETENTION GRANT PROGRAM.

(a) IN GENERAL.—A State that receives funds allotted under section 3205 and made available to carry out this section shall expend such funds to make grants to eligible child care providers in accordance with this section, to improve the qualifications and promote the retention of qualified child care providers.

(b) ELIGIBILITY TO RECEIVE GRANTS.—To be eligible to receive a grant under this section, a child care provider shall—

(1) have a child development associate credential or equivalent, an associate of the arts degree in the area of child development or early child education, a baccalaureate degree in the area of child development or early child education, or a baccalaureate degree in an unrelated field; and

(2) be employed as a child care provider for not less than 1 calendar year, or (if the provider is employed on the date of the eligibility determination in a child care program that operates for less than a full calendar year) the program equivalent of 1 calendar year, ending on the date of the application for such grant, except that not more than 3 months of education related to child development or to early child education obtained during the corresponding calendar year may be treated as employment that satisfies the requirements of this paragraph.

(c) PRESERVATION OF ELIGIBILITY.—A State shall not take into consideration whether a child care provider is receiving, may receive, or may be eligible to receive any funds under section 3208 for purposes of selecting eligible child care providers to receive grants under this section.

SEC. 3208. CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.

(a) IN GENERAL.—A State that receives funds allotted under section 3205 and made available to carry out this section shall expend such funds to make scholarship grants to eligible child care providers in accordance with this section, to improve their educational qualifications to provide child care services.

(b) ELIGIBILITY REQUIREMENT FOR SCHOLARSHIP GRANTS.—To be eligible to receive a scholarship grant under this section, a child care provider shall be employed as a child care provider for not less than 1 calendar year, or (if the provider is employed on the date of the eligibility determination in a child care program that operates for less than a full calendar year) the program equivalent of 1 calendar year, ending on the date of the application for such grant.

(c) SELECTION OF GRANTEES.—For purposes of selecting eligible child care providers to receive scholarship grants under this section and determining the amounts of such grants, a State shall not—

(1) take into consideration whether a child care provider is receiving, may receive, or may be eligible to receive any funds under any other provision of this Act, or under any other Federal or State law that provides funds for educational purposes; or

(2) consider as resources of such provider any funds such provider is receiving, may receive, or may be eligible to receive under any other provision of this Act, under any other Federal or State law that provides funds for educational purposes, or from a private entity.

(d) COST-SHARING REQUIRED.—The amount of a scholarship grant made under this section to an eligible child care provider shall be less than the cost of the educational or training program for which such grant is made.

(e) ANNUAL MAXIMUM SCHOLARSHIP GRANT AMOUNT.—The maximum aggregate dollar amount of a scholarship grant made by a State to an eligible child care provider under this section in a fiscal year shall $1,500.

SEC. 3209. ANNUAL REPORT.

A State that receives funds appropriated to carry out this Act for a fiscal year shall submit to the Secretary, not later than 90 days after the end of such fiscal year, a report—

(1) specifying the uses for which the State expended such funds, and the aggregate amount of funds (including State funds) expended for each of such uses;

(2) containing available data relating to grants made with such funds, including—

(A) the number of child care providers who received such grants;

(B) the amounts of such grants;

(C) any other information that describes or evaluates the effectiveness of this Act;

(D) the particular geographical areas selected under section 3206 for the purpose of making such grants;

(E) with respect to grants made under section 3207—

(i) the number of years grant recipients have been employed as child care providers;

(ii) the level of training and education of grant recipients;

(iii) to the extent practicable and available to the State, detailed information regarding the salaries and other compensation received by grant recipients to provide child care services before, during, and after receiving such grant;

(iv) the number of children who received child care services provided by grant recipients;

(v) information on family demographics of such children;

(vi) the types of settings described in subparagraphs (A), (B), and (C) of section 3203(a)(1) in which grant recipients are employed; and

(vii) the ages of the children who received child care services provided by grant recipients;

(F) with respect to grants made under section 3208—

(i) the number of years grant recipients have been employed as child care providers;

(ii) the level of training and education of grant recipients;

(iii) to the extent practicable and available to the State, detailed information regarding the salaries and other compensation received by grant recipients to provide child care services before, during, and after receiving such grant;

(iv) the types of settings described in subparagraphs (A), (B), and (C) of section

3203(a)(1) in which grant recipients are employed;

(v) the ages of the children who received child care services provided by grant recipients;

(vi) the number of course credits or credentials obtained by grant recipients; and

(vii) the amount of time taken for completion of the educational and training programs for which such grants were made; and

(G) such other information as the Secretary may require by rule.

SEC. 3210. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated $5,000,000,000 in the aggregate for fiscal years 2002 through 2006 to carry out this Act.

CHAPTER 2—STRENGTHENING QUALITY THROUGH THE CHILD CARE AND DEVELOPMENT BLOCK GRANT

SEC. 3231. STATE PLAN.

Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(2)),

as amended in section 3112, is further amended by adding at the end the following:

"(K) ESTABLISHMENT OF TRAINING REQUIREMENTS.—Certify that there are requirements in effect within the State, under State or local law, that are designed to support the learning and development of children and that are applicable to all child care providers that provide services for which assistance is made available under this subchapter. Such requirements shall include requirements relating to preservice training in childhood development.

"(L) INSURING THE SAFETY OF CHILDREN.—Certify that there are requirements in effect within the State, under State or local law, that require that evaluators from an appropriate State or local agency make not less than 2 unannounced visits annually to each child care provider in the State that provides services for which assistance is made available under this subchapter.".

SEC. 3232. CHILD CARE QUALITY IMPROVEMENTS.

Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e), as amended

in section 3002, is further amended by striking subsection (a) and inserting the following:

"(a) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.—

"(1) IN GENERAL.—A State that receives funds to carry out this subchapter shall reserve and use not less than 12 percent of the funds—

"(A) for 1 or more activities consisting of—

"(i) providing directly, or providing financial assistance to private nonprofit organizations or public entities (including units of general purpose local government) for the development, establishment, expansion, operation, and coordination of, child care resource and referral services;

"(ii) making grants or providing loans to eligible child care providers to assist the providers in meeting applicable State and local child care standards and recognized accreditation standards;

"(iii) improving the ability of State or local government, as applicable, to monitor compliance with, and to enforce, State and local licensing and regulatory requirements

(including registration requirements) applicable to child care providers;

"(iv) providing training and technical assistance in areas relating to the provision of child care services, such as training relating to promotion of health and safety, promotion of good nutrition, provision of first aid, recognition of communicable diseases, child abuse detection and prevention, and care of children with special needs; and

"(v) improving salaries and other compensation paid to full-time and part-time staff who provide child care services for which assistance is made available under this subchapter; and

"(B) to support the system described in paragraph (2).

"(2) CHILD CARE RESOURCE AND REFERRAL SYSTEM.—The State shall use a portion of the funds reserved under paragraph (1) to support a system of local child care resource and referral organizations coordinated by a statewide lead child care resource and referral organization. The local child care resource and referral organizations shall—

"(A) provide parents in the State with information and support concerning child care options in their communities;

"(B) collect data on the supply of and demand for child care in political subdivisions within the State;

"(C) develop links with the business community; and

"(D) increase the supply and improve the quality of child care in the State and in political subdivisions in the State.".

SEC. 3233. ADMINISTRATION AND ENFORCEMENT.

(a) IN GENERAL.—Section 658I of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858g) is amended by adding at the end the following:

"(c) FEDERAL ADMINISTRATION ACTIVITIES.—The Secretary shall use the funds reserved under section 658O(a)(3)—

"(1) to support the establishment of a national data system to develop statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs, including use of data collected through child care resource and referral organizations at the national, State, and local levels;

"(2) to prepare and submit to Congress an annual report on the supply of, demand for, and quality of child care, early education, and non-school-hours programs, using data collected through State and local child care resource and referral organizations and other sources; and

"(3) to provide technical assistance to States to enable the States to participate in carrying out the activities described in paragraphs (1) and (2).".

(b) RESERVATION.—Section 658O(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(a)) is amended by adding at the end the following:

"(3) ADMINISTRATION.—The Secretary shall reserve not more than 2 percent of the amount appropriated under section 658B for each fiscal year to carry out section 658I(c).".

CHAPTER 3—CHILD CARE CENTERS IN FEDERAL FACILITIES

SEC. 3241. SHORT TITLE.

This chapter may be cited as the "Federal Employees Child Care Act".

SEC. 3242. DEFINITIONS.

In this chapter (except as otherwise provided in section 3245):

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of General Services.

(2) CHILD CARE ACCREDITATION ENTITY.—The term ''child care accreditation entity'' means a nonprofit private organization or public agency that—

(A) is recognized by a State agency or by a national organization that serves as a peer review panel on the standards and procedures of public and private child care or school accrediting bodies; and

(B) accredits a facility to provide child care on the basis of—

(i) an accreditation or credentialing instrument based on peer-validated research;

(ii) compliance with applicable State or local licensing requirements, as appropriate, for the facility;

(iii) outside monitoring of the facility; and

(iv) criteria that provide assurances of—

(I) use of developmentally appropriate health and safety standards at the facility;

(II) use of developmentally appropriate educational activities, as an integral part of the child care program carried out at the facility; and

(III) use of ongoing staff development or training activities for the staff of the facility, including related skills-based testing.

(3) ENTITY SPONSORING A CHILD CARE FACILITY.—The term ''entity sponsoring a child care facility'' means a Federal agency that operates, or an entity that enters into a contract or licensing agreement with a Federal agency to operate, a child care facility primarily for the use of Federal employees.

(4) EXECUTIVE AGENCY.—The term ''Executive agency'' has the meaning given the term in section 105 of title 5, United States Code, except that the term—

(A) does not include the Department of Defense and the Coast Guard; and

(B) includes the General Services Administration, with respect to the administration of a facility described in paragraph (5)(B).

(5) EXECUTIVE FACILITY.—The term ''executive facility''—

(A) means a facility that is owned or leased by an Executive agency; and

(B) includes a facility that is owned or leased by the General Services Administration on behalf of a judicial office.

(6) FEDERAL AGENCY.—The term ''Federal agency'' means an Executive agency, a legislative office, or a judicial office.

(7) JUDICIAL FACILITY.—The term ''judicial facility'' means a facility that is owned or leased by a judicial office (other than a facility that is also a facility described in paragraph (5)(B)).

(8) JUDICIAL OFFICE.—The term ''judicial office'' means an entity of the judicial branch of the Federal Government.

(9) LEGISLATIVE FACILITY.—The term ''legislative facility'' means a facility that is owned or leased by a legislative office.

(10) LEGISLATIVE OFFICE.—The term ''legislative office'' means an entity of the legislative branch of the Federal Government.

(11) STATE.—The term ''State'' has the meaning given the term in section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n).

SEC. 3243. PROVIDING QUALITY CHILD CARE IN FEDERAL FACILITIES.

(a) EXECUTIVE FACILITIES.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS.—

(A) IN GENERAL.—Any entity sponsoring a child care facility in an executive facility shall—

(i) comply with child care standards described in paragraph (2) that are no less stringent than applicable State or local licensing requirements that are related to the provision of child care in the State or locality involved; or

(ii) obtain the applicable State or local licenses, as appropriate, for the facility.

(B) COMPLIANCE.—Not later than 6 months after the date of enactment of this Act—

(i) the entity shall comply, or make substantial progress (as determined by the Administrator) toward complying, with subparagraph (A); and

(ii) any contract or licensing agreement used by an Executive agency for the provision of child care services in the child care facility shall include a condition that the child care be provided by an entity that complies with the standards described in subparagraph (A)(i) or obtains the licenses described in subparagraph (A)(ii).

(2) HEALTH, SAFETY, AND FACILITY STANDARDS.—The Administrator shall by regulation establish standards relating to health, safety, facilities, facility design, and other aspects of child care that the Administrator determines to be appropriate for child care in executive facilities, and require child care facilities, and entities sponsoring child care facilities, in executive facilities to comply with the standards. The standards shall include requirements that child

care facilities be inspected for, and be free of, lead hazards.

(3) ACCREDITATION STANDARDS.—

(A) IN GENERAL.—The Administrator shall issue regulations requiring, to the maximum extent possible, any entity sponsoring an eligible child care facility (as defined by the Administrator) in an executive facility to comply with standards of a child care accreditation entity.

(B) COMPLIANCE.—The regulations shall require that, not later than 3 years after the date of enactment of this Act—

(i) the entity shall comply, or make substantial progress (as determined by the Administrator) toward complying, with the standards; and

(ii) any contract or licensing agreement used by an Executive agency for the provision of child care services in the child care facility shall include a condition that the child care be provided by an entity that complies with the standards.

(4) EVALUATION AND COMPLIANCE.—

(A) IN GENERAL.—The Administrator shall evaluate the compliance, with the requirements of paragraph (1) and the regulations issued pursuant to paragraphs (2) and (3), as appropriate, of child care facilities, and entities sponsoring child care facilities, in executive facilities. The Administrator may conduct the evaluation of such a child care facility or entity directly, or through an agreement with another Federal agency or private entity, other than the Federal agency for which the child care facility is providing services. If the Administrator determines, on the basis of such an evaluation, that the child care facility or entity is not in compliance with the requirements, the Administrator shall notify the Executive agency.

(B) EFFECT OF NONCOMPLIANCE.—On receipt of the notification of noncompliance issued by the Administrator, the head of the Executive agency shall—

(i) if the entity operating the child care facility is the agency—

(I) not later than 2 business days after the date of receipt of the notification, correct any deficiencies that

are determined by the Administrator to be life threatening or to present a risk of serious bodily harm;

(II) not later than 4 months after the date of receipt of the notification, develop and provide to the Administrator a plan to correct any other deficiencies in the operation of the facility and bring the facility and entity into compliance with the requirements;

(III) provide the parents of the children receiving child care services at the child care facility and employees of the facility with a notification detailing the deficiencies described in subclauses (I) and (II) and actions that will be taken to correct the deficiencies, and post a copy of the notification in a conspicuous place in the facility for 5 working days or until the deficiencies are corrected, whichever is later;

(IV) bring the child care facility and entity into compliance with the

requirements and certify to the Administrator that the facility and entity are in compliance, based on an onsite evaluation of the facility conducted by an individual with expertise in child care health and safety; and

(V) in the event that deficiencies determined by the Administrator to be life threatening or to present a risk of serious bodily harm cannot be corrected within 2 business days after the date of receipt of the notification, close the child care facility, or the affected portion of the facility, until the deficiencies are corrected and notify the Administrator of the closure; and

(ii) if the entity operating the child care facility is a contractor or licensee of the Executive agency—

(I) require the contractor or licensee, not later than 2 business days after the date of receipt of the notification, to correct any deficiencies that are determined by the Administrator

to be life threatening or to present a risk of serious bodily harm;

(II) require the contractor or licensee, not later than 4 months after the date of receipt of the notification, to develop and provide to the head of the agency a plan to correct any other deficiencies in the operation of the child care facility and bring the facility and entity into compliance with the requirements;

(III) require the contractor or licensee to provide the parents of the children receiving child care services at the child care facility and employees of the facility with a notification detailing the deficiencies described in subclauses (I) and (II) and actions that will be taken to correct the deficiencies, and to post a copy of the notification in a conspicuous place in the facility for 5 working days or until the deficiencies are corrected, whichever is later;

(IV) require the contractor or licensee to bring the child care facility and entity into compliance with the requirements and certify to the head of the agency that the facility and entity are in compliance, based on an onsite evaluation of the facility conducted by an independent entity with expertise in child care health and safety; and

(V) in the event that deficiencies determined by the Administrator to be life threatening or to present a risk of serious bodily harm cannot be corrected within 2 business days after the date of receipt of the notification, close the child care facility, or the affected portion of the facility, until the deficiencies are corrected and notify the Administrator of the closure, which closure may be grounds for the immediate termination or suspension of the contract or license of the contractor or licensee.

(C) COST REIMBURSEMENT.—The Executive agency shall reimburse the Administrator for the costs of carrying out subparagraph (A) for child care facilities located in an executive facility other than an executive facility of the General Services Administration. If an entity is sponsoring a child care facility for 2 or more Executive agencies, the Administrator shall allocate the reimbursement costs with respect to the entity among the agencies in a fair and equitable manner, based on the extent to which each agency is eligible to place children in the facility.

(5) DISCLOSURE OF PRIOR VIOLATIONS TO PARENTS AND FACILITY EMPLOYEES.—

(A) IN GENERAL.—The Administrator shall issue regulations that require that each entity sponsoring a child care facility in an executive facility, upon receipt by the child care facility or the entity (as applicable) of a request by any individual who is—

(i) a parent of any child enrolled at the facility;

(ii) a parent of a child for whom an application has been submitted to enroll at the facility; or

(iii) an employee of the facility;

shall provide to the individual the copies and description described in subparagraph (B).

(B) COPIES AND DESCRIPTION.—The entity shall provide—

(i) copies of all notifications of deficiencies that have been provided in the past with respect to the facility under clause (i)(III) or (ii)(III), as applicable, of paragraph (4)(B); and

(ii) a description of the actions that were taken to correct the deficiencies.

(b) LEGISLATIVE FACILITIES.—

(1) ACCREDITATION.—The Chief Administrative Officer of the House of Representatives, the Librarian of Congress, and the head of a designated entity in the Senate shall ensure that, not later than 1 year after the date of enactment of this Act, the corresponding child care facility obtains accreditation by a child care accreditation entity, in accordance with the accreditation standards of the entity.

(2) REGULATIONS.—

(A) IN GENERAL.—If the corresponding child care facility does not maintain accreditation status with a child care accreditation entity, the Chief Administrative Officer of the House of Representatives, the Librarian of Congress, or the head of the designated entity in the Senate shall issue regulations governing the operation of the corresponding child care facility, to ensure the safety and quality of care of children placed in the facility. The regulations shall be no less stringent in content and effect than the requirements of subsection (a)(1) and the regulations issued by the Administrator under paragraphs (2) and (3) of subsection (a), except to the extent that appropriate administrative officers make the determination described in subparagraph (B).

(B) MODIFICATION MORE EFFECTIVE.—The determination referred to in subparagraph (A) is a determination, for good cause shown and stated together with the regulations, that a modification of the regulations would be more effective for the implementation of the requirements and standards described in subsection (a) for the corresponding child care facilities, and

entities sponsoring the corresponding child care facilities, in legislative facilities.

(3) CORRESPONDING CHILD CARE FACILITY.—In this subsection, the term ''corresponding child care facility'', used with respect to the Chief Administrative Officer, the Librarian, or the head of a designated entity described in paragraph (1), means a child care facility operated by, or under a contract or licensing agreement with, an office of the House of Representatives, the Library of Congress, or an office of the Senate, respectively.

(c) JUDICIAL BRANCH STANDARDS AND COMPLIANCE.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS HEALTH, SAFETY, AND FACILITY STANDARDS, AND ACCREDITATION STANDARDS.—The Director of the Administrative Office of the United States Courts shall issue regulations for child care facilities, and entities sponsoring child care facilities, in judicial facilities, which shall be no less stringent in content and effect than the requirements of subsection (a)(1) and the regulations issued by the Administrator under paragraphs (2) and (3) of subsection (a), except to the extent that the Director may determine, for good cause shown and stated to-

gether with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in paragraphs (1), (2), and (3) of subsection (a) for child care facilities, and entities sponsoring child care facilities, in judicial facilities.

(2) EVALUATION AND COMPLIANCE.—

(A) DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS.—The Director of the Administrative Office of the United States Courts shall have the same authorities and duties with respect to the evaluation of, compliance of, and cost reimbursement for child care facilities, and entities sponsoring child care facilities, in judicial facilities as the Administrator has under subsection (a)(4) with respect to the evaluation of, compliance of, and cost reimbursement for such centers and entities sponsoring such centers, in executive facilities.

(B) HEAD OF A JUDICIAL OFFICE.—The head of a judicial office shall have the same authorities and duties with respect to the compliance of and cost reimbursement for child care facilities, and entities sponsoring child care fa-

cilities, in judicial facilities as the head of an Executive agency has under subsection (a)(4) with respect to the compliance of and cost reimbursement for such centers and entities sponsoring such centers, in executive facilities.

(d) APPLICATION.—Notwithstanding any other provision of this section, if 8 or more child care facilities are sponsored in facilities owned or leased by an Executive agency, the Administrator shall delegate to the head of the agency the evaluation and compliance responsibilities assigned to the Administrator under subsection (a)(4)(A).

(e) TECHNICAL ASSISTANCE, STUDIES, AND REVIEWS.—The Administrator may provide technical assistance, and conduct and provide the results of studies and reviews, for Executive agencies, and entities sponsoring child care facilities in executive facilities, on a reimbursable basis, in order to assist the entities in complying with this section. The Chief Administrative Officer of the House of Representatives, the Librarian of Congress, the head of the designated Senate entity described in subsection (b), and the Director of the Administrative Office of the United States Courts, may provide technical assistance, and conduct and provide the results of studies and reviews, or request that the Administrator provide technical assistance, and conduct and provide the results of

studies and reviews, for legislative offices and judicial offices, as appropriate, and entities operating child care facilities in legislative facilities or judicial facilities, as appropriate, on a reimbursable basis, in order to assist the entities in complying with this section.

(f) INTERAGENCY COUNCIL.—

(1) COMPOSITION.—The Administrator shall establish an interagency council, comprised of—

(A) representatives of all Executive agencies described in subsection (d) and other Executive agencies at the election of the heads of the agencies;

(B) a representative of the Chief Administrative Officer of the House of Representatives, at the election of the Chief Administrative Officer;

(C) a representative of the head of the designated Senate entity described in subsection (b), at the election of the head of the entity;

(D) a representative of the Librarian of Congress, at the election of the Librarian; and

(E) a representative of the Director of the Administrative Office of the United States Courts, at the election of the Director.

(2) FUNCTIONS.—The council shall facilitate cooperation and sharing of best practices, and develop and coordinate policy, regarding the provision of child care, including the provision of areas for nursing mothers and other lactation support facilities and services, in the Federal Government.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $900,000 for fiscal year 2002 and such sums as may be necessary for each subsequent fiscal year.

SEC. 3244. FEDERAL CHILD CARE EVALUATION.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Administrator and the Director of the Office of Personnel Management shall jointly prepare and submit to Congress a report that evaluates child care provided by entities sponsoring child care facilities in executive facilities, legislative facilities, or judicial facilities.

(b) CONTENTS.—The evaluation shall contain, at a minimum—

(1) information on the number of children receiving child care described in subsection (a), analyzed by age, including information on the number of those children who are age 6 through 12;

(2) information on the number of families not using child care described in subsection (a) because of the cost of the child care; and

(3) recommendations for improving the quality and cost-effectiveness of child care described in subsection (a), including recommendations of options for creating an optimal organizational structure and using best practices for the delivery of the child care.

SEC. 3245. CHILD CARE SERVICES FOR FEDERAL EMPLOYEES.

(a) IN GENERAL.—In addition to services authorized to be provided by an agency of the United States pursuant to section 616 of the Act of December 22, 1987 (40 U.S.C. 490b), an Executive agency that provides or proposes to provide child care services for Federal employees may use agency funds to provide the child care services, in a facility that is owned or leased by an Executive agency, or through a contractor, for civilian employees of the agency.

(b) AFFORDABILITY.—Funds so used with respect to any such facility or contractor shall be applied to improve the affordability of child care for lower income Federal employees using or seeking to use the child care services offered by the facility or contractor.

(c) REGULATIONS.—The Administrator after consultation with the Director of the Office of Personnel Management, shall, within 180 days after the date of enactment of this Act, issue regulations necessary to carry out this section.

(d) DEFINITION.—For purposes of this section, the term ''Executive agency'' has the meaning given the term by section 105 of title 5, United States Code, but does not include the General Accounting Office.

SEC. 3246. MISCELLANEOUS PROVISIONS RELATING TO CHILD CARE PROVIDED BY FEDERAL AGENCIES.

(a) AVAILABILITY OF FEDERAL CHILD CARE CENTERS FOR ONSITE CONTRACTORS; PERCENTAGE GOAL.—Section 616 of the Act of December 22, 1987 (40 U.S.C. 490b) is amended—

(1) in subsection (a)—

(A) by striking ''officer or agency of the United States'' and inserting ''Federal agency or officer of a Federal agency''; and

(B) by striking paragraphs (2) and (3) and inserting the following:

''(2) the officer or agency determines that the space will be used to provide child care and related services to—

"(A) children of Federal employees or onsite Federal contractors; or

"(B) dependent children who live with Federal employees or onsite Federal contractors; and

"(3) the officer or agency determines that the individual or entity will give priority for available child care and related services in the space to Federal employees and onsite Federal contractors."; and

(2) by adding at the end the following:

"(f)(1)(A) The Administrator of General Services shall confirm that at least 50 percent of aggregate enrollment in Federal child care centers governmentwide are children of Federal employees or onsite Federal contractors, or dependent children who live with Federal employees or onsite Federal contractors.

"(B) Each provider of child care services at an individual Federal child care center shall maintain 50 percent of the enrollment at the center of children described under subparagraph (A) as a goal for enrollment at the center.

"(C)(i) If enrollment at a center does not meet the percentage goal under subparagraph (B), the provider shall develop and implement a business plan with the sponsoring Federal agency to achieve the goal within a reasonable timeframe.

"(ii) The plan shall be approved by the Administrator of General Services based on—

"(I) compliance of the plan with standards established by the Administrator; and

"(II) the effect of the plan on achieving the aggregate Federal enrollment percentage goal.

"(2) The Administrator of General Services may enter into public-private partnerships or contracts with nongovernmental entities to increase the capacity, quality, affordability, or range of child care and related services and may, on a demonstration basis, waive subsection (a)(3) and paragraph (1) of this subsection.".

(b) PAYMENT OF COSTS OF TRAINING PROGRAMS.—Section 616(b)(3) of such Act (40 U.S.C. 490b(b)(3)) is amended to read as follows:

"(3) If a Federal agency has a child care facility in a Federal space, or is a sponsoring agency for a child care facility in a Federal space, the agency or the General Services Administration may pay accreditation fees, including renewal fees, for that center to be accredited. Any Federal agency that provides or proposes to provide child care services for children referred to in subsection (a)(2), may reimburse any Federal employee or any person employed to provide the services for the costs of training programs, conferences, and meetings and related travel, transpor-

tation, and subsistence expenses incurred in connection with those activities. Any per diem allowance made under this section shall not exceed the rate specified in regulations prescribed under section 5707 of title 5, United States Code.''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—Section 616(c) of such Act (40 U.S.C. 490b(c)) is amended—

(1) by inserting ''Federal'' before ''child care centers''; and

(2) by striking ''Federal workers'' and inserting ''Federal employees''.

(d) PROVISION OF CHILD CARE BY PRIVATE ENTITIES.—Section 616(d) of such Act (40 U.S.C. 490b(d)) is amended to read as follows:

''(d)(1) If a Federal agency has a child care facility in a Federal space, or is a sponsoring agency for a child care facility in a Federal space, the agency, the child care center board of directors, or the General Services Administration may enter into an agreement with 1 or more private entities under which the private entities would assist in defraying the general operating expenses of the child care providers including salaries and tuition assistance programs at the facility.

"(2)(A) Notwithstanding any other provision of law, if a Federal agency does not have a child care program, or if the Administrator of General Services has identified a need for child care for Federal employees at a Federal agency providing child care services that do not meet the requirements of subsection (a), the agency or the Administrator may enter into an agreement with a non-Federal, licensed, and accredited child care facility, or a planned child care facility that will become licensed and accredited, for the provision of child care services for children of Federal employees.

"(B) Before entering into an agreement, the head of the Federal agency shall determine that child care services to be provided through the agreement are more cost-effectively provided through the arrangement than through establishment of a Federal child care facility.

"(C) The Federal agency may provide any of the services described in subsection (b)(3) if, in exchange for the services, the facility reserves child care spaces for children referred to in subsection (a)(2), as agreed to by the parties. The cost of any such services provided by a Federal agency to a Federal child care facility on behalf of another Federal agency shall be reimbursed by the receiving agency.

"(3) This subsection does not apply to residential child care programs.".

(e) PILOT PROJECTS.—Section 616 of such Act (40 U.S.C. 490b) is further amended by adding at the end the following:

"(g)(1) Upon approval of the agency head, a Federal agency may conduct a pilot project not otherwise authorized by law for no more than 2 years to test innovative approaches to providing alternative forms of quality child care assistance for Federal employees. A Federal agency head may extend a pilot project for an additional 2-year period. Before any pilot project may be implemented, a determination shall be made by the agency head that initiating the pilot project would be more cost-effective than establishing a new Federal child care facility. Costs of any pilot project shall be paid solely by the agency conducting the pilot project.

"(2) The Administrator of General Services shall serve as an information clearinghouse for pilot projects initiated by other Federal agencies to disseminate information concerning the pilot projects to the other Federal agencies.

"(3) Within 6 months after completion of the initial 2-year pilot project period, a Federal agency conducting a pilot project under this subsection shall provide for an

evaluation of the impact of the project on the delivery of child care services to Federal employees, and shall submit the results of the evaluation to the Administrator of General Services. The Administrator shall share the results with other Federal agencies.''.

(g) DEFINITIONS.—Section 616 of such Act (40 U.S.C. 490b) is further amended by adding at the end the following:

''(h) In this section:

''(1) The term 'Federal agency' has the meaning given the term 'Executive agency' in section 3242 of the Federal Employees Child Care Act.

''(2) The terms 'Federal building' and 'Federal space' have the meanings given the term 'executive facility' in such section 3242.

''(3) The term 'Federal child care center' means a child care center in an executive facility, as defined in such section 3242.

''(4) The terms 'Federal contractor' and 'Federal employee' mean a contractor and an employee, respectively, of an Executive agency, as defined in such section 3242.''.

CHAPTER 4—EARLY LEARNING

SEC. 3251. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This chapter may be cited as the ''Early Learning Linkages Act of 2001''.

(b) FINDINGS.—Congress finds that—

(1) medical research demonstrates that adequate stimulation of a young child's brain between birth and age 5 is critical to the physical development of the young child's brain;

(2) parents are the most significant and effective teachers of their children, and they alone are responsible for choosing the best early learning opportunities for their child;

(3) parent education and parent involvement are critical to the success of any early learning program or activity;

(4) the more intensively parents are involved in their child's early learning, the greater the cognitive and noncognitive benefits to their children;

(5) many parents have difficulty finding the information and support the parents seek to help their children grow to their full potential;

(6) each day approximately 13,000,000 young children, including 6,000,000 infants or toddlers,

spend some or all of their day being cared for by someone other than their parents;

(7) quality early learning programs, including those designed to promote effective parenting, can increase the literacy rate, the secondary school graduation rate, the employment rate, and the college enrollment rate for children who have participated in voluntary early learning programs and activities;

(8) early childhood interventions can yield substantial advantages to participants in terms of emotional and cognitive development, education, economic well-being, and health, with the latter two advantages applying to the children's families as well;

(9) participation in quality early learning programs, including those designed to promote effective parenting, can decrease the future incidence of teenage pregnancy, welfare dependency, at-risk behaviors, and juvenile delinquency for children;

(10) several cost-benefit analysis studies indicate that for each $1 invested in quality early learning programs, the Federal Government can save over $5 by reducing the number of children and families who participate in Federal Government programs like special education and welfare;

(11) for children placed in the care of others during the workday, the low salaries paid to the child care staff, the lack of career progression for the staff, and the lack of child development specialists involved in early learning and child care programs, make it difficult to attract and retain the quality of staff necessary for a positive early learning experience;

(12) Federal Government support for early learning has primarily focused on out-of-home care programs like those established under the Head Start Act, the Child Care and Development Block Grant of 1990, and part C of the Individuals with Disabilities Education Act, and these programs—

(A) serve far fewer than half of all eligible children;

(B) are not primarily designed to provide support for parents who care for their young children in the home; and

(C) lack a means of coordinating early learning opportunities in each community; and

(13) by helping communities increase, expand, and better coordinate early learning opportunities for children and their families, the productivity and creativity of future generations will be improved, and

the Nation will be prepared for continued leadership in the 21st century.

SEC. 3252. PURPOSES.

The purposes of this chapter are—

(1) to increase the availability of voluntary programs, services, and activities that support early childhood development, increase parent effectiveness, and promote the learning and socio-emotional readiness of young children so that young children enter school ready to learn;

(2) to remove barriers to the provision of an accessible system of early childhood learning programs in communities throughout the United States;

(3) to increase the availability and affordability of professional development activities and compensation for caregivers and child care providers; and

(4) to facilitate the development of community-based systems of collaborative service delivery models characterized by resource sharing, linkages between appropriate supports, and local planning for services.

SEC. 3253. DEFINITIONS.

In this chapter:

(1) CAREGIVER.—The term ''caregiver'' means an individual (including a relative, neighbor, or fam-

ily friend) who regularly or frequently provides care, with or without compensation, for a child for whom the individual is not the parent.

(2) CHILD CARE PROVIDER.—The term ''child care provider'' means a provider of non-residential child care services (including center-based, family-based, or in-home child care services) for compensation who or that is legally operating under State law, and complies with applicable State and local requirements for the provision of child care services.

(3) EARLY LEARNING.—The term ''early learning'', used with respect to a program or activity, means learning designed to facilitate the development of cognitive, language, motor, and social-emotional skills for, and to promote learning readiness in, young children.

(4) EARLY LEARNING PROGRAM.—The term ''early learning program'' means—

(A) a program of services or activities that helps parents, caregivers, and child care providers incorporate early learning into the daily lives of young children; or

(B) a program that directly provides early learning to young children.

(5) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(6) LOCAL COUNCIL.—The term ''Local Council'' means a Local Council established or designated under section 3261(a) that serves one or more localities.

(7) LOCALITY.—The term ''locality'' means a city, county, borough, township, or area served by another general purpose unit of local government, an Indian tribe, a Regional Corporation, or a Native Hawaiian entity.

(8) MIGRATORY CHILDREN.—The term ''migratory children'' has the meaning given such term in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6399).

(9) PARENT.—The term ''parent'' means a biological parent, an adoptive parent, a stepparent, a foster parent, or a legal guardian of, or a person standing in loco parentis to, a child.

(10) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community

Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

(11) PREKINDERGARTEN EDUCATION PROGRAM.—The term ''prekindergarten education program'' means a program that—

(A) serves children ages 3, 4, and 5 years old and that supports children's cognitive, social, emotional, and physical development and helps prepare children for the transition to kindergarten; and

(B) complies with the Head Start performance standards as in effect under section 641A(a) of the Head Start Act (42 U.S.C. 9836a(a)).

(12) REGIONAL CORPORATION.—The term ''Regional Corporation'' means an entity listed in section 419(4)(B) of the Social Security Act (42 U.S.C. 619(4)(B)).

(13) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(14) STATE.—The term ''State'' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

(15) TRAINING.—The term ''training'' means instruction in early learning that—

(A) is required for certification under State and local laws, regulations, and policies;

(B) is required to receive a nationally or State recognized credential or its equivalent;

(C) is received in a postsecondary education program focused on early learning or early childhood development in which the individual is enrolled; or

(D) is provided, certified, or sponsored by an organization that is recognized for its expertise in promoting early learning or early childhood development.

(16) YOUNG CHILD.—The term ''young child'' means any child from birth to the age of mandatory school attendance in the State where the child resides.

SEC. 3254. PROHIBITIONS.

(a) PARTICIPATION NOT REQUIRED.—No person, including a parent, shall be required to participate in any program of early childhood education, early learning, parent education, or developmental screening pursuant to the provisions of this chapter.

(b) RIGHTS OF PARENTS.—Nothing in this chapter shall be construed to affect the rights of parents otherwise established in Federal, State, or local law.

(c) NONDUPLICATION.—No funds provided under this chapter shall be used to carry out an activity funded under another provision of law providing for Federal child care or early learning programs, unless an expansion of such activity is identified in the local needs assessment and performance goals under this chapter.

SEC. 3255. AUTHORIZATION AND APPROPRIATION OF FUNDS.

There are authorized to be appropriated to the Department of Health and Human Services to carry out this chapter—

(1) $1,000,000,000 for fiscal year 2002;

(2) $1,500,000,000 for fiscal year 2003; and

(3) such sums as may be necessary for fiscal years 2004 and 2005.

SEC. 3256. ALLOTMENTS TO STATES.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not more than ½ of 1 percent of the funds appropriated to carry out this chapter for any fiscal year for distribution to Guam, American Samoa, and the Commonwealth of the Northern

Mariana Islands, to be allotted in accordance with their respective needs.

(2) INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—The Secretary shall reserve not more than 3 percent of the funds appropriated to carry out this chapter for any fiscal year for distribution to Indian tribes and tribal organizations with applications approved under subsection (c).

(b) ALLOTMENTS TO REMAINING STATES.—

(1) GENERAL AUTHORITY.—From the funds appropriated to carry out this chapter for any fiscal year remaining after reserving funds under subsection (a), the Secretary shall allot to each State (excluding Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands) an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States, and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the

allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) YOUNG CHILD FACTOR.—The term ''young child factor'' means the ratio of the number of children in the State under 5 years of age to the number of such children in all States as provided by the most recent annual estimates of population in the States by the Bureau of the Census.

(3) SCHOOL LUNCH FACTOR.—The term ''school lunch factor'' means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of such children in all the States as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment percentage for a State is determined by dividing the per capita income of all individuals in the United States, by the per capita income of all individuals in the State.

(B) LIMITATIONS.—If an allotment percentage determined under subparagraph (A)—

(i) is more than 1.2 percent, then the allotment percentage of that State shall be considered to be 1.2 percent, and

(ii) is less than 0.8 percent, then the allotment percentage of the State shall be considered to be 0.8 percent. —

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals,

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made, and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

(c) ALLOTMENTS TO INDIAN TRIBES AND TRIBAL ORGANIZATIONS.—

(1) RESERVATION OF FUNDS.—From amounts reserved under subsection (a)(2), the Secretary may make allotments to Indian tribes and tribal organi-

zations that submit applications under this subsection, to plan and carry out programs and activities to encourage child care providers to improve their qualifications and to retain qualified child care providers in the child care field.

(2) APPLICATIONS AND REQUIREMENTS.—An application for an allotment to an Indian tribe or tribal organization under this section shall provide that—

(A) the applicant will coordinate, to the maximum extent practicable, with the lead agency in each State in which the applicant will carry out such programs and activities, and

(B) will make such reports on, and conduct such audits of, programs and activities under this chapter as the Secretary may require.

(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State for a fiscal year that the Secretary determines will not be distributed to the State for such fiscal year shall be reallotted by

the Secretary to other States proportionately based on allotments made under such subsection to such States for such fiscal year.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that such amount exceeds the amount that the Secretary estimates will be distributed to the State to make grants under this chapter.

(B) REALLOTMENTS.—The amount of such reduction shall be reallotted proportionately based on allotments made under subsection (b) to States with respect to which no reduction in an allotment, or in a reallotment, is required by this subsection.

(3) AMOUNTS REALLOTTED.—For purposes of this chapter (other than this subsection and subsection (b)), any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost of making grants under this chapter shall be 85 percent for the first and second years of the grant,

80 percent for the third and fourth years of the grant, and 75 percent for the subsequent years of the grant.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost of making grants under this chapter may be contributed in cash or in kind, fairly evaluated, including facilities, equipment, or services, which may be provided from State or local public sources, or through donations from private entities. For the purposes of this paragraph the term ''facilities'' includes the use of facilities, but the term ''equipment'' means donated equipment and not the use of equipment.

(g) MAINTENANCE OF EFFORT.—The Secretary shall not make a grant under this chapter to any State unless the Secretary first determines that the total expenditures by the State and its political subdivisions to support early learning programs (other than funds used to pay the non-Federal share under subsection (f)(2)) for the fiscal year for which the determination is made is equal to or greater than such expenditures for the preceding fiscal year.

(h) SUPPLEMENT NOT SUPPLANT.—Amounts received under this chapter shall be used to supplement and not supplant other Federal, State, and local public funds expended to promote early learning.

(i) SPECIAL RULE.—If funds appropriated to carry out this chapter are less than $150,000,000 for any fiscal year, the Secretary shall make grants for the fiscal year directly to Local Councils, on a competitive basis, to pay the Federal share of the cost of carrying out early learning programs in the locality served by the Local Council. In carrying out the preceding sentence—

(1) subsection (g) of this section, section 3257(b), and section 3259(b)(4) shall not apply;

(2) the Secretary shall provide such technical assistance and monitoring as necessary to ensure that the use of the funds by Local Councils and the distribution of the funds to Local Councils are consistent with this chapter; and

(3) subject to paragraph (1), the Secretary shall assume the responsibilities of the Lead State Agency under this chapter, as appropriate.

SEC. 3257. ADMINISTRATIVE COSTS.

(a) FEDERAL ADMINISTRATIVE COSTS.—The Secretary may use not more than 3 percent of the amount appropriated under section 3255 for a fiscal year to pay for the administrative costs of carrying out this chapter, including the monitoring and evaluation of State and local efforts.

(b) STATE ADMINISTRATIVE COSTS.—A State that receives a grant under this chapter may use—

(1) not more than 2 percent of the funds made available through the grant to carry out activities designed to coordinate early learning programs on the State level, including programs funded or operated by the State educational agency, health, children and family, and human service agencies, and any State-level collaboration or coordination council involving early learning and education, such as the entities funded under section 640(a)(5) of the Head Start Act (42 U.S.C. 9835(a)(5));

(2) not more than 2 percent of the funds made available through the grant for the administrative costs of carrying out the grant program and the costs of reporting State and local efforts to the Secretary; and

(3) not more than 3 percent of the funds made available through the grant for training, technical assistance, and wage incentives provided by the State to Local Councils.

SEC. 3258. STATE REQUIREMENTS.

(a) IN GENERAL.—The Secretary may make grants to eligible States that comply with section 3259, to expand

access to and quality of early learning programs that meet requirements in section 3262.

(b) STATE APPLICATIONS.—

(1) IN GENERAL.—To be eligible to receive a grant under subsection (a), a State shall submit an application in accordance with this subsection to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(2) CONTENTS OF STATE APPLICATION.—The State shall include in such application a plan that includes—

(A) a statement ensuring that the State has identified a Lead State Agency to administer and monitor the grant and ensure State-level coordination of early learning programs;

(B) a statement describing the manner in which the Lead State Agency will allocate funds received under this chapter to localities as required under section 3259;

(C) a description of how grant funds will be used to improve access to and quality of early learning programs as required under section 3262;

(D) a description of the performance goals to be achieved by funds received under this chapter and the measure to be used to evaluate progress toward such goals; and

(E) a statement describing how the State will provide technical assistance to ensure that Local Councils receiving funds under this chapter comply with the requirements of this chapter.

SEC. 3259. STATE ADMINISTRATION.

(a) IN GENERAL.—For a State to be eligible to receive a grant under this chapter, the State shall appoint a Lead State Agency to carry out the functions described in subsection (b).

(b) LEAD STATE AGENCY.—

(1) IN GENERAL.—The Lead State Agency as described in subsection (a) shall allocate funds in accordance with section 3258 to localities.

(2) LIMITATION.—The Lead State Agency shall allocate not less than 93 percent of such funds that have been provided to the State for a fiscal year more than 1 locality.

(3) FUNCTIONS OF AGENCY.—In addition to allocating funds under paragraph (1), the Lead State Agency shall—

(A) advise and assist Local Councils in the performance of their duties under this chapter;

(B) develop and submit the State application and the State plan required under section 3258;

(C) evaluate and approve applications submitted by localities;

(D) ensure collaboration with respect to assistance provided under this chapter between the State agencies responsible for education, child care, health and social services;

(E) prepare and submit to the Secretary an annual report, after approval by the State Council designated under subsection (c), which shall include a statement describing the manner in which funds received under section 3258 are expended and documentation of the effects that resources under this chapter have had on—

(i) the number of children in full day, full year Head Start programs, as provided under the Head Start Act (42 U.S.C. 9831 et seq.);

(ii) the number of infants and toddlers in programs that provide comprehensive Early Head Start services, as provided

under the Head Start Act (42 U.S.C. 9831 et seq.);

(iii) the number of children attending, and types of programs providing, pre-kindergarten, including those with special needs;

(iv) the linkages between early learning programs and health care services for young children;

(v) linkages among early learning programs;

(vi) access to early learning activities for young children with special needs;

(vii) expansion of the days or times that children are served in existing early learning programs;

(viii) removal of ancillary barriers to early learning, including transportation difficulties, absence of programs during non-traditional work times, and family affordability; and

(ix) professional development, and recruitment and retention incentives, for caregivers.

(4) STATE PREFERENCE.—In making grants to Local Councils under this chapter, the State shall give preference to supporting Local Councils that meet criteria that are specified by the State and approved by the Secretary, for qualifying as serving areas of greatest need for improving access to and quality of early learning programs.

(c) STATE COUNCIL.—

(1) IN GENERAL.—The State Council referred to in subsection (b)(3) shall be composed of a group of representatives of agencies, institutions, and other entities, as described in paragraphs (2) and (3), that provide child care or early learning services in the State.

(2) MEMBERSHIP.—Except as provided in paragraph (6), the chief executive officer of the State shall appoint to the State Council at least 1 representative from—

(A) the office of the chief executive officer of the State;

(B) the State educational agency;

(C) the State agency administering funds received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.);

(D) the State social services agency;

(E) the State Head Start association;

(F) organizations representing parents within the State;

(G) resource and referral agencies within the State; and

(H) specialists in early child development.

(3) ADDITIONAL MEMBERS.—In addition to representatives appointed under subparagraph (2), the chief executive officer of the State may appoint to the State Council additional representatives from—

(A) the State Board of Education;

(B) the State health agency;

(C) the State labor or employment agency;

(D) organizations representing teachers;

(E) organizations representing business; and

(F) organizations representing labor.

(4) REPRESENTATION.—To the extent practicable, the chief executive officer of the State shall appoint representatives under subparagraphs (2) and (3) in a manner that is diverse or balanced according to the race, ethnicity, and gender of its members.

(5) FUNCTIONS OF THE COUNCIL.—The State Council shall—

(A) conduct a needs and resources assessment, or use such an assessment if conducted not later than 2 years prior to the date of enactment of this chapter, to—

(i) determine where early learning programs are lacking or are inadequate within the State, with particular attention to poor urban and rural areas, and what special services are needed within the State, such as services for children whose native language is a language other than English; and

(ii) identify all existing State-funded early learning programs, and, to the extent practical, other programs serving prekindergarten children in the State, including parent education programs, and to specify which programs might be expanded or upgraded with the use of funds received under section 3255; and

(B) based on the assessment described in subparagraph (A), determine funding priorities

for amounts received under section 3255 for the State.

(6) DESIGNATING AN EXISTING ENTITY AS STATE COUNCIL.—To the extent that a State has a State Council or a entity that functions as such before the date of enactment of this chapter that is comparable to the State Council described in this subsection, the State shall be considered to be in compliance with this subsection.

SEC. 3260. LOCAL APPLICATION.

(a) IN GENERAL.—To be eligible to receive a grant under this chapter, a Local Council shall submit an application to the Lead State Agency at such time, in such manner, and containing such information as the Lead Agency may require.

(b) CONTENTS.—An application submitted under subsection (a) shall include a statement containing an assurance that the local government entity, Indian tribe, Regional Corporation, or Native Hawaiian entity has established or designated a Local Council under section 3261(a), and the Local Council has developed a local plan for carrying out early learning programs under this chapter that includes—

(1) a needs and resources assessment concerning early learning services and access to such

services by families, and a statement describing how early learning programs will be funded consistent with the assessment;

(2) a statement of how the Local Council will ensure that funded programs will meet the performance goals referred to in section 3258(b)(2)(D) established by the State; and

(3) a description of how the Local Council will form collaboratives among local child care, social, and health services and educational providers to maximize resources and concentrate efforts on areas of greatest need.

SEC. 3261. LOCAL ADMINISTRATION.

(a) LOCAL COUNCIL.—

(1) IN GENERAL.—To be eligible to receive a grant under this chapter, a local government entity, Indian tribe, Regional Corporation or Native Hawaiian entity, as appropriate, shall establish or designate a Local Council, which shall be composed of—

(A) representatives of local agencies and organizations directly affected by early learning programs assisted under this chapter;

(B) parents or representatives of families with young children;

(C) other individuals concerned with early learning issues in the locality, such as representative entities providing elementary education, child care resource and referral services, early learning opportunities, child care, and health services; and

(D) other key community leaders.

(2) DESIGNATING EXISTING ENTITY.—If a local government entity, Indian tribe, Regional Corporation, or Native Hawaiian entity has, before the date of enactment of the Early Learning Development Act, a Local Council or a regional entity that is comparable to the Local Council described in paragraph (1), the entity, tribe, or corporation may designate the council or entity as a Local Council under this chapter, and shall be considered to have established a Local Council in compliance with this subsection.

(3) FUNCTIONS.—The Local Council shall be responsible for preparing and submitting the application described in section 3260.

(b) ADMINISTRATION.—

(1) ADMINISTRATIVE COSTS.—Not more than 7 percent of the funds received by a Local Council under this chapter shall be used to pay for the ad-

ministrative costs of the Local Council in carrying out this chapter.

(2) FISCAL AGENT.—A Local Council may designate any entity with a demonstrated capacity for administering grants, that is affected by, or concerned with, early learning issues, including the State, to serve as fiscal agent for the administration of grant funds received by the Local Council under this chapter.

SEC. 3262. USE OF FUNDS.

(a) IN GENERAL.—Grants received under this chapter by Local Councils shall be used in accordance with this chapter to provide funds to service providers to—

(1) increase the number of children served in State prekindergarten education programs;

(2) increase the number of Head Start programs providing full working day, full calendar year Head Start services;

(3) increase the number of children served in Early Head Start programs carried out under section 645A of the Head Start Act (42 U.S.C. 9840a);

(4) enhance the quality of and access to education and comprehensive services and support services provided through the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et

seq.) to child care programs and providers, including health screening and diagnosis of children, parent involvement and parent education, nutrition services and education, staff and personnel training in early childhood development, and upgrading the salaries of early childhood development staff, and the development of salary schedules for staff with varying levels of experience, expertise and education;

(5) develop linkages among early learning programs within a community and between early learning programs and health care services for young children in ways that facilitate greater access to early learning programs;

(6) increase access to and quality of early learning opportunities for young children with special needs, including migratory children, children with limited English proficiency, and children with developmental delays, by facilitating coordination with other programs serving such young children;

(7) improve the quality of early learning programs through professional development and training activities, increased compensation, and recruitment and retention incentives for early learning providers;

(8) remove ancillary barriers to early learning, including transportation difficulties and family affordability of early learning programs;

(9) increase access to home visitation programs that are designed to improve early learning if services are provided by staff who are given sufficient training, and clinical and administrative supervision, by a registered nurse or a qualified early childhood professional;

(10) improve coordination between localities carrying out early learning programs and persons providing early intervention services under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.); or

(11) increase the number of child care providers serving families during nontraditional work time if such providers are licensed by the State.

SEC. 3263. REPEALER.

The Early Learning Opportunities Act (title VIII of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2001) (as enacted into law by section 1(a)(1) of Public Law 106–554) is repealed.

SEC. 3264. EFFECTIVE DATE.

This chapter shall take effect on the 1st day of the 1st fiscal year that begins after the date of the enactment of this Act.

CHAPTER 5—CHILD CARE FACILITIES FINANCING

SEC. 3271. SHORT TITLE.

This chapter may be cited as the ''Child Care Facilities Financing Act''.

SEC. 3272. TECHNICAL AND FINANCIAL ASSISTANCE GRANTS.

(a) DEFINITIONS.—In this section:

(1) CHILD CARE FACILITY.—The term ''child care facility'' means a center-based or home-based child care facility.

(2) ELIGIBLE INTERMEDIARY.—The term ''eligible intermediary'' means a private, nonprofit intermediary organization that has demonstrated experience in—

(A) providing technical or financial assistance for the construction and renovation of physical facilities;

(B) providing technical or financial assistance to child care providers; and

(C) securing private sources for capital financing of child care or other low-income community development.

(3) ELIGIBLE RECIPIENT.—The term ''eligible recipient'' means—

(A) any existing or new center-based or home-based child care provider that provides services to eligible children under a program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), or another program serving low-income children as determined by the Secretary; and

(B) any organization in the process of establishing a center-based or home-based child care program or otherwise seeking to provide child care services to children described in subparagraph (A).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(b) GRANT AUTHORITY.—The Secretary may award grants on a competitive basis in accordance with this section to eligible intermediaries to assist the intermediaries in carrying out the activities described in subsection (e).

(c) APPLICATIONS.—To be eligible to receive a grant under this section an eligible intermediary shall submit to

the Secretary an application, in such form and containing such information as the Secretary may require.

(d) PRIORITY.—In awarding grants under this section the Secretary shall give a priority to applicants under subsection (c) that serve low-income areas or individuals.

(e) USE OF FUNDS.—

(1) REVOLVING FUND.—Each eligible intermediary that receives a grant under this section shall deposit the grant amount into a child care revolving fund established by the eligible intermediary.

(2) PAYMENTS FROM FUND.—Subject to subsection (f), from amounts deposited into the revolving fund under paragraph (1), each eligible intermediary shall provide technical and financial assistance (in the form of loans, grants, investments, guarantees, interest subsidies, and other appropriate forms of assistance) to eligible recipients to pay for the Federal share of the cost of the acquisition, construction, or improvement of child care facilities or equipment, or for the improvement of related management and business practices, for each such recipient. The amounts may be used solely for the purpose of providing technical or financial assistance.

(3) LOAN REPAYMENTS AND INVESTMENT PROCEEDS.—Any amount received by an eligible inter-

mediary from an eligible recipient in the form of a loan repayment or investment proceeds shall be deposited into the child care revolving fund of the eligible intermediary for redistribution to other eligible recipients in accordance with this section.

(f) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost described in subsection (e)(2) shall be not more than 50 percent.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost may be provided in cash or in kind, fairly evaluated, including plant, equipment, or services.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000,000 for each of fiscal years 2002 through 2006.

Subtitle D—Head Start Access and Improvement

SEC. 3301. AUTHORIZATION OF APPROPRIATIONS.

Section 639(a) of the Head Start Act (42 U.S.C. 9834(a)) is amended to read as follows:

''(a) There are authorized to be appropriated to carry out this subchapter—

''(1) $7,199,812,000 for fiscal year 2002;

''(2) $8,000,000,000 for fiscal year 2003;

"(3) $9,000,000,000 for fiscal year 2004;

"(4) $10,000,000,000 for fiscal year 2005;

"(5) $11,002,000,000 for fiscal year 2006;

"(6) $12,200,000,000 for fiscal year 2007;

"(7) $13,605,000,000 for fiscal year 2008;

"(8) $15,275,000,000 for fiscal year 2009;

"(9) $17,280,000,000 for fiscal year 2010; and

"(10) $19,720,000,000 for fiscal year 2011.".

Subtitle E—Education Improvements

Chapter 1—Increasing Access to Quality Prekindergarten Programs

SEC. 3401. PREKINDERGARTEN PROGRAMS.

Title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8001 et seq.) is amended—

(1) by redesignating part L as part N; and

(2) by inserting after part K the following:

"PART L—PREKINDERGARTEN PROGRAMS

"SEC. 10996A. FINDINGS.

"Congress finds the following:

"(1) Countless studies have shown what every parent already knows: High-quality preschool education programs work. Such programs prepare children to learn when they go to school, and increase the success of students throughout their lives.

"(2) Children who get a high-quality prekindergarten education are less likely to repeat a grade level and have less need for special education instruction than those with no prekindergarten experience.

"(3) Prekindergarten programs make a significant difference in the lives of children from low-income families. A recent study found that children in high-quality child care programs had better thinking and attention skills, better mathematics and pre-reading skills, and fewer behavioral problems.

"(4) In a study following children to age 21 who received high-quality early childhood education, such children were more likely to have enrolled in college, been employed, and delayed parenthood.

"SEC. 10996B. DEFINITIONS.

"In this part:

"(1) PREKINDERGARTEN.—The term 'prekindergarten' means a program serving children ages 3, 4, and 5 years old that supports children's cognitive, social, emotional, and physical development and helps prepare children for the transition to kindergarten.

"(2) ELIGIBLE PREKINDERGARTEN PROVIDER.—The term 'eligible prekindergarten provider' means—

"(A) a child care program or Head Start agency under the Head Start Act (42 U.S.C. 9831 et seq.) that—

"(i) has met applicable State licensing requirements and has obtained accreditation by a national accrediting body with demonstrated experience in accrediting child care programs, prekindergarten programs, or schools; or

"(ii) agrees to obtain such accreditation not later than 3 years after receipt of a grant under this part; and

"(B) a local educational agency in partnership with an early childhood program, organization, or agency that serves prekindergarten school children.

"(3) PREKINDERGARTEN TEACHER.—The term 'prekindergarten teacher' means an individual who has, or is working toward, a bachelor of arts degree in early childhood development.

"SEC. 10996C. PROGRAM AUTHORIZED.

"(a) IN GENERAL.—From amounts made available under section 10996G, the Secretary may provide grants to States with approved applications under subsection (b)(2) for the purpose of enabling to States to award subgrants to eligible prekindergarten providers to establish, enhance, or expand prekindergarten programs.

"(b) STATE AGENCY.—

"(1) IN GENERAL.—A State desiring a grant under this part shall designate a State agency to administer the grant.

"(2) APPLICATION.—

"(A) IN GENERAL.—With respect to a State desiring a grant under this part, the State agency designated under paragraph (1) shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(B) CONTENTS.—The application submitted under subparagraph (A) shall include—

"(i) an assurance that the State will provide non-Federal matching funds, for carrying out the programs to be funded by a grant under this part, in an amount equal to not less than 20 percent of the grant award; and

"(ii) a description of—

"(I) how grant funds will be used to expand or enhance existing efforts across the State in providing access to high quality prekindergarten programs;

"(II) how the State will collaborate with local child care agencies and councils, including local child care resource and referral agencies;

"(III) how grant funds will be used to supplement and not supplant existing Federal, State, local and private funds used for prekindergarten programs;

"(IV) how the State will ensure that grant funds are provided to a range of types of eligible prekindergarten providers;

"(V) how the State will help eligible prekindergarten providers attract and retain qualified prekindergarten teachers;

"(VI) how the State will identify eligible prekindergarten providers and

identify children to receive prekindergarten education; and

"(VII) how the State will give priority in awarding subgrants under paragraph (3)(B) to full-time prekindergarten programs, including the expansion of existing part-time programs into full-time programs.

"(3) DUTIES.—The State agency designated under paragraph (1) shall—

"(A) receive and administer grant funds received under this part;

"(B) award subgrants, from such grant funds received, to eligible prekindergarten providers to carry out section 10996E; and

"(C) conduct evaluations of prekindergarten programs carried out by eligible prekindergarten providers that receive subgrants under subparagraph (B).

"SEC. 10996D. LOCAL APPLICATIONS.

"(a) IN GENERAL.—An eligible prekindergarten provider that desires to receive a subgrant under this part shall submit an application to the appropriate State agency designated under section 10996C(b)(1) at such time,

in such manner, and containing such information as such State agency may reasonably require.

"(b) CONTENT.—An application submitted under subsection (a), at a minimum, shall—

"(1) demonstrate a need for the establishment, enhancement, or expansion of a prekindergarten program;

"(2) describe how the eligible prekindergarten provider will collaborate with local early childhood councils and agencies;

"(3) provide an assurance that each individual hired as a teacher by the eligible prekindergarten provider is qualified to teach children at the prekindergarten level;

"(4) provide an assurance that the ratio of teacher or child development specialist to children at each prekindergarten program administered by the provider will not exceed 1–10;

"(5) provide a description of how funds will be used to coordinate with and enhance, but not duplicate or supplant, early childhood programs serving eligible children that exist in the community;

"(6) describe how the eligible prekindergarten provider will use a collaborative process with organizations and members of the community that have an

interest and experience in early childhood development and education to establish, enhance, or expand prekindergarten programs;

''(7) describe how the program to be funded under the subgrant will meet the diverse needs of children, ages 3 through 5, in the community who are not enrolled in kindergarten, including children with disabilities or whose native language is other than English;

''(8) describe how the eligible prekindergarten provider will collaborate with local schools to ensure a smooth transition for participating students from prekindergarten to kindergarten and early elementary education;

''(9) describe the results the prekindergarten program is intended to achieve, and what tools will be used to measure the progress in attaining those results; and

''(10) provide an assurance that none of the funds received under this part will be used for the construction or renovation of existing or new facilities (except for minor remodeling needed to accomplish the purposes of this part).

"SEC. 10996E. LOCAL USES OF FUNDS.

"(a) IN GENERAL.—An eligible prekindergarten provider that receives a subgrant under this part shall use funds received under such subgrant to establish, enhance, or expand prekindergarten programs for children, ages 3 through 5, who are not enrolled in kindergarten, including—

"(1) providing a program that focuses on the developmental needs of participating children, including their social, cognitive, physical, and language-development needs, and uses research-based approaches that build on competencies that lead to school success, particularly in language and literacy development and in reading;

"(2) paying the costs of purchasing educational equipment, including educational materials, necessary to provide a high quality program;

"(3) pursuing accreditation by a national accreditation body with demonstrated experience in accreditation of prekindergarten programs, to be obtained not later than 3 years after the date on which funds are first received under this part;

"(4) helping prekindergarten teachers pursue and attain the credential and degree requirements established by the State and provide a stipend for

attaining educational or professional development; and

"(5) meeting the needs of working parents.

"(b) PERMISSIBLE USES OF FUNDS.—An eligible prekindergarten provider that receives a subgrant under this part may use funds received under such subgrant to pay for transporting students to and from a prekindergarten program.

"SEC. 10996F. REPORTING.

"(a) LOCAL REPORTS.—Each eligible prekindergarten provider that receives a subgrant under this part shall submit to the State agency designated under section 10996C(b)(1), not later than 18 months after the date on which the provider first receives such subgrant, a report relating to the period for which subgrant funds were received, containing information on—

"(1) the number and ages of children served by the provider, including information disaggregated by family income, race, disability, native language;

"(2) the number of hours of service per day and number of months of service;

"(3) the total number of prekindergarten teachers employed by the provider; and

"(4) other sources of Federal, State, local, and private funds used to operate the prekindergarten

program for which subgrants funds were received under this part.

"(b) REPORT TO CONGRESS.—The Secretary shall submit an annual report to Congress that evaluates the prekindergarten programs established, enhanced, or expanded under this part.

"SEC. 10996G. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $2,000,000,000 for fiscal year 2002, $4,000,000,000 for fiscal year 2003, $5,000,000,000 for fiscal year 2004, $8,000,000,000 for fiscal year 2005, and $10,000,000,000 for fiscal year 2006.".

Chapter 2—Expanding Early Literacy Efforts

SEC. 3411. EARLY LITERACY.

Part C of Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6661 et seq.) is amended—

(1) by redesignating section 2251 as section 2251A;

(2) by inserting before section 2251A (as so redesignated) the following:

"SEC. 2251. SHORT TITLE.

"This part may be cited as the 'Reading Excellence Act'.";

(3) by redesignating section 2260 as section 2261;

(4) by inserting after section 2259 the following:

"SEC. 2260. EARLY LITERACY.

"(a) DEFINITIONS.—In this section:

"(1) EARLY CHILDHOOD EDUCATOR.—The term 'early childhood educator' means an individual who spends most or all of the program day working directly with young children and who has responsibility for implementing the educational components of an early childhood education program.

"(2) EARLY CHILDHOOD EDUCATION PROGRAM.—The term 'early childhood education program' means a licensed or regulated child care center, preschool, State-funded prekindergarten program, or Head Start program.

"(3) EARLY LITERACY.—The term 'early literacy' means the development of young children's vocabulary, reading, and writing skills in preparation to learn to read and write.

"(4) LOCAL EARLY LITERACY PARTNERSHIP.—The term 'local early literacy partnership' means a partnership, council, or consortia that includes representatives of—

"(A) the local educational agency;

"(B) teachers in kindergarten through 3d grade who are responsible for reading instruction, including teachers working with children whose native language is not English and children with disabilities;

"(C) early childhood educators working in a range of early childhood education programs and with children in a range of ages from birth through age 5, including educators working with children whose native language is not English and children with disabilities;

"(D) the local child care resource and referral agency, local child care council, Head Start agency, and other appropriate local child care agencies;

"(E) family literacy programs;

"(F) public libraries;

"(G) local institutions of higher education that provide professional development in research-based early literacy and scientifically based reading instruction; and

"(H) parents of children in early childhood programs and in schools.

"(5) RESEARCH-BASED EARLY LITERACY.—The term 'research-based early literacy' means the application of rigorous, systemic and objective procedures to obtain valid knowledge relevant to language and literacy development and instruction that—

"(A) is based on recent national reports synthesizing research on effective practices to support children's literacy and prevent later reading difficulties;

"(B) draws on high quality quantitative research;

"(C) uses systematic methods that draw on observation or experiment;

"(D) relies on multiple measures;

"(E) meets accepted standards of evidence as judged by a panel of independent experts; and

"(F) draws on the knowledge of effective teaching strategies for young children.

"(6) YOUNG CHILDREN.—The term 'young children' means children from birth through age 5 (or until mandatory school age as determined by the State).

"(b) GRANT PROGRAM.—The Secretary shall award grants to State educational agencies to enable such State

educational agencies to award subgrants to local early literacy partnerships for the purpose of enhancing the early literacy in early childhood programs serving children from birth until kindergarten.

"(c) APPLICATION.—A State educational agency desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

"(1) how the State educational agency will disseminate information to a range of early childhood education providers, organizations, local educational agencies, and institutions of higher education regarding the partnership grants;

"(2) how the State educational agency will provide technical assistance to local early literacy partnerships by disseminating information on research regarding early literacy curricula and teaching practice; and

"(3) how the State educational agency will coordinate with other State agencies having responsibility for early childhood education programs in the selection of the local grantees and in providing technical assistance and information.

"(d) ADMINISTRATION.—A State educational agency receiving a grant under this section may reserve not more than 2 percent of the grant funds received for administrative purposes.

"(e) LOCAL EARLY LITERACY PARTNERSHIP APPLICATION.—A local early literacy partnership desiring a subgrant under this section shall submit an application to the State educational agency at such time, in such manner, and containing such information as the State educational agency may require. The application shall identify the lead partner (which shall have a demonstrated history of effective administration of large grants) that will act as the fiscal agent and shall describe—

"(1) the roles and responsibilities of each partner entity in the partnership and the resources that will be made available to each such partner entity to carry out those roles and responsibilities;

"(2) how the partnership will identify early childhood education programs and early childhood educators that would benefit from the services and professional development to be provided by the partnership under this section;

"(3) how the partnership will coordinate Federal, State, local, and private resources related to early literacy and family literacy;

"(4) how the research-based early literacy curricula and materials will be made available to early childhood education programs;

"(5) how ongoing professional development in research-based early literacy will be provided to early childhood educators in a range of early childhood education programs, including the use of technology to deliver such professional development as appropriate;

"(6) how the partnership will establish the presence of an early literacy specialist in the local child care resource and referral agency or other appropriate early childhood education agency in order to provide technical assistance and information to programs and early childhood educators;

"(7) how the services will build on existing early literacy and family literacy programs and professional development in the community;

"(8) how the early literacy activities and professional development for early childhood educators will be coordinated with the activities and professional development of kindergarten teachers in the same geographic area;

"(9) how families will participate in early literacy programs to enhance their children's language and literacy progress;

"(10) how the partnership will collect and report data as required under subsection (g); and

"(11) how the professional development and other activities and materials to be supplied by the partnership under this section will support the early literacy of children whose native language is not English, children with disabilities, and other children at risk of having reading difficulties.

"(f) USES OF FUNDS.—The early literacy partnership shall use funds for—

"(1) providing research-based early literacy instruction methods, strategies, and curricula to early childhood providers serving children from birth through age 5 in a range of settings in the community;

"(2) providing ongoing, regular, professional development to early childhood educators in the selection and use of research-based early literacy instruction methods, strategies, and curricula;

"(3) providing a stipend or bonus of sufficient size to each childhood educator who receives the ongoing professional development in research-based

early literacy, and who commits to remaining in the same early childhood education program for a minimum of 1 additional full year;

''(4) establishing 1 or more early literacy specialists in the local child care resource and referral agency or other appropriate local child care agency or council to provide technical assistance and to disseminate information;

''(5) coordinating the delivery of early literacy and family literacy services within the community; and

''(6) collecting and reporting information to the State educational agency as required in subsection (g).

''(g) EVALUATIONS AND REPORTS.—Each local partnership that receives a grant under this section shall submit a report to the State educational agency that includes—

''(1) a description of the types of early childhood education programs that received services through the grant, including disaggregated information on the age, race, ethnicity, native language, disability status, gender, and family income of the children served and the qualifications, by credential or

degree, and compensation of the staff (including directors and teachers);

"(2) the extent to which professional development in research-based early literacy was made accessible and used by early childhood education staff in the local area;

"(3) how early literacy activities were coordinated with family literacy programs and activities; and

"(4) how each partner carried out the partner's respective roles and responsibilities under the application."; and

(5) by amending section 2261 (as so redesignated) by adding at the end the following:

"(3) FISCAL YEARS 2002 TO 2006.—There are authorized to be appropriated to carry out this part—

"(A) $500,000,000 for fiscal year 2002;

"(B) $600,000,000 for fiscal year 2003;

"(C) $700,000,000 for fiscal year 2004;

"(D) $850,000,000 for fiscal year 2005; and

"(E) $1,000,000,000 for fiscal year 2006.".

SEC. 3412. TECHNICAL AMENDMENTS.

The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(1) in section 1202(c)(1), by striking ''section 2260(b)(3)'' and inserting ''section 2261(b)(3)'';

(2) in section 2257, by striking ''section 2260(b)(1)'' and inserting ''section 2261(b)(1)''; and

(3) in section 2258, by striking ''2260(b)(2)'' and inserting ''section 2261(b)(2)''.

Chapter 3—Increasing the Availability of Books

SEC. 3421. SHORT TITLE.

This chapter may be cited as the ''Book Stamp Act''.

SEC. 3422. FINDINGS.

Congress finds the following:

(1) Literacy is fundamental to all learning.

(2) Between 40 and 60 percent of the Nation's children do not read at grade level, particularly children in families and school districts that are challenged by significant financial or social instability.

(3) Increased investments in child literacy are needed to improve opportunities for children and the efficacy of the Nation's education investments.

(4) Increasing access to books in the home is an important means of improving child literacy, which can be accomplished nationally at modest cost.

(5) Effective channels for book distribution already exist through child care providers.

SEC. 3423. DEFINITIONS.

In this chapter:

(1) EARLY LEARNING PROGRAM.—The term ''early learning'', used with respect to a program, means a program of activities designed to facilitate development of cognitive, language, motor, and social-emotional skills in children under age 6 as a means of enabling the children to enter school ready to learn, such as a Head Start or Early Head Start program carried out under the Head Start Act (42 U.S.C. 9831 et seq.), or a State pre-kindergarten program.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(3) STATE.—The term ''State'' means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(4) STATE AGENCY.—The term ''State agency'' means an agency designated under section 658D of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858b).

SEC. 3424. GRANTS TO STATE AGENCIES.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish and carry out a program to promote child literacy and improve children's access to books at home and in early learning and other child care programs, by making books available through early learning and other child care programs.

(b) GRANTS.—

(1) IN GENERAL.—In carrying out the program, the Secretary shall make grants to State agencies from allotments determined under paragraph (2).

(2) ALLOTMENTS.—For each fiscal year, the Secretary shall allot to each State an amount that bears the same ratio to the total of the available funds for the fiscal year as the amount the State receives under section 658O(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(b)) for the fiscal year bears to the total amount received by all States under that section for the fiscal year.

(c) APPLICATIONS.—To be eligible to receive an allotment under this section, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(d) ACCOUNTABILITY.—The provisions of sections 658I(b) and 658K(b) of the Child Care and Development

Block Grant Act of 1990 (42 U.S.C. 9858g(b), 9858i(b)) shall apply to States receiving grants under this chapter, except that references in those sections—

(1) to a chapter shall be considered to be references to this chapter; and

(2) to a plan or application shall be considered to be references to an application submitted under subsection (c).

(e) DEFINITION.—In this section, the term ''available funds'', used with respect to a fiscal year, means the total of—

(1) the funds made available under section 416(c)(1) of title 39, United States Code for the fiscal year; and

(2) the amounts appropriated under section 3409 for the fiscal year.

SEC. 3425. CONTRACTS TO CHILD CARE RESOURCE AND REFERRAL AGENCIES.

A State agency that receives a grant under section 3404 shall use funds made available through the grant to enter into contracts with local child care resource and referral agencies to carry out the activities described in section 3406. The State agency may reserve not more than 3 percent of the funds made available through the grant

to support a public awareness campaign relating to the activities.

SEC. 3426. USE OF FUNDS.

(a) ACTIVITIES.—

(1) BOOK PAYMENTS FOR ELIGIBLE PROVIDERS.—A child care resource and referral agency that receives a contract under section 3405 shall use the funds made available through the grant to provide payments for eligible early learning program and other child care providers, on the basis of local needs, to enable the providers to make books available, to promote child literacy and improve children's access to books at home and in early learning and other child care programs.

(2) ELIGIBLE PROVIDERS.—To be eligible to receive a payment under paragraph (1), a provider shall—

(A)(i) be a center-based child care provider, a group home child care provider, or a family child care provider, described in section 658P(5)(A) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(5)(A)); or

(ii) be a Head Start agency designated under section 641 of the Head Start Act (42

U.S.C. 9836), an entity that receives assistance under section 645A of such Act (42 U.S.C. 9840a) to carry out an Early Head Start program or another provider of an early learning program; and

(B) provide services in an area where children face high risks of literacy difficulties, as defined by the Secretary.

(b) RESPONSIBILITIES.—A child care resource and referral agency that receives a contract under section 3405 to provide payments to eligible providers shall—

(1) consult with local individuals and organizations concerned with early literacy (including parents and organizations carrying out the Reach Out and Read, First Book, and Reading Is Fundamental programs) regarding local book distribution needs;

(2) make reasonable efforts to learn public demographic and other information about local families and child literacy programs carried out by the eligible providers, as needed to inform the agency's decisions as the agency carries out the contract;

(3) coordinate local orders of the books made available under this chapter;

(4) distribute, to each eligible provider that receives a payment under this chapter, not fewer than

1 book every 6 months for each child served by the provider for more than 3 of the preceding 6 months;

(5) use not more than 5 percent of the funds made available through the contract to provide training and technical assistance to the eligible providers on the effective use of books with young children at different stages of development; and

(6) be a training resource for eligible providers that want to offer parent workshops on developing reading readiness.

(c) DISCOUNTS.—

(1) IN GENERAL.—Federal funds made available under this chapter for the purchase of books may only be used to purchase books on the same terms as are customarily available in the book industry to entities carrying out nonprofit bulk book purchase and distribution programs.

(2) TERMS.—An entity offering books for purchase under this chapter shall be presumed to have met the requirements of paragraph (1), absent contrary evidence, if the terms include a discount of 43 percent off the catalogue price of the books, with no additional charge for shipping and handling of the books.

(d) ADMINISTRATION.—The child care resource and referral agency may not use more than 6 percent of the funds made available through the contract for administrative costs.

SEC. 3427. REPORT TO CONGRESS.

Not later than 2 years of the date of enactment of this chapter, the Secretary shall prepare and submit to Congress a report on the implementation of the activities carried out under this chapter.

SEC. 3428. SPECIAL POSTAGE STAMPS FOR CHILD LITERACY.

Chapter 4 of title 39, United States Code is amended by adding at the end the following:

"§ 416. Special postage stamps for child literacy

''(a) In order to afford the public a convenient way to contribute to funding for child literacy, the Postal Service shall establish a special rate of postage for first-class mail under this section. The stamps that bear the special rate of postage shall promote childhood literacy and shall, to the extent practicable, contain an image relating to a character in a children's book or cartoon.

''(b)(1) The rate of postage established under this section—

"(A) shall be equal to the regular first-class rate of postage, plus a differential of not to exceed 25 percent;

"(B) shall be set by the Governors in accordance with such procedures as the Governors shall by regulation prescribe (in lieu of the procedures described in chapter 36); and

"(C) shall be offered as an alternative to the regular first-class rate of postage.

"(2) The use of the special rate of postage established under this section shall be voluntary on the part of postal patrons.

"(c)(1) Of the amounts becoming available for child literacy pursuant to this section, the Postal Service shall pay 100 percent to the Department of Health and Human Services.

"(2) Payments made under this subsection to the Department shall be made under such arrangements as the Postal Service shall by mutual agreement with such Department establish in order to carry out the objectives of this section, except that, under those arrangements, payments to such agency shall be made at least twice a year.

"(3) In this section, the term 'amounts becoming available for child literacy pursuant to this section' means—

"(A) the total amounts received by the Postal Service that the Postal Service would not have received but for the enactment of this section; reduced by

"(B) an amount sufficient to cover reasonable costs incurred by the Postal Service in carrying out this section, including costs attributable to the printing, sale, and distribution of stamps under this section,

as determined by the Postal Service under regulations that the Postal Service shall prescribe.

"(d) It is the sense of Congress that nothing in this section should—

"(1) directly or indirectly cause a net decrease in total funds received by the Department of Health and Human Services, or any other agency of the Government (or any component or program of the Government), below the level that would otherwise have been received but for the enactment of this section; or

"(2) affect regular first-class rates of postage or any other regular rates of postage.

"(e) Special postage stamps made available under this section shall be made available to the public beginning on such date as the Postal Service shall by regulation pre-

scribe, but in no event later than 12 months after the date of enactment of this section.

"(f) The Postmaster General shall include in each report provided under section 2402, with respect to any period during any portion of which this section is in effect, information concerning the operation of this section, except that, at a minimum, each report shall include information on—

"(1) the total amounts described in subsection (c)(3)(A) that were received by the Postal Service during the period covered by such report; and

"(2) of the amounts described in paragraph (1), how much (in the aggregate and by category) was required for the purposes described in subsection (c)(3)(B).

"(g) This section shall cease to be effective at the end of the 2-year period beginning on the date on which special postage stamps made available under this section are first made available to the public.".

SEC. 3429. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this chapter $50,000,000 for each of fiscal years 2002 through 2006.

Chapter 4—Increased Accountability

SEC. 3431. LOW ACHIEVING CHILDREN MEET HIGH STANDARDS.

The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended in the heading for title I by striking "**DISADVANTAGED**" and inserting "**LOW-ACHIEVING**".

SEC. 3432. PURPOSE AND INTENT.

Section 1001 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301) is amended to read as follows:

"SEC. 1001. FINDINGS; RECOGNITION OF NEED; STATEMENT OF PURPOSE.

"(a) FINDINGS.—Congress finds the following:

"(1) Schools that enroll high concentrations of children living in poverty face the greatest challenges, but effective educational strategies based on scientifically based research can succeed in educating children to high standards.

"(2) High-poverty schools are much more likely to be identified as failing to meet State standards for satisfactory progress. As a result, these schools are generally the most in need of additional resources and technical assistance to build the capac-

ity of these schools to address the many needs of their students.

"(3) The educational progress of children participating in programs under this title is closely associated with their being taught by a fully qualified staff, particularly in schools with the highest concentrations of poverty, where paraprofessionals, uncertified teachers, and teachers teaching out of field frequently provide instructional services.

"(4) States, local educational agencies, and schools should be held accountable for improving student achievement, while being given appropriate flexibility.

"(5) Programs funded under this title must demonstrate increased effectiveness in improving schools in order to ensure all children achieve to high standards.

"(b) RECOGNITION OF NEED.—The Congress recognizes the following:

"(1) Educational needs are particularly great for low-achieving children in our Nation's highest-poverty schools, children with limited English proficiency, children of migrant workers, children with disabilities, Indian children, children who are ne-

glected or delinquent, and young children and their parents who are in need of family literacy services.

"(2) Despite decades of education reform efforts, a sizable achievement gap remains between minority and nonminority students, and between disadvantaged students and their more advantaged peers.

"(3) States, local educational agencies and schools should be held accountable for improving the academic achievement of all students, and for identifying and turning around low-performing schools.

"(4) Federal education assistance is intended not only to increase pupil achievement overall, but also more specifically and importantly, to help ensure that all pupils, especially the disadvantaged, meet challenging standards for curriculum content and pupil performance. It can only be determined if schools, local educational agencies, and States, are reaching this goal if pupil achievement results are disaggregated by at-risk categories.

"(c) PURPOSE AND INTENT.—The purpose and intent of this title are to ensure that all children have a fair and equal opportunity to obtain a high quality education.

SEC. 3433. AUTHORIZATION OF APPROPRIATIONS.

(a) ADDITIONAL ASSISTANCE.—Subsection (f) of section 1002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6302(f)) is amended to read as follows:

''(f) SCHOOL IMPROVEMENT.—Each State may reserve for the purpose of carrying out its duties under section 1116 and 1117, the greater of one-half of 1 percent of the amount allocated under this part, or $200,000.''.

(b) FEDERAL ACTIVITIES.—Subsection (g) of section 1002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6302(g)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(c) STATE ADMINISTRATION.—Section 1002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6302) is amended by adding at the end the following:

''(h) STATE ADMINISTRATION.—

''(1) STATE RESERVATION.—Each State may reserve, from the grants it receives under parts A, C, and D, of this title, an amount equal to the greater of—

''(A) 1 percent of the amount it received under parts A, C, and D; or

"(B) $400,000 ($50,000 for each outlying area), to carry out administrative duties assigned under parts A, C, and D.

"(2) SPECIAL RULE.—The amount reserved by each State under this subsection may not exceed the amount of State funds expended by the State educational agency to administer elementary and secondary education programs in such State.

"(i) ASSISTANCE FOR LOCAL SCHOOL IMPROVEMENT.—

"(1) PROGRAM AUTHORIZED.—The Secretary shall award grants to States to provide subgrants to local educational agencies for the purpose of providing assistance for school improvement consistent with section 1116. Such grants shall be allocated among States, the Bureau of Indian Affairs, and the outlying areas, in the same proportion to the grants received by each State, the Bureau of Indian Affairs, and the outlying areas for the fiscal year under parts A, C, and D of this title. The Secretary shall expeditiously allocate a portion of such funds to States for the purpose of assisting local educational agencies and schools that were in school improvement status on the date preceding the date of enactment of the Leave No Child Behind Act of 2001.

"(2) REALLOCATIONS.—If a State does not apply for funds under this subsection, the Secretary shall reallocate such funds to other States in the same proportion that funds are allocated under paragraph (1).

"(3) STATE APPLICATIONS.—Each State educational agency that desires to receive funds under this subsection shall submit an application to the Secretary at such time, and containing such information as the Secretary shall reasonably require, except that such requirement shall be waived if a State educational agency has submitted such information as part of its State plan under this part. Each State plan shall describe how such funds will be allocated to ensure that the State educational agency and local educational agencies comply with school improvement and corrective action requirements of section 1116.

"(4) LOCAL EDUCATIONAL AGENCY GRANTS.—A grant to a local educational agency under this subsection shall be—

"(A) of sufficient size and scope to support the activities required under sections 1116 and 1117, but not less than $50,000 and not more than $500,000 to each participating school;

"(B) integrated with other funds under this Act; and

"(C) renewable for 2 additional 1-year periods if schools are making yearly progress consistent with State and local educational agency plans developed under section 1116.

"(5) PRIORITY.—The State, in awarding such grants, shall give priority to local educational agencies with the lowest achieving schools, that demonstrate the greatest need for such funds, and that demonstrate the strongest commitment to making sure such funds are used to provide adequate resources to enable such schools to meet the yearly progress goals under State and local school improvement and corrective action plans under section 1116.

"(6) ADMINISTRATIVE COSTS.—A State educational agency that receives a grant award under this subsection may reserve not more than 5 percent of such award for administration, evaluation, and technical assistance expenses.

"(7) LOCAL AWARDS.—Each local educational agency that applies for assistance under this subsection shall describe how it will provide the lowest achieving schools the resources necessary to meet yearly progress goals under State and local school

improvement and corrective action plans under section 1116.

"(8) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $250,000,000 for fiscal year 2002, $300,000,000 for fiscal year 2003, $350,000,000 for fiscal year 2004, $400,000,000 for fiscal year 2005, and $450,000,000 for fiscal year 2006.".

SEC. 3434. RESERVATION AND ALLOCATION.

Section 1003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6303) is repealed.

SEC. 3435. STATE PLANS.

Section 1111 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311) is amended to read as follows:

"SEC. 1111. STATE PLANS.

"(a) PLANS REQUIRED.—

"(1) IN GENERAL.—Any State desiring to receive a grant under this part shall submit to the Secretary a plan, developed in consultation with local educational agencies, teachers, pupil services personnel, administrators (including administrators of programs described in other parts of this title), other staff, and parents, that satisfies the requirements of this section and that is coordinated with

other programs under this Act, the Individuals with Disabilities Education Act, the Carl D. Perkins Vocational and Technical Education Act of 1998, and the Head Start Act.

"(2) CONSOLIDATED PLAN.—A State plan submitted under paragraph (1) may be submitted as part of a consolidated plan under section 10202.

"(b) STANDARDS, ASSESSMENTS, AND ACCOUNTABILITY.—

"(1) CHALLENGING STANDARDS.—(A) Each State plan shall demonstrate that the State has adopted and implemented challenging content standards and challenging student performance standards that will be used by the State, its local educational agencies, and its schools to carry out this part, except that a State shall not be required to submit such standards to the Secretary.

"(B) The standards required by subparagraph (A) shall be the same standards that the State applies to all schools and children in the State.

"(C) The State shall have such standards for elementary school and secondary school children served under this part in subjects determined by the State, but including at least mathematics, reading or language arts, and science, which shall include

the same knowledge, skills, and levels of performance expected of all children.

"(D) Standards under this paragraph shall include—

"(i) challenging content standards in academic subjects that—

"(I) specify what children are expected to know and be able to do;

"(II) contain coherent and rigorous content; and

"(III) encourage the teaching of advanced skills; and

"(ii) challenging student performance standards that—

"(I) are aligned with the State's content standards;

"(II) describe 2 levels of high performance, proficient and advanced, that determine how well children are mastering the material in the State content standards; and

"(III) describe a third level of performance, basic, to provide complete information about the progress of the lower performing children toward achieving to

the proficient and advanced levels of performance.

"(E) For the subjects in which students will be served under this part, but for which a State is not required by subparagraphs (A), (B), and (C) to develop, and has not otherwise developed such standards, the State plan shall describe a strategy for ensuring that such students are taught the same knowledge and skills and held to the same expectations as are all children.

"(2) ADEQUATE YEARLY PROGRESS.—

"(A) IN GENERAL.—Each State plan shall demonstrate, based on assessments described under paragraph (4), what constitutes adequate yearly progress of—

"(i) any school served under this part toward enabling all children to meet the State's challenging student performance standards;

"(ii) any local educational agency that received funds under this part toward enabling all children in schools receiving assistance under this part to meet the State's challenging student performance standards; and

"(iii) the State in enabling all children in schools receiving assistance under this part to meet the State's challenging student performance standards.

"(B) DEFINITION.—Adequate yearly progress shall be defined in a manner that—

"(i) applies the same high standards of academic performance to all students in the State;

"(ii) takes into account the progress of all students in the State and in each local educational agency and school served under section 1114 or 1115;

"(iii) uses the State challenging content and challenging student performance standards and assessments described in paragraphs (1) and (4);

"(iv) compares separately, within each State, local educational agency, and school, the performance and progress of students by gender, each major ethnic and racial group, by English proficiency status, by migrant status, by students with disabilities as compared to nondisabled students, and by economically disadvantaged stu-

dents as compared to students who are not economically disadvantaged (except that such disaggregation shall not be required in a case in which the number of students in a category is insufficient to yield statistically reliable information or the results would reveal individually identifiable information about an individual student);

''(v) compares the proportions of students at the 'basic', 'proficient', and 'advanced' levels of performance with the proportions of students at each of the 3 levels in the same grade in the previous school year;

''(vi) includes annual numerical goals for improving the performance of all groups specified in clause (iv) and narrowing gaps in performance between these groups; and

''(vii) includes a timeline for ensuring that each group of students described in clause (iv) meets or exceeds the State's proficient level of performance on each State assessment used for the purposes of section 1111 and section 1116 not later

than 10 years after the date of enactment of the Leave No Child Behind Act of 2001; and

"(viii) at the State's discretion, may also include other academic measures such as promotion, completion of college preparatory courses, and high school completion, except that inclusion of such other measures may not change which schools or local educational agencies would otherwise be subject to improvement or corrective action under section 1116 if the discretionary indicators were not included.

"(C) ANNUAL IMPROVEMENT FOR STATES.—For a State to make adequate yearly progress under subparagraph (A)(iii), not less than 90 percent of the local educational agencies within its jurisdiction shall meet the State's criteria for adequate yearly progress.

"(D) ANNUAL IMPROVEMENT FOR LOCAL EDUCATIONAL AGENCIES.—For a local educational agency to make adequate yearly progress under subparagraph (A)(ii), not less than 90 percent of the schools within its juris-

diction must meet the State's criteria for adequate yearly progress.

"(E) ANNUAL IMPROVEMENT FOR SCHOOLS.—For a school to make adequate yearly progress under subparagraph (A)(i), not less than 90 percent of each group of students described in subparagraph (B)(iv) who are enrolled in such school are required to take the assessments consistent with section 612(a)(17)(A) of the Individuals with Disabilities Education Act and paragraph (4)(F)(iii) on which adequate yearly progress is based. The requirement of this subparagraph must be met for such assessments to be used to determine whether a school is making adequate yearly progress.

"(F) PUBLIC NOTICE AND COMMENT.—Each State shall ensure that in developing its plan for adequate yearly progress, it diligently seeks public comment from a range of institutions and individuals in the State with an interest in improved student achievement and that the State makes and will continue to make a substantial effort to ensure that information under this part is widely known and understood

by the public, parents, teachers, and school administrators throughout the State. Such efforts shall include, at a minimum, publication of such information and explanatory text, broadly to the public through such means as the Internet, the media, and public agencies.

"(G) REVIEW.—The Secretary shall review the information from States on the adequate yearly progress of schools and local educational agencies required under subparagraphs (A) and (B) for the purpose of determining State and local compliance with section 1116.

"(H) REVISION.—The Secretary shall require States to revise their definition of adequate yearly progress, consistent with the requirements of this paragraph. Such revisions shall be submitted to the Secretary for approval not later than 1 year after the date of enactment of the Leave No Child Behind Act of 2001.

"(3) STATE AUTHORITY.—If a State educational agency provides evidence that is satisfactory to the Secretary that neither the State educational agency nor any other State government official, agency, or entity has sufficient authority, under

State law, to adopt curriculum content and student performance standards, and assessments aligned with such standards, that will be applicable to all students enrolled in the State's public schools, then the State educational agency may meet the requirements of this subsection by—

"(A) adopting standards and assessments that meet the requirements of this subsection, on a statewide basis, limiting their applicability to students served under this part; or

"(B) adopting and implementing policies that ensure that each local educational agency in the State that receives grants under this part will adopt curriculum content and student performance standards, and assessments aligned with such standards, that meet all of the criteria in this subsection and any regulations regarding such standards and assessments that the Secretary may publish, and that are applicable to all students served by each such local educational agency.

"(4) ASSESSMENTS.—Each State plan shall demonstrate that the State has implemented and is administering a set of high-quality, yearly student assessments that include, at a minimum, assess-

ments in mathematics, reading or language arts, and science as the primary means of determining the yearly performance of each local educational agency and school served under this title in enabling all children served under this part to meet the State's challenging student performance standards. Such assessments shall—

"(A) be the same assessments used to measure the performance of all children, if the State measures the performance of all children;

"(B) be criterion referenced and aligned with the State's challenging content and student performance standards and provide coherent information about student attainment of such standards;

"(C) be used for purposes for which such assessments are valid and reliable, and be consistent with relevant, nationally recognized professional and technical standards for such assessments;

"(D) measure the proficiency of students in the academic subjects in which a State has adopted challenging content and student performance standards and be administered not less than one or more times during—

"(i) grades 3 through 5;

"(ii) grades 6 through 9; and

"(iii) grades 10 through 12;

"(E) involve multiple up-to-date measures of student performance, including measures that assess higher order thinking skills and understanding;

"(F) provide for—

"(i) the participation in such assessments of all students;

"(ii) the reasonable adaptations and accommodations for students with disabilities defined under 602(3) of the Individuals with Disabilities Education Act necessary to measure the achievement of such students relative to State content and State student performance standards; and

"(iii) the inclusion of limited English proficient students who shall be assessed, to the extent practicable, in the language and form most likely to yield accurate and reliable information on such students' knowledge of, and skills in, the subject area being assessed;

"(G) include students who have attended schools in a local educational agency for a full academic year but have not attended a single school for a full academic year, except that the performance of students who have attended more than 1 school in the local educational agency in any academic year shall be used only in determining the progress of the local educational agency;

"(H) provide individual student reports, which include assessment scores, or other information on the attainment of student performance standards; and

"(I) enable results to be disaggregated within each State, local educational agency, and school by gender, by each major racial and ethnic group, by English proficiency status, by migrant status, by students with disabilities as compared to nondisabled students, and by economically disadvantaged students as compared to students who are not economically disadvantaged.

"(5) SPECIAL RULE.—

"(A) IN GENERAL.—Assessment measures that do not meet the requirements of paragraph

(4)(C) may be included as one of the multiple measures, if a State includes in the State plan information regarding the State's efforts to validate such measures.

"(B) STUDENT LITERACY SKILLS.—States may measure the literacy skills of students 1 or more times during kindergarten through grade 2. Such measurement shall serve only as a diagnostic tool, with its sole purpose being the improvement of reading instruction.

"(6) LANGUAGE ASSESSMENTS.—Each State plan shall identify the languages other than English that are present in the participating student population and indicate the languages for which yearly student assessments are not available and are needed. The State shall make every effort to develop such assessments and may request assistance from the Secretary if linguistically accessible assessment measures are needed. Upon request, the Secretary shall assist with the identification of appropriate assessment measures in the needed languages, but shall not mandate a specific assessment or mode of instruction.

"(7) REQUIREMENT.—Each State plan shall describe—

"(A) how the State educational agency will ensure that each local educational agency and school affected by the State plan to develop the capacity to comply with each of the requirements of sections 1112(c)(1)(D), 1114(c), and 1115(c) that is applicable to such agency or school;

"(B) what specific steps the State educational agency will take to assist, and provide resources to, schools and local educational agencies that receive funds under this part to ensure that all students enrolled in such schools and local educational agencies reach, at a minimum, the proficient level of performance;

"(C) the actions the State will take to ensure that critical education services and resources are available in local educational agencies that receive funds under this part to the extent that such services are available in local educational agencies that do not receive funds under this part;

"(D) whether services in local educational agencies that receive funds under this part are of comparable quality to the services in local

educational agencies that do not receive funds under this part;

"(E) at a minimum—

"(i) how the State will ensure, not later than December 1, 2004, that students from families with incomes below the poverty line and minority students receive instruction from fully qualified teachers at the same rate as other students;

"(ii) how the State will ensure, not later than December 1, 2004, that students from families with incomes below the poverty line and minority students have the same access to challenging curricula and rigorous courses, including advance placement courses, as do other students;

"(iii) how the State will ensure, not later than December 1, 2004, that the quality and availability of instructional materials and instructional resources including technology in local educational agencies receiving funds under this part, is comparable to such quality and availability in local educational agencies not receiving funds under this part; and

"(F) the measures that the State educational agency will use annually to measure and publicly report progress regarding subparagraph (E).

"(8) EXCLUSION FROM ASSESSMENTS.—

"(A) IN GENERAL.—Local educational agencies receiving funds under this part shall compile information and report, by individual school, on students who do not participate in assessments required under paragraph (4). Such report, which shall be distributed widely to the public, shall include—

"(i) a list of each reason that students did not participate in any such assessment; and

"(ii) the number from each group of students described in paragraph (2)(B)(iv) who did not participate on any such assessment for each reason.

"(B) PROTECTION.—Reports required under subparagraph (A) shall not report information in a case in which it would reveal individually identifiable information.

"(c) OTHER PROVISIONS TO SUPPORT TEACHING AND LEARNING.—Each State plan shall contain assurances that—

"(1) the State educational agency will work with other agencies, including educational service agencies or other local consortia, and institutions to provide technical assistance to local educational agencies and schools to carry out the State educational agency's responsibilities under this part, including technical assistance in providing professional development under section 1119 and technical assistance under section 1117; and

"(2)(A) where educational service agencies exist, the State educational agency will consider providing professional development and technical assistance through such agencies; and

"(B) where educational service agencies do not exist, the State educational agency will consider providing professional development and technical assistance through other cooperative agreements such as through a consortium of local educational agencies;

"(3) the State educational agency will notify local educational agencies and the public of the content and student performance standards and assessments developed under this section, and of the au-

thority to operate schoolwide programs, and will fulfill the State educational agency's responsibilities regarding local educational agency improvement and school improvement under section 1116, including such corrective actions as are necessary;

"(4) the State educational agency will provide the least restrictive and burdensome regulations for local educational agencies and individual schools participating in a program assisted under this part;

"(5) if applicable, the State educational agency will inform the Secretary and the public of how and which Federal laws hinder the ability of States—

"(A) to improve overall student achievement; and

"(B) to close achievement gaps between groups of students described in subsection (b)(2)(B)(iv);

"(6) the State educational agency will encourage schools to consolidate funds from other Federal, State, and local sources for schoolwide reform in schoolwide programs under section 1114;

"(7) the State educational agency will modify or eliminate State fiscal and accounting barriers so that schools can easily consolidate funds from other

Federal, State, and local sources for schoolwide programs under section 1114;

"(8) the State educational agency has involved the committee of practitioners established under section 1603(b) in developing the plan and monitoring its implementation; and

"(9) the State educational agency will inform local educational agencies of the local educational agency's authority to seek waivers under title X and, if the State is an Ed-Flex Partnership State, waivers under the Education Flexibility Partnership Act of 1999 (30 U.S.C. 589a et seq.).

"(d) PEER REVIEW AND SECRETARIAL APPROVAL.—

"(1) SECRETARIAL DUTIES.—The Secretary shall—

"(A) establish a peer review process to assist in the review of State plans;

"(B) approve a State plan after its submission unless the Secretary determines that the plan does not meet the requirements of this section;

"(C) if the Secretary determines that the State plan does not meet the requirements of subsection (a), (b), or (c), immediately notify

the State of such determination and the reasons for such determination;

"(D) not decline to approve a State's plan before—

"(i) offering the State an opportunity to revise its plan;

"(ii) providing technical assistance in order to assist the State to meet the requirements under subsections (a), (b), and (c); and

"(iii) providing a hearing;

"(E) have the authority to disapprove a State plan for not meeting the requirements of this part, but shall not have the authority to require a State, as a condition of approval of the State plan, to include in, or delete from, such plan one or more specific elements of the State's content standards or to use specific assessment instruments or items; and

"(2) STATE REVISIONS.—States shall revise their plans if necessary to satisfy the requirements of this section. Revised plans shall be submitted to the Secretary for approval not later than 1 year after the date of enactment of the Leave No Child Behind Act of 2001.

"(e) DURATION OF THE PLAN.—

"(1) IN GENERAL.—Each State plan shall—

"(A) be submitted for the first year for which this part is in effect after the date of enactment of the Leave No Child Behind Act of 2001;

"(B) remain in effect for the duration of the State's participation under this part; and

"(C) be periodically reviewed and revised by the State, as necessary, to reflect changes in the State's strategies and programs under this part.

"(2) ADDITIONAL INFORMATION.—If the State makes significant changes in its plan, such as the adoption of new State content standards and State student performance standards, new assessments, or a new definition of adequate yearly progress, the State shall submit such information to the Secretary.

"(f) LIMITATION ON CONDITIONS.—Nothing in this part shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school's specific instructional content or student performance standards and

assessments, curriculum, or program of instruction, as a condition of eligibility to receive funds under this part.

"(g) PENALTIES.—

"(1) IN GENERAL.—If a State fails to demonstrate that it has in place challenging content standards and student performance standards and assessments, and a system for measuring and monitoring adequate yearly progress which includes the disaggregation of data by groups, as described in subsection (b)(2)(B)(iv), the State shall be ineligible to receive any administrative funds under section 1002(h) that exceed the amount received by the State for such purpose in the previous year.

"(2) ADDITIONAL FUNDS.—Based on the extent to which the requirements of paragraph (1) are not met, additional administrative funds shall be withheld in such amount as the Secretary determines appropriate, except that for each additional year that the State fails to comply with such requirements, the Secretary shall withhold not less than one-fifth of the amount the State receives for administrative expenses under section 1002(h).

"(3) WAIVER.—Notwithstanding title X of this Act and the Education Flexibility Partnership Act of 1999 or any other provision of law, a waiver shall

not be granted except that a State may request a 1-time, 1-year waiver to meet the requirements of this section.

"(h) SCHOOL REPORT CARDS; PARENTAL INFORMATION.—

"(1) IN GENERAL.—

"(A) ANNUAL REPORT CARDS.—Not later than the beginning of the 2002–2003 school year, a State that receives assistance under this Act shall prepare and publicly disseminate an annual report card on all schools that receive funds under this part. States and local educational agencies may issue report cards under this section only for local educational agencies and schools receiving funds under this part, except that if a State or local educational agency issues a report card for all students, the State or local educational agency may include the information under this section as part of such report card.

"(B) IMPLEMENTATION.—The State shall ensure the dissemination of this information at all levels. Such information shall be—

"(i) concise; and

"(ii) presented in a format and manner, and to the extent practicable, in a language that parents can understand.

"(2) CONTENT OF ANNUAL STATE REPORT CARDS.—

"(A) REQUIRED INFORMATION.—The State shall, at a minimum, include in the annual State report cards information for the State on each local educational agency and school regarding—

"(i) student performance on statewide assessments for the current and preceding years in at least mathematics, reading or language arts, and science, including—

"(I) a comparison of the proportions of students who performed at 'basic', 'proficient', and 'advanced' levels in each subject area, for each grade level at which assessments are required under this part, with proportions in each of the same 3 categories at the same grade levels in the previous school year; and

"(II) a statement of the percentage of students not tested and a list-

ing of categories of the reasons why they were not tested;

"(ii) retention in grade, completion of advanced placement courses, and 4-year graduation rates;

"(iii) the professional qualifications of teachers in the aggregate, including the percentage of course sections in core academic subjects taught by teachers with emergency or provisional credentials, and the percentage of class sections not taught by fully qualified teachers; and

"(iv) the professional qualifications of paraprofessionals, the number of paraprofessionals in the aggregate and the ratio of paraprofessionals to teachers in the classroom.

"(B) STUDENT DATA.—Student data in each report card shall contain disaggregated results for the following categories:

"(i) Gender.

"(ii) Racial and ethnic group.

"(iii) Migrant status.

"(iv) Students with disabilities, as compared to students who are not disabled.

"(v) Economically disadvantaged students, as compared to students who are not economically disadvantaged.

"(vi) Students with limited English proficiency, as compared to students who are proficient in English.

"(C) OPTIONAL INFORMATION.—A State may include in its report card any other information it determines appropriate to reflect school quality and school achievement, including information on average class size by grade level, and information on school safety, such as the incidence of school violence and drug and alcohol abuse, and the incidence of student suspensions and expulsions.

"(3) CONTENT OF LOCAL EDUCATIONAL AGENCIES REPORTS.—

"(A) MINIMUM REQUIREMENTS.—The State shall ensure that each local educational agency collects appropriate data and publishes and publicly disseminates an annual report card for each of its schools that includes, at a minimum—

"(i) the information described in paragraphs (2)(A) and (2)(B) for each local educational agency and school and—

"(I) in the case of a local educational agency—

"(aa) the number and percentage of schools identified for school improvement, including schools identified under section 1116(b) of this Act;

"(bb) information that shows how students in its schools perform on the statewide assessment compared to students in the State as a whole; and

"(II) in the case of a school—

"(aa) whether it has been identified for school improvement; and

"(bb) information that shows how its students performed on the statewide assessment compared to students in the local educational agency and the State as a whole.

"(B) OTHER INFORMATION.—A local educational agency may include in its annual report card any other appropriate information regardless of whether such information is included in the annual State report card.

"(4) DISSEMINATION AND ACCESSIBILITY OF REPORTS.—

"(A) STATE REPORT CARDS.—State annual report cards under paragraph (2) shall be disseminated to all schools and local educational agencies in the State, and made broadly available to the public through means such as posting on the Internet, distribution to the media, and distribution through public agencies.

"(B) LOCAL EDUCATIONAL AGENCY REPORTS.—Local educational agency report cards under paragraph (3) shall be disseminated to all schools in the school district and to all parents of students attending these schools and made broadly available to the public through means such as posting on the Internet, distribution to the media, and distribution through public agencies.

"(5) PARENT'S RIGHT-TO-KNOW.—

"(A) QUALIFICATIONS.—A local educational agency that receives funds under this part shall provide, upon request, in an understandable and uniform format, to any parent of a student attending any school receiving funds under this part, information regarding the professional qualifications of the student's classroom teachers, including, at a minimum, the following:

"(i) Whether the teacher has met State qualification and licensing criteria for the grade levels and subject areas in which the teacher provides instruction.

"(ii) Whether the teacher is teaching under emergency or other provisional status through which State qualification or licensing criteria have been waived.

"(iii) The baccalaureate degree major of the teacher and any other graduate certification or degree held by the teacher, and the field of discipline of the certification or degree.

"(iv) Whether the child is provided services by paraprofessionals and the qualifications of such paraprofessional.

"(B) ADDITIONAL INFORMATION.—In addition to the information that parents may request under subparagraph (A), and the information provided in subsection (c), a school that receives funds under this part shall provide to each individual parent or guardian—

"(i) information on the level of performance of the individual student for whom they are the parent or guardian in each of the State assessments as required under this part; and

"(ii) timely notice that the student for whom they are the parent or guardian has been assigned or has been taught for 2 or more consecutive weeks by a substitute teacher or by a teacher not fully qualified.

"(C) NOTIFICATION.—A local educational agency shall notify parents of students attending any school receiving funds under this part, on an annual basis, of their ability to request information under this paragraph and initially not later than 1 year after the date of enactment of the Leave No Child Behind Act of 2001. A local educational agency shall provide such notification to parents in a format, and to

the extent practicable, in a language they can understand.

"(6) PLAN CONTENT.—A State shall include in its plan under subsection (b) an assurance that it has in effect a policy that meets the requirements of this section.

"(i) PRIVACY.—Information collected under this section shall be collected and disseminated in a manner that protects the privacy of individuals.

"(j) SPECIAL RULE ON SCIENCE STANDARDS AND ASSESSMENTS.—Notwithstanding subsections (b) and (h), no State shall be required to meet the requirements under this title relating to science standards or assessments until the beginning of the 2006–2007 school year.".

SEC. 3436. LOCAL EDUCATIONAL AGENCY PLANS.

(a) PLANS REQUIRED.—Subsection (a) of section 1112 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312(a)) is amended—

(1) in paragraph (1), by striking "the Goals 2000: Educate America Act" and all that follows and inserting the following: "the Individuals with Disabilities Education Act, the Carl D. Perkins Vocational and Technical Education Act of 1998, the Head Start Act, and other Acts, as appropriate."; and

(2) in paragraph (2), by striking ''14304'' and inserting ''10204''.

(b) PLAN PROVISIONS.—Subsection (b) of section 1112 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312(b)) is amended—

(1) by striking ''Each'' in the matter preceding paragraph (1) and inserting ''In order to help low-achieving children achieve to high standards, each'';

(2) in paragraph (1)—

(A) by striking ''part'' each place it appears and inserting ''title'';

(B) in subparagraph (B), by inserting ''low-achieving'' before ''children'';

(C) by striking ''and'' at the end of subparagraph (B);

(D) by inserting ''and'' at the end of subparagraph (C); and

(E) by adding at the end the following new subparagraph:

''(D) determine the literacy levels of first graders and their need for interventions, and a description of how the local educational agency will ensure that any such assessments—

''(i) are developmentally appropriate; and

"(ii) use multiple measures to provide information about the variety of skills that scientifically based research has identified as leading to early acquisition of reading skills.";

(3) in paragraph (4)(B), by striking "under part C or who were formerly eligible for services under part C in the two-year period preceding the date of enactment of the Improving America's School Act of 1994, neglected or delinquent youth and youth at risk of dropping out served under part D" and inserting "under part C, neglected or delinquent youth, Indian children served under title IX,";

(4) in paragraph (7), by striking "eligible homeless children" and inserting "homeless children";

(5) by striking the period at the end of paragraph (9) and inserting "; and"; and

(6) by adding at the end the following new paragraphs:

"(10) a description of the actions the local educational agency will take to assist its low-performing schools, including schools identified for improvement under section 1116;

"(11) a description of how the agency will promote the use of extended learning time, such as an extended school year and before and after school and summer programs; and

"(12) a description of the activity established by the local educational agency in accordance with section 1119(b)(1).".

(c) ASSURANCES.—Subsection (c) of section 1112 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312(c)) is amended to read as follows:

"(c) ASSURANCES.—

"(1) IN GENERAL.—Each local educational agency plan shall provide assurances that the local educational agency will—

"(A) inform eligible schools and parents of schoolwide project authority and the ability of such schools to consolidate funds from Federal, State, and local sources;

"(B) provide technical assistance and support to schoolwide programs;

"(C) work in consultation with schools as the schools develop the schools' plans pursuant to section 1114 and assist schools as the schools implement such plans or undertake activities pursuant to section 1115 so that each

school can make adequate yearly progress toward meeting the State student performance standards;

"(D) fulfill such agency's school improvement responsibilities under section 1116, including taking corrective actions under section 1116(b)(9);

"(E) provide services to eligible children attending private elementary and secondary schools in accordance with section 1120, and timely and meaningful consultation with private school officials regarding such services;

"(F) take into account the experience of model programs for the educationally disadvantaged, and the findings of relevant scientifically based research indicating that services may be most effective if focused on students in the earliest grades at schools that receive funds under this part;

"(G) in the case of a local educational agency that chooses to use funds under this part to provide early childhood development services to low-income children below the age of compulsory school attendance, ensure that such services comply with the performance standards

established under section 641A(a) of the Head Start Act;

"(H) inform eligible schools of the local educational agency's authority to obtain waivers on the school's behalf under title X of this Act, and if the State is an Ed-Flex Partnership State, waivers under the Education Flexibility Partnership Act of 1999;

"(I) coordinate and collaborate, to the extent feasible and necessary as determined by the local educational agency, with other agencies providing services to children, youth, and families; and

"(J) ensure that by not later than December 1, 2004, students from families with incomes below the poverty line and minority students are not taught by teachers who are not fully qualified at a greater rate than other students.

"(2) SPECIAL RULE.—The Secretary—

"(A) shall consult with the Secretary of Health and Human Services on the implementation of subparagraph (G) and shall establish procedures (taking into consideration existing State and local laws, and local teacher con-

tracts) to assist local educational agencies to comply with such subparagraph; and

"(B) upon publication, shall disseminate to local educational agencies the Head Start performance standards as in effect under section 641A(a) of the Head Start Act, and such agencies affected by subparagraph (G) shall plan for the implementation of such subparagraph (taking into consideration existing State and local laws, and local teacher contracts), including pursuing the availability of other Federal, State, and local funding sources to assist in compliance with such subparagraph.".

(d) PLAN DEVELOPMENT AND DURATION.—Section 1112 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312) is amended by striking subsection (d) and inserting the following:

"(d) PLAN DEVELOPMENT AND DURATION.—

"(1) CONSULTATION.—Each local educational agency plan shall be developed in consultation with teachers, administrators (including administrators of programs described in other parts of this title), and other appropriate school personnel, and with parents of children in schools served under this part.

"(2) DURATION.—Each such plan shall be submitted for the first year for which this part is in effect following the date of enactment of the Leave No Child Behind Act of 2001 and shall remain in effect for the duration of the agency's participation under this part.

"(3) REVIEW.—Each such local educational agency shall periodically review, and as necessary, revise its plan.".

(e) STATE APPROVAL.—Section 1112 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6312(e)) is amended by striking subsection (e) and inserting the following:

"(e) STATE APPROVAL.—

"(1) IN GENERAL.—Each local educational agency plan shall be filed according to a schedule established by the State educational agency.

"(2) APPROVAL.—The State educational agency shall approve a local educational agency's plan only if the State educational agency determines that the local educational agency's plan—

"(A) will enable schools served under this part to substantially help children served under this part meet the standards expected of all children described in section 1111(b)(1); and

"(B) will meet the requirements of this section.".

SEC. 3437. TARGETED ASSISTANCE SCHOOLS.

(a) FULLY QUALIFIED TEACHER.—Subsection (c)(1)(F) of section 1115 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6315(c)(1)(F)) is amended by striking "highly qualified staff;" and inserting "fully qualified teachers as defined in section 2812(4)(A);".

(b) INTEGRATION OF PROFESSIONAL DEVELOPMENT.—Subsection (d) of section 1115 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6515(d)) is amended to read as follows:

"(d) INTEGRATION OF PROFESSIONAL DEVELOPMENT.—To promote the integration of staff supported with funds under this part, public school personnel who are paid with funds received under this part may participate in general professional development and school planning activities.".

SEC. 3438. SCHOOL CHOICE.

Subsection (b) of section 1115A of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6316(b)) is amended by striking paragraphs (7) through (10) and inserting the following:

"(7) parents of eligible students in the local educational agency will be given prompt notice of the existence of the public school choice program and its availability to them, and a clear explanation of how the program will operate;

"(8) the program will include charter schools and any other public school and shall not include a school that is or has been identified as a school in school improvement or is or has been in corrective action for the past 2 consecutive years;

"(9) transportation services or the costs of transportation may be provided by the local educational agency with funds under this part; and

"(10) such local educational agency will comply with the other requirements of this part.".

SEC. 3439. ASSESSMENT AND LOCAL EDUCATIONAL AGENCY AND SCHOOL IMPROVEMENT.

(a) LOCAL REVIEW.—Section 1116(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6317(a)) is amended—

(1) in paragraph (2), by striking "1111(b)(2)(A)(i)" and inserting "1111(b)(2)(B)";

(2) in paragraph (3), by striking "individual school performance profiles" and inserting "school reports";

(3) in paragraph (3), by striking ''and'' after the semicolon;

(4) in paragraph (4), by striking the period at the end and inserting ''; and''; and

(5) by adding at the end the following:

''(5) review the effectiveness of the actions and activities the schools are carrying out under this part with respect to parental involvement assisted under this Act.''.

(b) SCHOOL IMPROVEMENT.—Section 1116 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6317) is amended by striking subsections (b), (c), and (d) and by inserting after subsection (a) the following:

''(b) SCHOOL IMPROVEMENT.—

''(1) IN GENERAL.—A local educational agency shall identify for school improvement any school served under this part that—

''(A) for 2 consecutive years failed to make adequate yearly progress as defined in the State's plan under section 1111(b)(2); or

''(B) was in school improvement status under this section on the day preceding the date of enactment of the Leave No Child Behind Act of 2001.

"(2) TRANSITION.—The 2-year period described in paragraph (1)(A) shall include any continuous period of time immediately preceding the date of enactment of the Leave No Child Behind Act of 2001 during which a school did not make adequate yearly progress as defined in the State's plan, as such plan was in effect on the day preceding the date of such enactment.

"(3) TARGETED ASSISTANCE SCHOOLS.—To determine if a school that is conducting a targeted assistance program under section 1115 should be identified as in need of improvement under this subsection, a local educational agency may choose to review the progress of only those students in such school who are served under this part.

"(4) OPPORTUNITY TO REVIEW AND PRESENT EVIDENCE.—

"(A) IN GENERAL.—Before identifying a school for school improvement under paragraph (1), the local educational agency shall provide the school with an opportunity to review the school-level data, including assessment data, on which the proposed identification is based.

"(B) SUPPORTING EVIDENCE.—If the school principal believes that the proposed iden-

tification is in error for statistical or other substantive reasons, the principal may provide supporting evidence to the local educational agency, which such agency shall consider before making a final determination.

"(5) NOTIFICATION TO PARENTS.—A local educational agency shall, in an easily understandable format, provide in writing to parents of each student in a school identified for school improvement—

"(A) an explanation of what the school improvement identification means and how the school compares in terms of academic performance to other schools in the local educational agency and State;

"(B) the reasons for such identification;

"(C) the data on which such identification is based;

"(D) an explanation of what the school is doing to address the problem of low achievement;

"(E) an explanation of how parents can become involved in upgrading the quality of the school;

"(F) an explanation of the right of parents, pursuant to paragraph (6), to transfer

their child to another public school, including a public charter school, that is not in school improvement, and how such transfer shall operate; and

"(G) notification to parents in a format and, to the extent practicable, in a language they can understand.

"(6) PUBLIC SCHOOL CHOICE OPTION.—

"(A) SCHOOLS IDENTIFIED FOR IMPROVEMENT.—After the date of enactment of the Leave No Child Behind Act of 2001, a local educational agency shall provide all students enrolled in a school identified for school improvement with an option to transfer to any other public school within the local educational agency or any public school consistent with subparagraph (C), including a public charter school that has not been identified for school improvement, unless such option to transfer is prohibited by State law, or local law, which includes school board-approved local educational agency policy.

"(B) CAPACITY.—If a local educational agency described in subparagraph (A) demonstrates to the satisfaction of the State edu-

cational agency that such local educational agency lacks the capacity to provide all students with the option to transfer described in subparagraph (A), and after giving notice to the parents of children affected that it is not possible, consistent with State and local law, to accommodate the transfer request of every student, the local educational agency shall permit as many students as possible (who shall be selected by the local educational agency on an equitable basis) to transfer to a public school that has not been identified for school improvement under section 1116(b).

"(C) COOPERATIVE AGREEMENT.—If all public schools in the local educational agency to which a child may transfer to, are identified for school improvement, the agency shall, to the extent practicable, establish a cooperative agreement with other local educational agencies in the area for the transfer.

"(D) TRANSPORTATION.—The local educational agency in which the schools have been identified for improvement may use up to 10 percent of the funds received under this part to provide transportation to students whose par-

ents choose to transfer their child or children to a different school.

"(E) WAIVER.—A local educational agency using funds received under this part for transportation consistent with subparagraph (D) may request a waiver of the limit of the use of such funds described in subparagraph (D) from the Secretary.

"(F) CONTINUE OPTION.—Once a school is no longer identified for school improvement, the local educational agency may continue to provide public school choice as an option to students in such school for a period of not less than 2 years.

"(7) SCHOOL PLAN.—

"(A) IN GENERAL.—Each school identified under paragraph (1) for school improvement shall, not later than 3 months after being so identified, develop or revise a school plan, in consultation with parents, school staff, the local educational agency, and other outside experts for approval by the local educational agency. Such plan shall—

"(i) incorporate scientifically based research strategies that strengthen the core academic program in the school;

"(ii) adopt policies that have the greatest likelihood of improving the performance of participating children in meeting the State's student performance standards;

"(iii) address the professional development needs of staff, particularly teachers and principals;

"(iv) establish specific goals and objectives the school will undertake for making adequate yearly progress which include specific numerical performance goals and targets for each of the groups of students identified in the disaggregated data pursuant to section 1111(b)(2), consistent with section 1111(b)(2)(B);

"(v) identify how the school will provide written notification to parents, in a format and to the extent practicable in a language such parents can understand; and

"(vi) specify the responsibilities of the local educational agency and the school under the plan.

"(B) CONDITIONAL APPROVAL.—A local educational agency may condition approval of a school plan, including a revised plan, on inclusion of one or more of the corrective actions specified in paragraph (9).

"(C) IMPLEMENTATION.—A school shall implement its plan or revised plan expeditiously, but not later than the beginning of the school year after which the school has been identified for improvement.

"(D) REVIEW.—The local educational agency shall promptly review the plan, including a revised plan, work with the school as necessary, and approve the plan if it meets the requirements of this section.

"(8) TECHNICAL ASSISTANCE.—

"(A) IN GENERAL.—For each school identified for school improvement under paragraph (1), the local educational agency shall provide technical assistance as the school develops and implements its plan, including a revised plan.

"(B) SPECIFIC TECHNICAL ASSISTANCE.—Such technical assistance—

"(i) shall include effective methods and instructional strategies that are based upon scientifically based research that strengthens the core academic program in the school and addresses the specific elements of student performance problems in the school;

"(ii) may be provided directly by the local educational agency, through mechanisms authorized under section 1117, or with the local educational agency's approval, by an institution of higher education, a private nonprofit organization, an educational service agency, a comprehensive regional assistance center under part A of title XIII (as such center was in existence prior to the date of enactment of Leave No Child Behind Act of 2001), or other entities with experience in helping schools improve achievement.

"(C) TECHNICAL ASSISTANCE.—Technical assistance provided under this section by the local educational agency or an entity authorized

by such agency shall be based upon scientifically based research.

"(9) CORRECTIVE ACTION.—In order to help students served under this part meet challenging State standards, each local educational agency shall implement a system of corrective action in accordance with the following:

"(A) IN GENERAL.—After providing technical assistance under paragraph (8) and subject to subparagraph (F), the local educational agency—

"(i) may take corrective action at any time with respect to a school that has been identified under paragraph (1);

"(ii) shall take corrective action with respect to any school that fails to make adequate yearly progress, as defined by the State, after the end of the second year following its identification under paragraph (1); and

"(iii) shall continue to provide technical assistance while instituting any corrective action under clause (i) or (ii).

"(B) DEFINITION.—As used in this paragraph, the term 'corrective action' means action, consistent with State and local law, that—

"(i) substantially and directly responds to the consistent academic failure that caused the local educational agency to take such action and to any underlying staffing, curricular, or other problems in the school; and

"(ii) is designed to substantially increase the likelihood that students will perform at the proficient and advanced performance levels.

"(C) CERTAIN SCHOOLS.—In the case of a school described in subparagraph (A)(ii), the local educational agency shall take not less than 1 of the following corrective actions:

"(i) Withhold funds from the school.

"(ii) Decrease decisionmaking authority at the school level.

"(iii) Make alternative governance arrangements, including reopening the school as a public charter school.

"(iv) Reconstitute the school by requiring each person employed at the school

to reapply for future employment at the same school or for any position in the local educational agency.

''(v) Authorize students to transfer to other higher performing public schools served by the local educational agency, including public charter schools, and provide such students transportation (or the costs of transportation) to such schools in conjunction with not less than 1 additional action described under this subparagraph.

''(vi) Institute and fully implement a new curriculum, including appropriate professional development for all relevant staff, that is based upon scientifically based research and offers substantial promise of improving educational achievement for low-performing students.

''(D) IMPLEMENTATION DELAY.—A local educational agency may delay, for a period not to exceed 1 year, implementation of corrective action only if the failure to make adequate yearly progress was justified due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen

decline in the financial resources of the local educational agency or school.

"(E) PUBLICATION.—The local educational agency shall publish, and disseminate to the public and to parents in a format and, to the extent practicable, in a language that they can understand, any corrective action it takes under this paragraph through such means as the Internet, the media, and public agencies.

"(F) REVIEW.—(i) Before taking corrective action with respect to any school under this paragraph, a local educational agency shall provide the school an opportunity to review the school level data, including assessment data, on which the proposed determination is made.

"(ii) If the school believes that the proposed determination is in error for statistical or other substantive reasons, it may provide supporting evidence to the local educational agency, which shall consider such evidence before making a final determination.

"(10) STATE EDUCATIONAL AGENCY RESPONSIBILITIES.—If a State educational agency determines that a local educational agency failed to carry out its responsibilities under this section, it shall

take such action as it finds necessary, consistent with this section, to improve the affected schools and to ensure that the local educational agency carries out its responsibilities under this section.

"(c) STATE REVIEW AND LOCAL EDUCATIONAL AGENCY IMPROVEMENT.—

"(1) IN GENERAL.—A State educational agency shall—

"(A) annually review the progress of each local educational agency receiving funds under this part to determine whether schools receiving assistance under this part are making adequate yearly progress as defined in section 1111(b)(2) toward meeting the State's student performance standards; and

"(B) publicize and disseminate to local educational agencies, teachers and other staff, parents, students, and the community the results of the State review consistent with section 1111, including statistically sound disaggregated results, as required by section 1111(b)(2).

"(2) IDENTIFICATION OF LOCAL EDUCATIONAL AGENCY FOR IMPROVEMENT.—A State educational

agency shall identify for improvement any local educational agency that—

"(A) for 2 consecutive years failed to make adequate yearly progress as defined in the State's plan under section 1111(b)(2); or

"(B) was in improvement status under this section as this section was in effect on the day preceding the date of enactment of the Leave No Child Behind Act of 2001.

"(3) TRANSITION.—The 2-year period described in paragraph (2)(A) shall include any continuous period of time immediately preceding the date of enactment of the Leave No Child Behind Act of 2001, during which a local educational agency did not make adequate yearly progress as defined in the State's plan, as such plan was in effect on the day preceding the date of such enactment.

"(4) TARGETED ASSISTANCE SCHOOLS.—For purposes of targeted assistance schools in a local educational agency, a State educational agency may choose to review the progress of only the students in such schools who are served under this part.

"(5) OPPORTUNITY TO REVIEW AND PRESENT EVIDENCE.—

"(A) REVIEW.—Before identifying a local educational agency for improvement under paragraph (2), a State educational agency shall provide the local educational agency with an opportunity to review the local educational agency data, including assessment data, on which that proposed identification is based.

"(B) SUPPORTING EVIDENCE.—If the local educational agency believes that the proposed identification is in error for statistical or other substantive reasons, it may provide supporting evidence to the State educational agency, which such agency shall consider before making a final determination.

"(6) NOTIFICATION TO PARENTS.—The State educational agency shall promptly notify parents in a format, and to the extent practicable in a language they can understand, of each student enrolled in a school in a local educational agency identified for improvement, of the reasons for such agency's identification and how parents can participate in upgrading the quality of the local educational agency.

"(7) LOCAL EDUCATIONAL AGENCY REVISIONS.—

"(A) PLAN.—Each local educational agency identified under paragraph (2) shall, not

later than 3 months after being so identified, develop or revise a local educational agency plan, in consultation with parents, school staff, and others. Such plan shall—

"(i) incorporate scientifically based research strategies that strengthen the core academic program in the local educational agency;

"(ii) identify specific goals and objectives the local educational agency will undertake to make adequate yearly progress and which—

"(I) have the greatest likelihood of improving the performance of participating children in meeting the State's student performance standards;

"(II) address the professional development needs of staff; and

"(III) include specific numerical performance goals and targets for each of the groups of students identified in the disaggregated data pursuant to section 1111(b)(2) consistent with section 1111(b)(2)(B);

"(iii) identify how the local educational agency will provide written notification to parents in a format, and to the extent practicable in a language, they can understand, pursuant to paragraph (6); and

"(iv) specify the responsibilities of the State educational agency and the local educational agency under the plan.

"(B) IMPLEMENTATION.—The local educational agency shall implement its plan or revised plan expeditiously, but not later than the beginning of the school year after which the school has been identified for improvement.

"(8) STATE EDUCATIONAL AGENCY RESPONSIBILITY.—

"(A) IN GENERAL.—For each local educational agency identified under paragraph (2), the State educational agency shall provide technical or other assistance, if requested, as authorized under section 1117, to better enable the local educational agency—

"(i) to develop and implement its revised plan as approved by the State edu-

cational agency consistent with the requirements of this section; and

"(ii) to work with schools needing improvement.

"(B) TECHNICAL ASSISTANCE.—Technical assistance provided under this section by the State educational agency or an entity authorized by such agency shall be based upon scientifically based research.

"(9) CORRECTIVE ACTION.—In order to help students served under this part meet challenging State standards, each State educational agency shall implement a system of corrective action in accordance with the following:

"(A) IN GENERAL.—After providing technical assistance under paragraph (8) and subject to subparagraph (D), the State educational agency—

"(i) may take corrective action at any time with respect to a local educational agency that has been identified under paragraph (2);

"(ii) shall take corrective action with respect to any local educational agency that fails to make adequate yearly

progress, as defined by the State, after the end of the second year following its identification under paragraph (2); and

"(iii) shall continue to provide technical assistance while instituting any corrective action under clause (i) or (ii).

"(B) DEFINITION.—As used in this paragraph, the term 'corrective action' means action, consistent with State law, that—

"(i) substantially and directly responds to the consistent academic failure that caused the State educational agency to take such action and to any underlying staffing, curricular, or other problems in the school; and

"(ii) is designed to meet the goal of having all students served under this part perform at the proficient and advanced performance levels.

"(C) CERTAIN LOCAL EDUCATIONAL AGENCIES.—In the case of a local educational agency described in this paragraph, the State educational agency shall take not less than 1 of the following corrective actions:

"(i) Withhold funds from the local educational agency.

"(ii) Reconstitute school district personnel.

"(iii) Remove particular schools from the jurisdiction of the local educational agency and establish alternative arrangements for public governance and supervision of such schools.

"(iv) Appoint, through the State educational agency, a receiver or trustee to administer the affairs of the local educational agency in place of the superintendent and school board.

"(v) Abolish or restructure the local educational agency.

"(vi) Authorize students to transfer from a school operated by a local educational agency to a higher performing public school operated by another local educational agency, or to a public charter school and provide such students transportation (or the costs of transportation) to such schools, in conjunction with not less

than 1 additional action described under this paragraph.

"(D) HEARING.—Prior to implementing any corrective action, the State educational agency shall provide due process and a hearing to the affected local educational agency, if State law provides for such process and hearing.

"(E) PUBLICATION.—The State educational agency shall publish, and disseminate to parents and the public any corrective action it takes under this paragraph through such means as the Internet, the media, and public agencies.

"(F) DELAY.—A State educational agency may delay, for a period not to exceed 1 year, implementation of corrective action if the failure to make adequate yearly progress was justified due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the local educational agency or school.".

SEC. 3440. STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.

Section 1117 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6318) is amended to read as follows:

"SEC. 1117. STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.

"(a) SYSTEM FOR SUPPORT.—Each State educational agency shall establish a statewide system of intensive and sustained support and improvement for local educational agencies and schools receiving funds under this part, in order to increase the opportunity for all students in those agencies and schools to meet the State's content standards and student performance standards.

"(b) PRIORITIES.—In carrying out this section, a State educational agency shall—

"(1) first, provide support and assistance to local educational agencies subject to corrective action under section 1116 and assist schools, in accordance with section 1116(b)(10), for which a local educational agency has failed to carry out its responsibilities under paragraph (8) or (9) of section 1116(b);

"(2) second, provide support and assistance to other local educational agencies identified for improvement under section 1116; and

"(3) third, provide support and assistance to other local educational agencies and schools participating under this part that need that support and assistance in order to achieve the purpose of this part.

"(c) APPROACHES.—In order to achieve the purpose described in subsection (a), each such system shall provide technical assistance and support through such approaches as—

"(1) school support teams, composed of individuals who are knowledgeable about scientifically based research on and practice of teaching and learning, particularly about strategies for improving educational results for low-achieving children; and

"(2) the designation and use of "Distinguished Educators", chosen from schools served under this part that have been especially successful in improving academic achievement.

"(d) FUNDS.—Each State educational agency shall use funds reserved under section 1002(f) and authorized under section 1002(i) for such purpose.

"(e) ALTERNATIVES.—The State may devise additional approaches to providing the assistance described in paragraphs (1) and (2) of subsection (c), such as providing assistance through institutions of higher education

and educational service agencies or other local consortia, and the State may seek approval from the Secretary to use funds made available under section 1002(h) for such approaches as part of the State plan.''.

SEC. 3441. ACADEMIC ACHIEVEMENT AWARDS PROGRAM; IMPROVING STATE ASSESSMENTS.

Subpart 1 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) is amended by inserting after section 1117 the following:

"SEC. 1117A. ACADEMIC ACHIEVEMENT AWARDS PROGRAM.

''(a) ESTABLISHMENT OF ACADEMIC ACHIEVEMENT AWARDS PROGRAM.—

''(1) IN GENERAL.—Each State receiving a grant under this part shall establish a program for making academic achievement awards to recognize and financially reward schools served under this part that have—

''(A) significantly closed the achievement gap between the groups of students defined in section 1111(b)(2); or

''(B) exceeded their adequate yearly progress goals, consistent with section 1111(b)(2), for 2 or more consecutive years.

"(2) AWARDS TO TEACHERS.—A State program under paragraph (1) shall also recognize and provide financial awards to teachers teaching in a school described in such paragraph whose students consistently make significant gains in academic achievement in the areas in which the teacher provides instruction over multiple academic years.

"(b) FUNDING.—

"(1) RESERVATION OF FUNDS BY STATE.—For the purpose of carrying out this section, each State receiving a grant under this part shall reserve, from the amount (if any) by which the funds received by the State under this part for a fiscal year exceed the amount received by the State under this part for the preceding fiscal year, not more than 25 percent of such excess amount.

"(2) USE WITHIN 3 YEARS.—Notwithstanding any other provision of law, the amount reserved under paragraph (1) by a State for each fiscal year shall remain available to the State until expended for a period not exceeding 3 years.

"(3) SPECIAL ALLOCATION RULE FOR SCHOOLS IN HIGH-POVERTY AREAS.—

"(A) IN GENERAL.—Each State receiving a grant under this part shall distribute at least

85 percent of the amount reserved under paragraph (1) for each fiscal year to schools described in subparagraph (B), or to teachers teaching in such schools.

"(B) SCHOOLS DESCRIBED.—A school described in subparagraph (A) is a school whose student population is in the highest quartile of schools statewide in terms of the percentage of children eligible for free or reduced priced lunches under the Richard B. Russell National School Lunch Act.

"SEC. 1117B. GRANTS FOR THE IMPROVEMENT OF STATE ASSESSMENT SYSTEMS.

"(a) PURPOSE.—The purpose of this section is to enable States to improve the quality and fairness of State assessment systems and to ensure that such assessment systems accurately measure how well all children are achieving challenging State student performance standards.

"(b) PROGRAM AUTHORIZED.—The Secretary is authorized to award grants, in an amount not less than $500,000, to State educational agencies with final assessment systems that have been reviewed by the Secretary and approved as being deemed in full compliance with section 1111(b)(4).

"(c) APPLICATION.—A State educational agency desiring a grant under this section for any fiscal year, shall submit an application to the Secretary for approval, at such time and containing such information as the Secretary may require.

"(d) AUTHORIZED USES OF FUNDS.—States having an approved application under subsection (c) may use grant funds for the purpose of—

"(1) assuring the continued validity and reliability of State assessments;

"(2) refining the assessments to ensure their continued alignment with the State's content standards;

"(3) providing for multiple measures to increase the reliability and validity of student and school classifications that have high stakes consequences;

"(4) strengthening the capacity of local educational agencies and schools to provide all students the opportunity to increase educational achievement and to ensure fairness and equitable treatment in testing;

"(5) expanding the range of accommodations available to limited English proficient students and students with disabilities to improve rates of inclusion and to include instructional material develop-

ment and modified assessment practices that are culturally and ability appropriate, respectively;

"(6) improving the alignment of curricula and instruction materials with the State content standards and State performance standards;

"(7) enhancing opportunities for professional development for teachers that include—

"(A) improving the capability of teachers to be proficient in sound classroom assessment and knowledgeable in State content and performance standards and assessments; and

"(B) improving the capability of teachers to provide high quality instruction within the content areas;

"(8) providing for the collection of performance data for children in kindergarten through grade 2—

"(A) for early diagnosis of children's needs;

"(B) to evaluate program effectiveness;

"(C) to guide curriculum and instruction; or

"(D) to provide information that can be used to measure school and local educational agency progress;

"(9) expanding the range of valid and reliable assessments to other academic subjects such as science, history, geography, foreign languages, the arts, civic and government, and economics; and

"(10) improving the dissemination of information on student achievement and school performance to parents and the community.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $100,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 3442. PARENTAL INVOLVEMENT CHANGES.

(a) LOCAL EDUCATIONAL AGENCY POLICY.—Subsection (a) of section 1118 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(a)) is amended—

(1) in paragraph (1), by striking "programs, activities, and procedures" and inserting "activities and procedures".

(2) in paragraph (2) by striking subparagraphs (E) and (F) and inserting the following:

"(E) conduct, with the involvement of parents, an annual evaluation of the content and effectiveness of the parental involvement policy

in improving the academic quality of the schools served under this part;

"(F) involve parents in efforts to improve academics in schools served under this part; and

"(G) promote consumer friendly environments at the local educational agency and schools served under this part.";

(3) in paragraph (3) by adding at the end the following new subparagraph:

"(C) Not less than 90 percent of the funds reserved under subparagraph (A) shall be distributed to schools served under this part.".

(b) NOTICE.—Paragraph (1) of section 1118(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(b)(1)) is amended by inserting after the first sentence the following: "Parents shall be notified of the policy in a format, and to the extent practicable, in a language they can understand.".

(c) PARENTAL INVOLVEMENT.—Paragraph (4) of section 1118(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(c)(4)) is amended—

(1) in subparagraph (B), by striking "performance profiles required under section 1116(a)(3)" and

inserting "school report cards required under section 1111";

(2) by redesignating subparagraphs (D) and (E) as subparagraphs (F) and (G), respectively;

(3) by inserting after subparagraph (C) the following new subparagraphs:

"(D) notice of the school's status as a school identified for school improvement under section 1116(b), if applicable, and a clear explanation of what such identification means;

"(E) notice of the corrective action that has been taken against the school under section 1116(b)(9) and 1116(c)(9), if applicable, and a clear explanation of what such action means;"; and

(4) in subparagraph (G) (as so redesignated), by striking "subparagraph (D)" and inserting "subparagraph (F)".

(d) BUILDING CAPACITY FOR INVOLVEMENT.—Subsection (e) of section 1118 of the Elementary and Secondary Education Act of 1965 (20 U.S.C 6319(e)) is amended to read as follows:

"(e) BUILDING CAPACITY FOR INVOLVEMENT.—To ensure effective involvement of parents and to support a partnership among the school, parents, and the commu-

nity to improve student achievement, each school and local educational agency—

"(1) shall provide assistance to participating parents in such areas as understanding the State's content standards and State student performance standards, the provisions of section 1111(b)(8), State and local assessments, the requirements of this part, and how to monitor a child's progress and work with educators to improve the performance of their children as well as information on how parents can participate in decisions relating to the education of their children;

"(2) shall provide materials and training, such as—

"(A) coordinating necessary literacy training from other sources to help parents work with their children to improve their children's achievement; and

"(B) training to help parents work with their children to improve their children's achievement;

"(3) shall educate teachers, pupil services personnel, principals, and other staff, with the assistance of parents, in the value and utility of contributions of parents, and in how to reach out to, commu-

nicate with, and work with parents as equal partners, implement and coordinate parent programs, and build ties between home and school;

''(4) shall coordinate and integrate parent involvement programs and activities with Head Start, Even Start, the Home Instruction Programs for Preschool Youngsters, the Parents as Teachers Program, and public preschool programs and other programs, to the extent feasible and appropriate;

''(5) shall conduct other activities, as appropriate and feasible, such as parent resource centers and opportunities for parents to learn how to become full partners in the education of their children;

''(6) shall ensure, to the extent possible, that information related to school and parent programs, meetings, and other activities is sent to the homes of participating children in the language used in such homes;

''(7) shall provide such other reasonable support for parental involvement activities under this section as parents may request;

''(8) shall expand the use of electronic communications among teachers, students, and parents, such as through the use of websites and e-mail communications;

"(9) may involve parents in the development of training for teachers, principals, and other educators to improve the effectiveness of such training in improving instruction and services to the children of such parents in a format, and to the extent practicable, in a language the parents can understand;

"(10) may provide necessary literacy training from funds received under this part if the local educational agency has exhausted all other reasonably available sources of funding for such activities;

"(11) may pay reasonable and necessary expenses associated with local parental involvement activities, including transportation and child care costs, to enable parents to participate in school-related meetings and training sessions;

"(12) may train and support parents to enhance the involvement of other parents;

"(13) may arrange meetings at a variety of times, such as in the mornings and evenings, in order to maximize the opportunities for parents to participate in school related activities;

"(14) may arrange for teachers or other educators, who work directly with participating children, to conduct in-home conferences with parents who are unable to attend such conferences at school;

"(15) may adopt and implement model approaches to improving parental involvement, such as Even Start;

"(16) may establish a district-wide parent advisory council to advise on all matters related to parental involvement in programs supported under this part; and

"(17) may develop appropriate roles for community-based organizations and businesses in parent involvement activities, including providing information about opportunities for organizations and businesses to work with parents and schools, and encouraging the formation of partnerships between elementary, middle, and secondary schools and local businesses that include a role for parents.".

(e) ACCESSIBILITY.—Subsection (f) of section 1118 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319(f)) is amended to read as follows:

"(f) ACCESSIBILITY.—In carrying out the parental involvement requirements of this part, local educational agencies and schools, to the extent practicable, shall provide full opportunities for the participation of parents with limited English proficiency, parents with disabilities, and parents of migratory children, including providing information and school report cards required under section

1111 in a format, and to the extent practicable, in a language such parents understand.''.

SEC. 3443. PROFESSIONAL DEVELOPMENT.

Subpart 1 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) is amended by inserting after section 1119 the following:

''SEC. 1119A. PROFESSIONAL DEVELOPMENT.

''(a) PURPOSE.—The purpose of this section is to assist each local educational agency receiving assistance under this part in increasing the academic achievement of eligible children (as defined in section 1115(b)(1)(B)) through improved teacher quality.

''(b) PROFESSIONAL DEVELOPMENT ACTIVITIES.—

''(1) REQUIRED ACTIVITIES.—Professional development activities under this section shall—

''(A) support professional development activities that give teachers, principals, and administrators the knowledge and skills to provide students with the opportunity to meet challenging State or local content standards and student performance standards;

''(B) support the recruiting, hiring, and training of fully qualified teachers, including

teachers fully qualified through State and local alternative routes;

"(C) advance teacher understanding of effective instructional strategies based on scientifically based research for improving student achievement, at a minimum, in reading or language arts and mathematics;

"(D) be directly related to the curriculum and content areas in which the teacher provides instruction;

"(E) be designed to enhance the ability of a teacher to understand and use the State's standards for the subject area in which the teacher provides instruction;

"(F) be tied to scientifically based research demonstrating the effectiveness of such professional development activities or programs in increasing student achievement or substantially increasing the knowledge and teaching skills of teachers;

"(G) be of sufficient intensity and duration (not to include 1-day or short-term workshops and conferences) to have a positive and lasting impact on the teacher's performance in the classroom, except that this paragraph shall not

apply to an activity if such activity is 1 component of a long-term comprehensive professional development plan established by the teacher and the teacher's supervisor based upon an assessment of their needs, their students' needs, and the needs of the local educational agency;

''(H) be developed with extensive participation of teachers, principals, parents, and administrators of schools to be served under this part;

''(I) to the extent appropriate, provide training for teachers in the use of technology so that technology and its applications are effectively used in the classroom to improve teaching and learning in the curriculum and academic content areas in which the teachers provide instruction;

''(J) as a whole, be regularly evaluated for their impact on increased teacher effectiveness and improved student achievement, with the findings of such evaluations used to improve the quality of professional development; and

''(K) include strategies for identifying and eliminating gender and racial bias in instructional materials, methods, and practices.

"(2) OPTIONAL ACTIVITIES.—Such professional development activities may include—

"(A) instruction in the use of data and assessments to inform and instruct classroom practice;

"(B) instruction in ways that teachers, principals, pupil services personnel, and school administrators may work more effectively with parents;

"(C) the forming of partnerships with institutions of higher education to establish school-based teacher training programs that provide prospective teachers and novice teachers with an opportunity to work under the guidance of experienced teachers and college faculty, but only if each such institution of higher education meets the reporting requirements of section 207 of the Higher Education Act of 1965 (20 U.S.C. 1027) and its teacher preparation program has not been identified by its State as low-performing under such Act;

"(D) the creation of career ladder programs for paraprofessionals (assisting teachers under this part) to obtain the education nec-

essary for such paraprofessionals to become licensed and certified teachers;

''(E) instruction in ways to teach special needs children;

''(F) instruction in the ways that teachers, principals, and guidance counselors can work with parents and students from groups such as females and minorities that are under represented in careers in mathematics, science, engineering, and technology, to encourage and maintain the interest of such students in these careers;

''(G) joint professional development activities involving programs under this part, Head Start, Even Start, or State-run preschool program personnel;

''(H) instruction in experiential-based teaching methods such as service or applied learning;

''(I) mentoring programs focusing on changing teacher behaviors and practices to help novice teachers, including teachers who are members of a minority group, develop and gain confidence in their skills, to increase the likelihood that they will continue in the teaching

profession, and generally to improve the quality of their teaching; and

"(J) instruction in gender-equitable methods, techniques, and practices.

"(c) PROGRAM PARTICIPATION.—Each local educational agency receiving assistance under this part may design professional development programs so that—

"(1) all school staff in schools participating in a schoolwide program under section 1114 can participate in professional development activities; and

"(2) all school staff in targeted assistance schools may participate in professional development activities if such participation will result in better addressing the needs of students served under this part.

"(d) PARENTAL PARTICIPATION.—Parents may participate in professional development activities under this part if the school determines that parental participation is appropriate.

"(e) CONSORTIA.—In carrying out such professional development programs, local educational agencies may provide services through consortia arrangements with other local educational agencies, educational service agencies or other local consortia, institutions of higher education, or other public or private institutions or organiza-

tions, but only if each such institution of higher education meets the reporting requirements of section 207 of the Higher Education Act of 1965 (20 U.S.C. 1027) and its teacher preparation program has not been identified by its State as low-performing under such Act.

"(f) CONSOLIDATION OF FUNDS.—Funds provided under this part that are used for professional development purposes may be consolidated with funds provided under title II of this Act and other sources.

"(g) SPECIAL RULE.—No State educational agency shall require a school or a local educational agency to expend a specific amount of funds for professional development activities under this part, except that this paragraph shall not apply with respect to requirements under section 1116(c)(9).".

SEC. 3444. REQUIREMENTS; RECORDS.

(a) REQUIREMENTS.—Section 1120A(c)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6322(c)(2)) is amended to read as follows:

"(2) CRITERIA FOR MEETING COMPARABILITY REQUIREMENT.—

"(A) APPROVAL.—To meet the requirement of paragraph (1), a local educational agency shall obtain the State educational agency's approval of a comprehensive, 3-year plan to

ensure comparability in the use of State and local funds and educational services among its schools receiving funds under this part and its other schools with respect to:

"(i) the rates at which class sections are taught by experienced and fully qualified teachers, including such rates for low-income and minority students;

"(ii) curriculum, in terms of both the range of courses offered, and the opportunity to participate in rigorous courses including advanced placement (AP) courses, including such rates for low-income and minority students; and

"(iii) the quality and availability of instructional materials and instructional resources including technology."

"(B) EXCLUSION.—A local educational agency need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of a school year in determining comparability of services under this subsection.

"(C) REQUIREMENTS.—Notwithstanding subparagraph (A), a local educational agency

may continue to meet the requirement of paragraph (1) by complying with subparagraph (A) as such subparagraph was in effect on the day preceding the date of enactment of the Leave No Child Behind Act of 2001, except that each local educational agency shall be required to comply with subparagraph (A), as amended by such Act not later than July 1, 2004.''.

(b) RECORDS.—Section 1120A(c)(3)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6322(c)(3)(B)) is amended by striking ''biennially'' and inserting ''annually''.

SEC. 3445. COORDINATION REQUIREMENTS.

Section 1120B of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6323 et seq.) is amended—

(1) in subsection (a), by striking ''to the extent feasible'' and all that follows through the period and inserting ''with local Head Start agencies, and if feasible, other early childhood development programs.'';

(2) in subsection (b)—

(A) in paragraph (3) by striking ''and'' after the semicolon;

(B) in paragraph (4) by striking the period and inserting "; and"; and

(C) by adding at the end, the following:

"(5) linking the educational services provided in such local educational agency with the services provided in local Head Start agencies.".

Chapter 5—Quality Teaching and Leadership

Subchapter A—Amendments to Title II of the Elementary and Secondary Education Act of 1965

SEC. 3461. AMENDMENTS TO TITLE II.

Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by redesignating part E as part J;

(2) by redesignating sections 2401 and 2402 as sections 2901 and 2902 respectively; and

(3) by inserting after part D the following:

"PART E—CLASS SIZE REDUCTION

"SEC. 2401. GRANT PROGRAM.

"(a) PURPOSES.—The purposes of this section are—

"(1) to reduce class size through the use of fully qualified teachers;

"(2) to assist States and local educational agencies in recruiting, hiring, and training 100,000 teachers in order to reduce class sizes nationally, in

kindergarten through grade 3, to an average of 18 students per regular classroom; and

"(3) to improve teaching in those grades so that all students can learn to read independently and well by the end of the 3d grade.

"(b) ALLOTMENT TO STATES.—

"(1) RESERVATION.—From the amount made available to carry out this part for a fiscal year, the Secretary shall reserve not more than 1 percent for the Secretary of the Interior (on behalf of the Bureau of Indian Affairs) and the outlying areas for activities carried out in accordance with this section.

"(2) STATE ALLOTMENTS.—

"(A) HOLD HARMLESS.—

"(i) IN GENERAL.—Subject to subparagraph (B) and clause (ii), from the amount made available to carry out this part for a fiscal year and not reserved under paragraph (1), the Secretary shall allot to each State an amount equal to the amount that such State received for the preceding fiscal year under this section or section 306 of the Department of Education Appropriations Act, 2001, as the case may be.

"(ii) RATABLE REDUCTION.—If the amount made available to carry out this part for a fiscal year and not reserved under paragraph (1) is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for such fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(B) ALLOTMENT OF ADDITIONAL FUNDS.—

"(i) IN GENERAL.—Subject to clause (ii), for any fiscal year for which the amount made available to carry out this part and not reserved under paragraph (1) exceeds the amount made available to the States for the preceding year under the authorities described in subparagraph (A)(i), the Secretary shall allot to each of those States the percentage of the excess amount that is the greater of—

"(I) the percentage the State received for the preceding fiscal year of the total amount made available to the States under section 1122; or

"(II) the percentage so received of the total amount made available to the States under section 6101(b), as in effect on the day before the date of enactment of the Leave No Child Behind Act of 2001, or the corresponding provision of this title, as the case may be.

"(ii) RATABLE REDUCTIONS.—If the excess amount for a fiscal year is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for such fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(c) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—

"(1) ALLOCATION.—Each State that receives funds under this section shall allocate 100 percent of those funds to local educational agencies, of which—

"(A) 80 percent shall be allocated to those local educational agencies in proportion to the number of children, age 5 through 17, from families with incomes below the poverty line (as

defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved, who reside in the school district served by that local educational agency for the most recent fiscal year for which satisfactory data are available, compared to the number of those children who reside in the school districts served by all the local educational agencies in the State for that fiscal year; and

"(B) 20 percent shall be allocated to those local educational agencies in accordance with the relative enrollments of children, age 5 through 17, in public and private nonprofit elementary schools and secondary schools within the areas served by those agencies.

"(2) EXCEPTION.—Notwithstanding paragraph (1) and subsection (d)(2)(B), if the award to a local educational agency under this section is less than the starting salary for a new fully qualified teacher for a school served by that agency, that agency may use funds made available under this section to—

"(A) help pay the salary of a full- or part-time fully qualified teacher hired to reduce class size, which may be done in combination with the expenditure of other Federal, State, or local funds; or

"(B) pay for activities described in subsection (d)(2)(A)(iii) that may be related to teaching in smaller classes.

"(d) USE OF FUNDS.—

"(1) MANDATORY USES.—Each local educational agency that receives funds under this section shall use those funds to carry out effective approaches to reducing class size through use of fully qualified teachers to improve educational achievement for both regular and special needs children, with particular consideration given to reducing class size in the early elementary grades for which some research has shown class size reduction is most effective.

"(2) PERMISSIBLE USES.—

"(A) IN GENERAL.—Each such local educational agency may use funds made available under this section for—

"(i) recruiting (including through the use of signing bonuses and other financial

incentives), hiring, and training fully qualified regular and special education teachers (which may include hiring special education teachers to team-teach with regular teachers in classrooms that contain both children with disabilities and non-disabled children) and teachers of special needs children;

''(ii) testing new teachers for academic content knowledge, and to meet State certification or licensing requirements that are consistent with title II of the Higher Education Act of 1965; and

''(iii) providing professional development (which may include such activities as promoting retention and mentoring) for teachers, including special education teachers and teachers of special needs children, in order to meet the goal of ensuring that all teachers have the general knowledge, teaching skills, and subject matter knowledge necessary to teach effectively in the content areas in which the teachers teach, consistent with title II of the Higher Education Act of 1965.

"(B) LIMITATION ON TESTING AND PROFESSIONAL DEVELOPMENT.—

"(i) IN GENERAL.—Except as provided in clause (ii), a local educational agency may use not more than a total of 25 percent of the funds received by the agency under this section for activities described in clauses (ii) and (iii) of subparagraph (A).

"(ii) SPECIAL RULE.—A local educational agency may use more than 25 percent of the funds the agency receives under this section for activities described in subparagraph (A)(iii) for the purpose of helping teachers who are not yet fully qualified in attaining full qualification if 10 percent or more of the elementary school classes in a school are taught by individuals who are not fully qualified teachers or the State educational agency has waived State certification or licensing requirements for 10 percent or more of such teachers.

"(C) USE OF FUNDS BY AGENCIES THAT HAVE REDUCED CLASS SIZE.—Notwithstanding subparagraph (B), a local educational agency

that has already reduced class size in the early elementary grades to 18 or fewer children (or has already reduced class size to a State or local class size reduction goal that was in effect on November 28, 1999 if that goal is 20 or fewer children) may use funds received under this section—

"(i) to make further class size reductions in kindergarten through third grade;

"(ii) to reduce class size in other grades; or

"(iii) to carry out activities to improve teacher quality, including professional development.

"(3) SUPPLEMENT, NOT SUPPLANT.—Each such agency shall use funds made available under this section only to supplement, and not to supplant, State and local funds that, in the absence of funds made available under this section, would otherwise be expended for activities described in this section.

"(4) LIMITATION ON USE FOR SALARIES AND BENEFITS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no funds made available under this section may be used to increase the

salaries of, or provide benefits (other than participation in professional development and enrichment programs) to, teachers who are not hired under this section.

"(B) EXCEPTION.—Funds made available under this section may be used to pay the salaries of teachers hired under section 306 of the Department of Education Appropriations Act, 2001.

"(e) REPORTS.—

"(1) STATE ACTIVITIES.—Each State receiving funds under this section shall prepare and submit to the Secretary a biennial report on activities carried out in the State under this section that provides the information described in section 6202(a)(2) with respect to the activities.

"(2) PROGRESS CONCERNING CLASS SIZE AND QUALIFIED TEACHERS.—Each State and local educational agency receiving funds under this section shall annually report to parents and the public, in numeric form as compared to the previous year, on—

"(A) the agency's progress in reducing class size, and increasing the percentage of

classes in core academic areas taught by fully qualified teachers ; and

"(B) the impact that hiring additional fully qualified teachers and reducing class size, has had, if any, on increasing student academic achievement.

"(3) NOTICE.—Each local educational agency that receives funds under this section shall provide, to each individual parent of a child who attends a school served by such local educational agency, timely, written notice if the child has been assigned or has been taught for 2 or more consecutive weeks by a substitute teacher, as defined by such local educational agency, or a teacher who is not fully qualified.

"(f) PRIVATE SCHOOLS.—If a local educational agency uses funds made available under this section for professional development activities, the agency shall ensure the equitable participation of private nonprofit elementary schools and secondary schools in such activities in accordance with section 6402. Section 6402 shall not apply to other activities carried out under this section.

"(g) ADMINISTRATIVE EXPENSES.—A local educational agency that receives funds under this section may

use not more than 3 percent of such funds for local administrative costs.

"(h) APPLICATION.—Each local educational agency that desires to receive funds under this section shall submit an application to the State educational agency at such time, in such manner, and containing such information as the State educational agency may require. Each such application shall include a description of the agency's program to reduce class size by hiring additional fully qualified teachers.

"(i) CERTIFICATION, LICENSING, AND COMPETENCY.—No funds made available under this section may be used to pay the salary of any teacher unless such teacher is fully qualified.

"(j) DEFINITION.—As used in this section, the term 'certified' includes certification through State or local alternative routes.

"SEC. 2402. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $2,537,000,000 for fiscal year 2002, $3,452,000,000 for fiscal year 2003, $4,336,000,000 for fiscal year 2004, and $5,281,000,000 for each of fiscal years 2005 and 2006.

"PART F—TROOPS TO TEACHERS

"SEC. 2501. FINDINGS.

''Congress finds the following:

''(1) School districts will need to hire more than 2,000,000 teachers during the first decade of the 21st century.

''(2) The need for teachers in the areas of mathematics, science, foreign languages, special education, and bilingual education, and for teachers able to teach in high-poverty school districts, will be particularly high. To meet this need, talented Americans of all ages should be recruited to become successful, qualified teachers.

''(3) Nearly 13 percent of teachers of academic subjects have neither an undergraduate major nor minor in their main assignment fields. This problem is most acute in high-poverty local educational agencies, where the out-of-field teaching percentage is 22 percent.

''(4) The Third International Math and Science Study (TIMSS) ranked United States high school seniors last among 16 countries in physics and next to last in mathematics. It is also evident, mainly from the TIMSS data, that based on academic scores, a stronger emphasis needs to be placed on

the academic preparation of our children in mathematics and science.

''(5) One-fourth of high-poverty local educational agencies find it very difficult to fill bilingual teaching positions, and nearly half of public school teachers have students in their classrooms for whom English is a second language.

''(6) Many career-changing professionals with strong content-area skills are interested in a teaching career, but they need assistance in getting the appropriate pedagogical training and classroom experience.

''(7) The teacher placement program known as the 'troops-to-teachers program', which was established by the Secretary of Defense and the Secretary of Transportation under section 1151 of title 10, United States Code, has been highly successful in securing high-quality teachers for teaching positions in high-poverty local educational agencies.

"SEC. 2502. PURPOSE.

''The purpose of this part is to address the need of local educational agencies that are high-poverty local educational agencies or low-performing local educational agencies for fully qualified teachers in particular subject

areas, such as mathematics, science, foreign languages, bilingual education, and special education, by—

"(1) continuing and enhancing the troops-to-teachers program for recruiting and supporting the placement of former members of the Armed Forces as teachers in such local educational agencies; and

"(2) recruiting, preparing, placing, and supporting career-changing professionals who have knowledge and experience that will help them become such teachers.

"SEC. 2503. CONTINUATION AND SUPPORT FOR TROOPS-TO-TEACHERS PROGRAM.

"(a) CONTINUATION.—The Secretary may enter into a written agreement with the Secretary of Defense and the Secretary of Transportation, or take such other steps as the Secretary determines are appropriate, to ensure effective continuation of the troops-to-teachers program, notwithstanding the duration of the program specified in section 1151(c)(1)(A) of title 10, United States Code.

"(b) SUPPORT.—Before providing any assistance under section 2504 for a fiscal year, the Secretary shall first—

"(1) consult with the Secretary of Defense and the Secretary of Transportation regarding the ap-

propriate amount of funding needed to continue and enhance the troops-to-teachers program; and

"(2) upon agreement, transfer that amount to the Secretary of Defense to carry out the troops-to-teachers program.

"SEC. 2504. TRANSITION OF CAREER-CHANGING PROFESSIONALS TO TEACHING.

"(a) AUTHORITY TO SUPPORT TRANSITION PROGRAMS.—The Secretary may use funds appropriated pursuant to the authorization of appropriations in section 2507 to award grants to, and enter into contracts or cooperative agreements with, institutions of higher education, including historically Black colleges and universities and Hispanic-serving institutions, and public and private nonprofit agencies or organizations to recruit, prepare, place, and support career-changing professionals as teachers in local educational agencies that are high-poverty local educational agencies or low-performing local educational agencies.

"(b) APPLICATION.—Each entity described in subsection (a) that desires assistance under subsection (a) shall submit an application to the Secretary containing such information as the Secretary may require, including—

"(1) a description of the target group of career-changing professionals upon which the applicant will focus in carrying out its program under this part, including a description of the characteristics of that target group that shows how the knowledge and experience of its members are relevant to meeting the purpose of this part;

"(2) a description of how the applicant will identify and recruit career-changing professionals for its program under this part;

"(3) a description of the training that career-changing professionals will receive in the program and how that training will relate to their certification as teachers;

"(4) a description of how the applicant will ensure that career-changing professionals are placed and teach in high-poverty local educational agencies or low-performing local educational agencies;

"(5) a description of the teacher induction services (which may be provided through existing induction programs) that the career-changing professionals in the program will receive throughout at least their first year of teaching;

"(6) a description of how the applicant will collaborate, as needed, with other institutions, agencies,

or organizations to recruit, train, place, and support career-changing professionals under this part, including evidence of the commitment of those institutions, agencies, or organizations to the applicant's program;

"(7) a description of how the applicant will evaluate the progress and effectiveness of its program, including—

"(A) the program's goals and objectives;

"(B) the performance indicators the applicant will use to measure the program's progress; and

"(C) the outcome measures that will be used to determine the program's effectiveness; and

"(8) an assurance that the applicant will provide to the Secretary such information as the Secretary determines necessary to evaluate the overall effectiveness of programs under this part.

"SEC. 2505. USES OF FUNDS AND PERIOD OF SERVICE.

"(a) AUTHORIZED ACTIVITIES.—Funds provided under section 2504 may be used for—

"(1) recruiting career-changing professionals, including informing them of opportunities under the program and putting them in contact with other in-

stitutions, agencies, or organizations that will train, place, and support them;

"(2) training stipends and other financial incentives for career-changing professionals in the program, such as moving expenses, not to exceed $5,000, in the aggregate, per participant;

"(3) assisting institutions of higher education or other providers of teacher training to tailor their training to meet the particular needs of career-changing professionals;

"(4) placement activities, including identifying high-poverty, low-performing local educational agencies with needs for the particular skills and characteristics of the newly trained career-changing professionals and assisting those persons to obtain employment in those local educational agencies; and

"(5) post-placement induction or support activities.

"(b) PERIOD OF SERVICE.—A career-changing professional selected to participate in a program under this part who completes his or her training shall serve in a high-poverty local educational agency or a low-performing local educational agency for at least 3 years.

"(c) REPAYMENT.—The Secretary shall establish such requirements as the Secretary determines appro-

priate to ensure that career-changing professionals who receive a training stipend or other financial incentive under subsection (a)(2), but who fail to complete their service obligation under subsection (b), repay all or a portion of such stipend or other incentive.

"SEC. 2506. EQUITABLE DISTRIBUTION.

''To the extent practicable, the Secretary shall make awards and enter into contracts and cooperative agreements under section 2504 to support teacher placement programs for career-changing professionals in different geographic regions of the United States.

"SEC. 2507. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to the Secretary to carry out this part, $40,000,000 for fiscal year 2002 and such sums as may be necessary for the next 4 succeeding fiscal years.

"PART G—EARLY CHILDHOOD EDUCATOR PROFESSIONAL DEVELOPMENT

"SEC. 2601. PURPOSE.

''In support of the national effort to attain the first of America's Education Goals, the purpose of this part is to enhance the school readiness of young children, particularly disadvantaged young children, and to prevent them from encountering difficulties once they enter school, by improving the knowledge and skills of early childhood

educators who work in communities that have high concentrations of children living in poverty.

"SEC. 2602. PROGRAM AUTHORIZED.

"(a) GRANTS TO PARTNERSHIPS.—The Secretary shall carry out the purpose of this part by awarding grants, on a competitive basis, to partnerships consisting of—

"(1)(A) one or more institutions of higher education that provide professional development for early childhood educators who work with children from low-income families in high-need communities; or

"(B) another public or private, nonprofit entity that provides such professional development;

"(2) one or more public agencies (including local educational agencies, State educational agencies, State human services agencies, and State and local agencies administering programs under the Child Care and Development Block Grant Act of 1990), Head Start agencies, or private, nonprofit organizations; and

"(3) to the extent feasible, an entity with demonstrated experience in providing training to educators in early childhood education programs in identifying and preventing behavior problems or

working with children identified or suspected to be victims of abuse.

"(b) DURATION AND NUMBER OF GRANTS.—

"(1) DURATION.—Each grant under this part shall be awarded for not more than 4 years.

"(2) NUMBER.—No partnership may receive more than 1 grant under this part.

"SEC. 2603. APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—Any partnership that desires to receive a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(b) CONTENTS.—Each such application shall include—

"(1) a description of the high-need community to be served by the project, including such demographic and socioeconomic information as the Secretary may request;

"(2) information on the quality of the early childhood educator professional development program currently conducted by the institution of higher education or other provider in the partnership;

"(3) the results of the needs assessment that the entities in the partnership have undertaken to

determine the most critical professional development needs of the early childhood educators to be served by the partnership and in the broader community, and a description of how the proposed project will address those needs;

"(4) a description of how the proposed project will be carried out, including—

"(A) how individuals will be selected to participate;

"(B) the types of research-based professional development activities that will be carried out;

"(C) how research on effective professional development and on adult learning will be used to design and deliver project activities;

"(D) how the project will coordinate with and build on, and will not supplant or duplicate, early childhood education professional development activities that exist in the community;

"(E) how the project will train early childhood educators to provide services that are based on developmentally appropriate practices and the best available research on child social,

emotional, physical and cognitive development and on early childhood pedagogy;

"(F) how the program will train early childhood educators to meet the diverse educational needs of children in the community, including children who have limited English proficiency, disabilities, or other special needs; and

"(G) how the project will train early childhood educators in identifying and preventing behavioral problems or working with children identified as or suspected to be victims of abuse;

"(5) a description of—

"(A) the specific objectives that the partnership will seek to attain through the project, and how the partnership will measure progress toward attainment of those objectives; and

"(B) how the objectives and the measurement activities align with the performance indicators established by the Secretary under section 2606(a);

"(6) a description of the partnership's plan for institutionalizing the activities carried out under the project, so that the activities continue once Federal funding ceases;

"(7) an assurance that, where applicable, the project will provide appropriate professional development to volunteers working directly with young children, as well as to paid staff; and

"(8) an assurance that, in developing its application and in carrying out its project, the partnership has consulted with, and will consult with, relevant agencies, early childhood educator organizations, and early childhood providers that are not members of the partnership.

"SEC. 2604. SELECTION OF GRANTEES.

"(a) CRITERIA.—The Secretary shall select partnerships to receive funding on the basis of the community's need for assistance and the quality of the applications.

"(b) GEOGRAPHIC DISTRIBUTION.—In selecting partnerships, the Secretary shall seek to ensure that communities in different regions of the Nation, as well as both urban and rural communities, are served.

"SEC. 2605. USES OF FUNDS.

"(a) IN GENERAL.—Each partnership receiving a grant under this part shall use the grant funds to carry out activities that will improve the knowledge and skills of early childhood educators who are working in early childhood programs that are located in high-need commu-

nities and serve concentrations of children from low-income families.

"(b) ALLOWABLE ACTIVITIES.—Such activities may include—

"(1) professional development for individuals working as early childhood educators, particularly to familiarize those individuals with the application of recent research on child, language, and literacy development and on early childhood pedagogy;

"(2) professional development for early childhood educators in working with parents, based on the best current research on child social, emotional, physical and cognitive development and parent involvement, so that the educators can prepare their children to succeed in school;

"(3) professional development for early childhood educators to work with children who have limited English proficiency, disabilities, and other special needs;

"(4) professional development to train early childhood educators in identifying and preventing behavioral problems in children or working with children identified or suspected to be victims of abuse;

"(5) activities that assist and support early childhood educators during their first three years in the field;

"(6) development and implementation of early childhood educator professional development programs that make use of distance learning and other technologies;

"(7) professional development activities related to the selection and use of screening and diagnostic assessments to improve teaching and learning; and

"(8) data collection, evaluation, and reporting needed to meet the requirements of this part relating to accountability.

"SEC. 2606. ACCOUNTABILITY.

"(a) PERFORMANCE INDICATORS.—Simultaneously with the publication of any application notice for grants under this part, the Secretary shall announce performance indicators for this part, which shall be designed to measure—

"(1) the quality and accessibility of the professional development provided;

"(2) the impact of that professional development on the early childhood education provided by the individuals who are trained; and

"(3) such other measures of program impact as the Secretary determines appropriate.

"(b) ANNUAL REPORTS; TERMINATION.—

"(1) ANNUAL REPORTS.—Each partnership receiving a grant under this part shall report annually to the Secretary on the partnership's progress against the performance indicators.

"(2) TERMINATION.—The Secretary may terminate a grant under this part at any time if the Secretary determines that the partnership is not making satisfactory progress against the indicators.

"SEC. 2607. COST-SHARING.

"(a) IN GENERAL.—Each partnership shall provide, from other sources, which may include other Federal sources—

"(1) at least 50 percent of the total cost of its project for the grant period; and

"(2) at least 20 percent of the project cost in each year.

"(b) ACCEPTABLE CONTRIBUTIONS.—A partnership may meet the requirement of subsection (a) through cash or in-kind contributions, fairly valued.

"(c) WAIVERS.—The Secretary may waive or modify the requirements of subsection (a) in cases of demonstrated financial hardship.

"SEC. 2608. DEFINITIONS.

"In this part:

"(1) HIGH-NEED COMMUNITY.—

"(A) IN GENERAL.—The term 'high-need community' means—

"(i) a municipality, or a portion of a municipality, in which at least 50 percent of the children are from low-income families; or

"(ii) a municipality that is one of the 10 percent of municipalities within the State having the greatest numbers of such children.

"(B) DETERMINATION.—In determining which communities are described in subparagraph (A), the Secretary shall use such data as the Secretary determines are most accurate and appropriate.

"(2) LOW-INCOME FAMILY.—The term 'low-income family' means a family with an income below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the most recent fiscal year for which satisfactory data are available.

"(3) EARLY CHILDHOOD EDUCATOR.—The term 'early childhood educator' means a person providing or employed by a provider of non-residential child care services (including center-based, family-based, and in-home child care services) for compensation that is legally operating under State law, and that complies with applicable State and local requirements for the provision of child care services to children at any age from birth through kindergarten.

"SEC. 2609. FEDERAL COORDINATION.

"The Secretary and the Secretary of Health and Human Services shall coordinate activities under this part and other early childhood programs administered by the two Secretaries.

"SEC. 2610. AUTHORIZATION OF APPROPRIATIONS.

"For the purpose of carrying out this part, there are authorized to be appropriated $100,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 6 succeeding fiscal years.

"PART H—PRINCIPAL LEADERSHIP DEVELOPMENT

"SEC. 2701. PROFESSIONAL DEVELOPMENT FOR PRINCIPALS AS LEADERS OF SCHOOL REFORM.

''(a) COMPETITIVE GRANTS.—The Secretary is authorized to award, on a competitive basis, grants to eligible partnerships—

''(1) consisting of—

''(A) one or more institutions of higher education that provide professional development for principals and other school administrators; and

''(B) one or more local educational agencies; and

''(2) that may include other entities, agencies, and organizations, such as a State educational agency, a State agency for higher education, and professional organizations for principals, administrators, teachers, and parents.

''(b) APPLICATION.—An eligible partnership that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require. Each such application shall include—

''(1) a description of the activities the partnership will carry out to meet the purpose of this part;

"(2) a description of how those activities will build on and be coordinated with other professional development activities, including activities under this title and title II of the Higher Education Act of 1965;

"(3) a description of how principals, teachers, and other interested parties were involved in developing the application and will be involved in planning and carrying out the activities under this section; and

"(4) a description of how the professional development will result in the acquisition of a license, degree, or continuing education unit.

"(c) USE OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to provide professional development to principals and other school administrators to enable them to be effective school leaders and prepare all students to achieve to challenging State content and student performance standards, including professional development on—

"(1) comprehensive school reform;

"(2) leadership skills;

"(3) recruitment, assignment, retention, and evaluation of teacher and other instructional staff;

"(4) State content standards;

"(5) effective instructional practice;

"(6) using smaller classes effectively; and

"(7) parental and community involvement.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this part, $100,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART I—COMPETITIVE GRANTS TO ESTABLISH PROGRAMS FOR TEACHER QUALITY IMPROVEMENT

"SEC. 2801. ALLOTMENTS TO STATES.

"(a) IN GENERAL.—The Secretary is authorized to make grants to eligible State educational agencies for the improvement of teaching and learning through sustained and intensive high-quality professional development, mentoring, and recruitment activities (and covered recruitment, at the election of a local educational agency) at the State and local levels. Each grant shall consist of the allotment determined for the State under subsection (b).

"(b) DETERMINATION OF AMOUNT OF ALLOTMENT.—

"(1) RESERVATION OF FUNDS.—

"(A) IN GENERAL.—From the total amount made available to carry out this part

for any fiscal year, the Secretary shall reserve—

"(i) ½ of 1 percent for allotments for the outlying areas to be distributed among those outlying areas on the basis of their relative need, as determined by the Secretary, for professional development, mentoring, and recruitment activities carried out in accordance with the purposes of this part; and

"(ii) ½ of 1 percent for the Secretary of the Interior for programs carried out in accordance with the purposes of this part to provide professional development, mentoring, and recruitment activities for teachers and other staff in schools operated or funded by the Bureau of Indian Affairs.

"(B) LIMITATION.—Notwithstanding subparagraph (A), the Secretary shall not reserve, for either the outlying areas under subparagraph (A)(i) or the schools operated or funded by the Bureau of Indian Affairs under subparagraph (A)(ii), more than the amount reserved for those areas or schools for fiscal year 2000

under the authority described in paragraph (2)(A)(i).

"(2) STATE ALLOTMENTS.—

"(A) HOLD HARMLESS.—

"(i) IN GENERAL.—Subject to subparagraph (B), from the total amount made available to carry out this part for any fiscal year and not reserved under paragraph (1), the Secretary shall allot to each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico an amount equal to the amount that the State received for fiscal year 2000 under section 2202(b) of this Act (as in effect on the day before the date of enactment of the Leave No Child Behind Act of 2001).

"(ii) RATABLE REDUCTION.—If the total amount made available to carry out this part for any fiscal year and not reserved under paragraph (1) is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for any fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(B) ALLOTMENT OF ADDITIONAL FUNDS.—

"(i) IN GENERAL.—Subject to clause (ii), for any fiscal year for which the total amount made available to carry out this part and not reserved under paragraph (1) exceeds the total amount made available to the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico for fiscal year 2000 under the authority described in subparagraph (A)(i), the Secretary shall allot to each of those States the sum of—

"(I) an amount that bears the same relationship to 40 percent of the excess amount as the number of individuals age 5 through 17 in the State, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in all such States, as so determined; and

"(II) an amount that bears the same relationship to 60 percent of the excess amount as the number of indi-

viduals age 5 through 17 from families with incomes below the poverty line in the State, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in all such States, as so determined.

''(ii) EXCEPTION.—No State receiving an allotment under clause (i) may receive less than ½ of 1 percent of the total excess amount allotted under clause (i) for a fiscal year.

''(3) REALLOTMENT.—If any State described in paragraph (2) does not apply for an allotment under paragraph (2) for any fiscal year, the Secretary shall reallot such amount to the remaining such States in accordance with paragraph (2).

''SEC. 2802. STATE APPLICATIONS.

''(a) APPLICATIONS REQUIRED.—

''(1) IN GENERAL.—Each State desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(2) DEVELOPMENT.—The State educational agency shall develop the State application—

"(A) in consultation with the State agency for higher education, community-based and other nonprofit organizations, and institutions of higher education; and

"(B) with the extensive participation of teachers, teacher educators, school administrators, and content specialists.

"(b) CONTENTS.—Each such application shall include—

"(1) a description of the State's shortages of fully qualified teachers relating to high-poverty school districts and high-need academic subjects (as such districts or subjects are determined by the State);

"(2) an assessment of the need for professional development for veteran teachers in the State and the need for strong mentoring programs for beginning teachers that are—

"(A) developed with the involvement of teachers; and

"(B) based on student achievement data in the core academic subjects and other indicators

of the need for professional development and mentoring programs;

''(3) a description of how the State educational agency will use funds made available under this part to improve the quality of the State's teaching force, eliminate the use of out-of-field placement of teachers, and eliminate the use of teachers hired with emergency or other provisional credentials by setting numerical, annual improvement goals, and meet the requirements of this section;

''(4) a description of how the State educational agency will align activities assisted under this part with State content and student performance standards, and State assessments, by setting numerical, annual improvement goals;

''(5) a description of how the State educational agency will coordinate activities funded under this part with professional development, mentoring, and recruitment activities that are supported with funds from other relevant Federal and non-Federal programs;

''(6) a plan, developed with the extensive participation of teachers, for addressing long-term teacher recruitment, retention, professional development, and mentoring needs, which may include—

"(A) providing technical assistance to help school districts reform hiring and employment practices to improve the recruitment and retention of fully qualified teachers, especially with respect to high-poverty schools; and

"(B) establishing State or regional partnerships to address teacher shortages;

"(7) a description of how the State educational agency will assist local educational agencies in implementing effective and sustained professional development and mentoring activities and high-quality recruitment activities under this part;

"(8) an assurance that the State will consistently monitor the progress of each local educational agency and school in the State in achieving the goals specified in the information submitted under paragraphs (1) through (7);

"(9) a description of how the State educational agency will work with recipients of grants awarded for recruitment activities under section 2805(b) to ensure that recruits who successfully complete a teacher corps program will be certified or licensed; and

"(10) the assurances and description referred to in section 2810.

"(c) APPROVAL.—The Secretary shall, using a peer-review process, approve a State application if the application meets the requirements of this section and holds reasonable promise of achieving the purposes of this part.

"SEC. 2803. STATE USE OF FUNDS.

"(a) IN GENERAL.—Of the funds allotted to a State under section 2801 for a fiscal year—

"(1) not more than 6 percent shall be used by the State educational agency to carry out State activities described in section 2804, or for the administration of this part (other than the administration of section 2809) except that not more than 3 percent shall be used for the administration of this part;

"(2) 60 percent shall be used by the State educational agency to provide grants to local educational agencies under section 2805(a) for professional development and mentoring (except as provided in section 2807(c));

"(3) 30 percent shall be used by the State educational agency—

"(A) except as provided in subparagraph (B), to provide grants to recruitment partnerships under section 2805(b) for recruitment activities; or

"(B) if the State educational agency determines that all elementary school and secondary school teachers in the State that are teaching core academic subjects are fully qualified, to provide the grants described in paragraph (2); and

"(4) 4 percent (or 4 percent of the amount the State would have been allotted if the appropriation for this part were $1,730,000,000, whichever is greater) shall be used by the State agency for higher education to provide grants to partnerships under section 2809.

"(b) PRIORITY FOR PROFESSIONAL DEVELOPMENT AND MENTORING IN MATHEMATICS AND SCIENCE.—

"(1) PRIORITY.—

"(A) APPROPRIATIONS OF NOT MORE THAN $300,000,000.—Except as provided in section 2807(c), for any fiscal year for which the appropriation for this part is $300,000,000 or less, each State educational agency that receives funds under this part, working jointly with the State agency for higher education, shall ensure that all funds received under this part are used for—

"(i) professional development and mentoring in mathematics and science that are aligned with State content and student performance standards; and

"(ii) recruitment activities to attract fully qualified math and science teachers to high-poverty schools.

"(B) APPROPRIATIONS OF MORE THAN $300,000,000.—Except as provided in section 2807(c), for any fiscal year for which the appropriation for this part is greater than $300,000,000, the State educational agency and the State agency for higher education shall jointly ensure that the total amount of funds that the agencies receive under this part and that the agencies use for activities described in subparagraph (A) is at least as great as the allotment the State would have received if that appropriation had been $300,000,000.

"(2) INTERDISCIPLINARY ACTIVITIES.—A State may use funds received under this part for activities that focus on more than 1 core academic subject, and apply the funds toward meeting the requirements of paragraph (1), if the activities include a

strong focus on improving instruction in mathematics or science.

"(3) ADDITIONAL FUNDS.—Except as provided in section 2807(c), each State educational agency that receives funds under this part and the State agency for higher education shall jointly ensure that any portion of the funds that exceeds the amount required by paragraph (1) to be spent on activities described in paragraph (1)(A) is used to provide—

"(A) professional development and mentoring in 1 or more of the core academic subjects that are aligned with State content and student performance standards; and

"(B) recruitment activities involving teachers of 1 or more of the core academic subjects.

"SEC. 2804. STATE LEVEL ACTIVITIES.

"(a) ACTIVITIES.—Each State educational agency that receives a grant described in section 2801 shall use the funds made available under section 2803(a)(1) to carry out statewide strategies and activities to improve teacher quality, including—

"(1) establishing, expanding, or improving alternative routes to State certification or licensing of teachers, for highly qualified individuals with a baccalaureate degree, mid-career professionals from

other occupations, or paraprofessionals, that are at least as rigorous as the State's standards for initial certification or licensing of teachers;

''(2) developing or improving systems to evaluate the effectiveness of professional development, mentoring, and recruitment activities in improving teacher quality, skills, and content knowledge, and the impact of the professional development, mentoring, and recruitment activities on increasing student academic achievement and student performance with performance measures drawn from assessments that objectively measure student achievement against State performance standards;

''(3) funding projects to promote reciprocity of teacher certification or licensure between or among States;

''(4) providing assistance to local educational agencies to reduce out-of-field placements and the use of emergency credentials;

''(5) supporting certification by the National Board for Professional Teaching Standards of teachers who are teaching or will teach in high-poverty schools;

''(6) providing assistance to local educational agencies in implementing effective programs of re-

cruitment activities, and professional development and mentoring, including supporting efforts to encourage and train teachers to become mentor teachers;

"(7) increasing the rigor and quality of State certification and licensure tests for individuals entering the field of teaching, including subject matter tests for elementary school, middle school, and secondary school teachers; and

"(8) implementing teacher recognition programs.

"(b) COORDINATION.—A State that receives a grant to carry out this part and a grant under section 202 of the Higher Education Act of 1965 shall coordinate the activities carried out under this section and the activities carried out under that section 202.

"SEC. 2805. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) GRANTS FOR PROFESSIONAL DEVELOPMENT AND MENTORING ACTIVITIES.—

"(1) IN GENERAL.—A State educational agency that receives a grant described in section 2801 shall use the funds made available under section 2803(a)(2) (and any funds made available under section 2803(a)(3)(B)) to make grants to eligible local educational agencies, from allocations made

under paragraph (2), to carry out the activities described in section 2807(a) (except as provided in section 2807(c)).

"(2) ALLOCATIONS.—The State educational agency shall allocate to each eligible local educational agency the sum of—

"(A) an amount that bears the same relationship to 20 percent of the funds described in paragraph (1) as the number of individuals enrolled in public and private nonprofit elementary schools and secondary schools in the geographic area served by the agency bears to the number of those individuals in the geographic areas served by all the local educational agencies in the State; and

"(B) an amount that bears the same relationship to 80 percent of the funds as the number of individuals age 5 through 17 from families with incomes below the poverty line, in the geographic area served by the agency, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in the geographic areas served by all the local educational agencies in the State, as so determined.

"(3) ELIGIBILITY.—To be eligible to receive a grant from a State educational agency under this subsection, a local educational agency shall serve schools that include—

"(A) high-poverty schools;

"(B) schools that need support for improving teacher quality based on low achievement of students served;

"(C) schools that have low teacher retention rates;

"(D) schools that need to improve or expand the knowledge and skills of new and veteran teachers in high-priority content areas;

"(E) schools that have high out-of-field placement rates; or

"(F) high-poverty schools that have been identified for improvement in accordance with section 1116.

"(4) EQUITABLE GEOGRAPHIC DISTRIBUTION.—A State educational agency shall ensure an equitable distribution of grants under this subsection among eligible local educational agencies serving urban and rural areas.

"(b) GRANTS FOR RECRUITMENT ACTIVITIES.—

"(1) IN GENERAL.—A State educational agency that receives a grant under section 2801 shall use the funds made available under section 2803(a)(3)(A) to make grants to eligible recruitment partnerships, on a competitive basis, to carry out the recruitment activities and meet requirements described in section 2807(b).

"(2) ELIGIBILITY.—

"(A) IN GENERAL.—To be eligible to receive a grant from a State educational agency under this subsection, a recruitment partnership—

"(i) shall include an eligible local educational agency, or a consortium of eligible local educational agencies;

"(ii) shall include an institution of higher education, a tribal college, or a community college; and

"(iii) may include other members, such as a nonprofit organization or professional education organization.

"(B) ELIGIBLE LOCAL EDUCATIONAL AGENCY.—In subparagraph (A), the term 'eligible local educational agency' means a local educational agency that receives assistance under

part A of title I, and meets any additional eligibility criteria that the appropriate State educational agency may establish.

"(3) EQUITABLE GEOGRAPHIC DISTRIBUTION.—A State educational agency shall ensure an equitable distribution of grants under this subsection among eligible recruitment partnerships serving urban and rural areas.

"SEC. 2806. LOCAL APPLICATIONS.

"(a) IN GENERAL.—A local educational agency or a recruitment partnership seeking to receive a grant from a State educational agency under section 2805 to carry out activities described in section 2807 shall submit an application to the State educational agency at such time, in such manner, and containing such information as the State educational agency may reasonably require.

"(b) CONTENTS RELATING TO PROFESSIONAL DEVELOPMENT AND MENTORING ACTIVITIES.—If the local educational agency seeks a grant under section 2805(a) to carry out activities described in section 2807(a), the local application described in subsection (a) shall include in the application, at a minimum, the following:

"(1) A description of how the local educational agency intends to use the funds provided through

the grant to carry out activities that meet requirements described in section 2807(a).

"(2) An assurance that the local educational agency will target the funds to high-poverty, low-performing schools served by the local educational agency that—

"(A) have the lowest proportions of qualified teachers;

"(B) are identified for school improvement and corrective action under section 1116; or

"(C) are identified for school improvement in accordance with other measures of school quality as determined and documented by the local educational agency.

"(3) A description of how the local educational agency will coordinate professional development and mentoring activities described in section 2807(a) with professional development and mentoring activities provided through other Federal, State, and local programs, including programs authorized under—

"(A) titles I, IV, and V, and part A of title VII; and

"(B) where applicable, the Individuals with Disabilities Education Act, the Carl D. Perkins Vocational and Technical Education Act of

1998, and title II of the Higher Education Act of 1965.

"(4) A description of how the local educational agency will integrate funds received to carry out activities described in section 2807(a) with funds received under title V that are used for professional development and mentoring in order to carry out professional development and mentoring activities that—

"(A) train teachers, paraprofessionals, counselors, pupil services personnel, administrators, and other school staff, including school library media specialists, in how to use technology to improve learning and teaching; and

"(B) take into special consideration the different learning needs for, and exposures to, technology for all students, including females, students with disabilities, students with limited English proficiency, and students who have economic and educational disadvantages.

"(5) A description of how the local application was developed with extensive participation of teachers, paraprofessionals, principals, and parents.

"(6) A description of how the professional development and mentoring activities described in sec-

tion 2807(a) will address the ongoing professional development and mentoring of teachers, paraprofessionals, counselors, pupil services personnel, administrators, and other school staff, including school library media specialists.

"(7) A description of how the professional development and mentoring activities described in section 2807(a) will have a substantial, measurable, and positive impact on student achievement and how the activities will be used as part of a broader strategy to eliminate the achievement gap that separates low-income and minority students from other students.

"(8) A description of how the local educational agency will address the needs of teachers of students with disabilities, students with limited English proficiency, and other students with special needs.

"(9) A description of how the local educational agency will provide training to teachers to enable the teachers to work with parents, involve parents in their child's education, and encourage parents to become collaborators with schools in promoting their child's education.

"(10) The assurances and description referred to in section 2811, with respect to professional development and mentoring activities.

"(c) DEVELOPMENT AND CONTENTS RELATING TO RECRUITMENT ACTIVITIES.—If an eligible local educational agency (as defined in section 2805(b)) seeks a grant under section 2805(b) to carry out activities described in section 2807(b)—

"(1) the eligible local educational agency shall enter into a recruitment partnership, which shall jointly prepare and submit the local application described in subsection (a); and

"(2) at a minimum, the application shall include—

"(A) a description of how the recruitment partnership will meet the teacher corps program requirements described in section 2808;

"(B) a description of the individual and collective responsibilities of members of the recruitment partnership in meeting the requirements and goals of a teacher corps program described in section 2808;

"(C) information demonstrating that the State agency responsible for teacher licensure

or certification in the State in which a recruitment partnership is established will—

"(i) ensure that a corps member who successfully completes a teacher corps program will have the academic requirements necessary for initial certification or licensure as a teacher in the State; and

"(ii) work with the recruitment partnership to ensure the partnership uses high-quality methods and establishes high-quality requirements concerning alternative routes to certification or licensing, in order to meet State requirements for certification or licensure; and

"(D) the assurances and description referred to in section 2811, with respect to recruitment activities.

"(d) CONTENTS RELATING TO COVERED RECRUITMENT.—If the local educational agency seeks a grant under section 2805(a) to carry out activities described in section 2807(c), the local application described in subsection (a) shall include, at a minimum, a description of the activities and the manner in which the activities will contribute to accomplishing the objectives of section 2811,

and how the activities are in compliance with the requirements of title I.

"(e) APPROVAL.—A State educational agency shall approve a local educational agency's or recruitment partnership's application under this section only if the State educational agency determines that the application is of high quality and holds reasonable promise of achieving the purposes of this part.

"SEC. 2807. LOCAL ACTIVITIES.

"(a) PROFESSIONAL DEVELOPMENT AND MENTORING ACTIVITIES.—Except as provided in subsection (c), each local educational agency receiving a grant under section 2805(a) shall use the funds made available through the grant to carry out activities that—

"(1) are professional development activities (as defined in section 2812(12)(A)) that—

"(A) improve teacher knowledge of—

"(i) 1 or more of the core academic subjects;

"(ii) effective instructional strategies, methods, and skills for improving student achievement in core academic subjects, including strategies for identifying and eliminating gender and racial bias;

"(iii) the use of data and assessments to inform teachers about and thereby help teachers improve classroom practice; and

"(iv) innovative instructional methodologies designed to meet the diverse learning needs of individual students, including methodologies that integrate academic and technical skills and applied learning (such as service learning), methodologies for interactive and interdisciplinary team teaching, and other alternative teaching strategies, such as strategies for experiential learning, career-related education, and environmental education, that integrate real world applications into the core academic subjects;

"(B) provide teachers and paraprofessionals (and other staff as appropriate) with information on recent research findings on how children learn to read and with staff development on research-based instructional strategies for the teaching of reading;

"(C) replicate effective instructional practices that involve collaborative groups of teach-

ers and administrators from the same school or district, using strategies such as—

"(i) provision of dedicated time for collaborative lesson planning and curriculum development meetings;

"(ii) provision of collaborative professional development experiences for veteran teachers based on the standards in the core academic subjects of the National Board for Professional Teaching Standards;

"(iii) consultation with exemplary teachers;

"(iv) provision of short-term and long-term visits to classrooms and schools;

"(v) participation of teams of teachers in summer institutes and summer immersion activities that are focused on preparing teachers to enable all students to meet high standards in 1 or more of the core academic subjects; and

"(vi) establishment and maintenance of local professional networks that provide a forum for interaction among teachers and administrators and that allow for the

exchange of information on advances in content knowledge and teaching skills;

"(D) provide for the participation of paraprofessionals, pupil services personnel, and other school staff;

"(E) include strategies for fostering meaningful parental involvement and relations with parents to encourage parents to become collaborators in their children's education, for improving classroom management and discipline, and for integrating technology into a curriculum;

"(F) as a whole, are regularly evaluated for their impact on increased teacher effectiveness and improved student achievement, with the findings of the evaluations used to improve the quality of activities described in this paragraph;

"(G) include, to the extent practicable, the establishment of a partnership with an institution of higher education, another local educational agency, a teacher organization, or another organization, for the purpose of carrying out activities described in this paragraph; and

"(H) include ongoing and school-based support for activities described in this para-

graph, such as support for peer review, coaching, or study groups, and the provision of release time as needed for the activities; and

"(2) are mentoring activities.

"(b) RECRUITMENT ACTIVITIES.—Each recruitment partnership receiving a grant under section 2805(b) shall use the funds made available through the grant to carry out recruitment activities described in section 2808.

"(c) COVERED RECRUITMENT.—A local educational agency receiving a grant under section 2805(a) for a fiscal year may elect to use a portion of the funds made available through the grant, but not more than the agency's share of 10 percent of the funds allotted to the State involved under section 2801 for the fiscal year, to carry out recruitment (including recruitment through the use of signing bonuses and other financial incentives) and hiring of fully qualified teachers.

"SEC. 2808. RECRUITMENT ACTIVITIES THROUGH A TEACHER CORPS PROGRAM.

"(a) TEACHER CORPS PROGRAM REQUIREMENTS.—

"(1) RECRUITMENT.—A recruitment partnership that receives a grant under section 2805(b) shall broadly recruit and screen for a teacher corps a highly qualified pool of candidates who dem-

onstrate the potential to become effective teachers. Each candidate shall meet—

"(A) standards to ensure that—

"(i) each corps member possesses appropriate, high-level credentials and presents the likelihood of becoming an effective teacher; and

"(ii) each group of corps members includes people who have expertise in academic subjects and otherwise meet the specific needs of the district to be served; and

"(B) any additional standard that the recruitment partnership establishes to enhance the quality and diversity of candidates and to meet the academic and grade level needs of the partnership.

"(2) REQUIRED CURRICULUM AND PLACEMENT.—Members of the recruitment partnership shall work together to plan and develop a program that includes—

"(A) a rigorous curriculum that includes a preservice training program (incorporating innovative approaches to preservice training, such as distance learning), for a period not to exceed 1 year, that provides corps members with the

skills and knowledge necessary to become effective teachers, by—

"(i) requiring completed course work in basic areas of teaching, such as principles of learning and child development, effective teaching strategies, assessments, and classroom management, and in the pedagogy related to the academic subjects in which a corps member intends to teach;

"(ii) providing extensive preparation in the pedagogy of reading to corps members, including preparation components that focus on—

"(I) understanding the psychology of reading, and human growth and development;

"(II) understanding the structure of the English language; and

"(III) learning and applying the best teaching methods to all aspects of reading instruction;

"(iii) providing training in the use of technology as a tool to enhance a corps member's effectiveness as a teacher and

improve the achievement of the corps member's students; and

"(iv) focusing on the teaching skills and knowledge that corps members need to enable all students to meet the State's highest challenging content and student performance standards;

"(B) placement of a corps member with the local educational agency participating in the recruitment partnership, in a teaching internship that—

"(i) includes intensive mentoring;

"(ii) provides a reduced teaching load; and

"(iii) provides regular opportunities for the corps member to co-teach with a mentor teacher, observe other teachers, and be observed and coached by other teachers;

"(C) individualized inservice training over the course of the corps member's first 2 years of full-time teaching that provides—

"(i) high-quality professional development, coordinated jointly by members of the recruitment partnership, and the

course work necessary to provide additional or supplementary knowledge to meet the specific needs of the corps member; and

"(ii) ongoing mentoring by a teacher who meets the criteria for a mentor teacher described in paragraph (4)(B), including the requirements of section 2812(10); and

"(D) collaboration between the recruitment partnership and local community student and parent groups, to assist corps members in enhancing their understanding of the community in which the members are placed.

"(3) EVALUATION.—A recruitment partnership shall evaluate a corps member's progress in course study and classroom practice at regular intervals. Each recruitment partnership shall have a formal process to identify corps members who seem unlikely to become effective teachers and terminate their participation in the program.

"(4) MENTOR TEACHERS.—

"(A) IN GENERAL.—A recruitment partnership shall develop a plan for the program, which shall include strategies for identifying, recruiting, training, and providing ongoing sup-

port to individuals who will serve as mentor teachers to corps members.

"(B) MENTOR TEACHER REQUIREMENTS.—The plan described in subparagraph (A) shall specify the criteria that the recruitment partnership will use to identify and select mentor teachers and, at a minimum, shall—

"(i) require a mentor teacher to meet the requirements of section 2812(10); and

"(ii) require that consideration be given to teachers with national board certification.

"(C) COMPENSATION.—The plan shall specify the compensation—

"(i) for mentor teachers, including monetary compensation, release time, or a reduced work load to ensure that mentor teachers can provide ongoing support for corps members; and

"(ii) for corps members, including salary levels and the stipends, if any, that will be provided during a corps member's preservice training.

"(5) ASSURANCES.—The plan shall include assurances that—

"(A) a corps member will be assigned to teach only academic subjects and grade levels for which the member is fully qualified;

"(B) corps members, to the extent practicable, will be placed in schools with teams of corps members; and

"(C) every mentor teacher will be provided sufficient time to meet the needs of the corps members assigned to the mentor teacher.

"(b) CORPS MEMBER QUALIFICATIONS.—

"(1) CANDIDATES INTENDING TO TEACH IN ELEMENTARY SCHOOLS.—At a minimum, to be accepted by a teacher corps program, a candidate who intends to teach at the elementary school level shall—

"(A) have a bachelor's degree;

"(B) possess an outstanding commitment to working with children and youth;

"(C) possess a strong professional or postsecondary record of achievement; and

"(D) pass all basic skills and subject matter tests required by the State for teacher certification or licensure.

"(2) CANDIDATES INTENDING TO TEACH IN SECONDARY SCHOOLS.—At a minimum, to be ac-

cepted by a teacher corps program, a candidate who intends to teach at the secondary school level shall—

"(A) meet the requirements described in paragraph (1); and

"(B)(i) possess at least an academic major or postsecondary degree in each academic subject in which the candidate intends to teach; or

"(ii) if the candidate did not major or earn a postsecondary degree in an academic subject in which the candidate intends to teach, have completed a rigorous course of instruction in that subject that is equivalent to having majored in the subject.

"(3) SPECIAL RULE.—Notwithstanding paragraph (2)(B), the recruitment partnership may consider the candidate to be an eligible corps member and accept the candidate for a teacher corps program if the candidate has worked successfully and directly in a field and in a position that provided the candidate with direct and substantive knowledge in the academic subject in which the candidate intends to teach.

"(c) THREE-YEAR COMMITMENT TO TEACHING IN ELIGIBLE DISTRICTS.—

"(1) IN GENERAL.—In return for acceptance to a teacher corps program, a corps member shall commit to 3 years of full-time teaching in a school or district served by a local educational agency participating in a recruitment partnership receiving funds under this part.

"(2) REIMBURSEMENT.—

"(A) IN GENERAL.—If a corps member leaves the school district to which the corps member has been assigned prior to the end of the 3-year period described in paragraph (1), the corps member shall be required to reimburse the Secretary for the amount of the Federal share of the cost of the corps member's participation in the teacher corps program.

"(B) PARTNERSHIP CLAIMS.—A recruitment partnership that provides a teacher corps program to a corps member who leaves the school district, as discussed in subparagraph (A), may submit a claim to the corps member requiring the corps member to reimburse the recruitment partnership for the amount of the partnership's share of the cost described in subparagraph (A).

"(C) REDUCTION.—Reimbursements required under this paragraph may be reduced proportionally based on the amount of time a corps member remained in the teacher corps program beyond the corps member's initial 2 years of service.

"(D) WAIVER.—The Secretary may waive reimbursements required under subparagraph (A) in the case of severe hardship to a corps member who leaves the school district, as described in subparagraph (A).

"(d) FEDERAL SHARE; NON-FEDERAL SHARE.—

"(1) PAYMENT OF FEDERAL SHARE.—The Secretary shall pay to each recruitment partnership carrying out a teacher corps program under this section the Federal share of the cost of the activities described in the partnership's application under section 2806(c).

"(2) NON-FEDERAL SHARE.—A recruitment partnership's share of the cost of the activities described in the partnership's application under section 2806(c)—

"(A) may be provided in cash or in kind, fairly evaluated, including plant, equipment, or services; and

"(B)(i) for the first year for which the partnership receives assistance under this part, shall be not less than 10 percent;

"(ii) for the second such year, shall be not less than 20 percent;

"(iii) for the third year such year, shall be not less than 30 percent;

"(iv) for the fourth such year, shall be not less than 40 percent; and

"(v) for the fifth such year, shall be not less than 50 percent.

"SEC. 2809. GRANTS TO PARTNERSHIPS OF INSTITUTIONS OF HIGHER EDUCATION AND LOCAL EDUCATIONAL AGENCIES.

"(a) ADMINISTRATION.—A State agency for higher education may use, from the funds made available to the agency under section 2803(a)(4) for any fiscal year, not more than 3⅓ percent for the expenses of the agency in administering this section, including conducting evaluations of activities on the performance measures described in section 2804(a)(2).

"(b) GRANTS TO PARTNERSHIPS.—

"(1) IN GENERAL.—The State agency for higher education shall use the remainder of the funds, in cooperation with the State educational agency, to

make grants to (including entering into contracts or cooperative agreements with) partnerships of—

"(A) institutions of higher education that are in full compliance with all reporting requirements of title II of the Higher Education Act of 1965 or nonprofit organizations of demonstrated effectiveness in providing professional development and mentoring in the core academic subjects; and

"(B) eligible local educational agencies (as defined in section 2805(b)(2)), to carry out activities (and only activities) described in subsection (e).

"(2) SIZE; DURATION.—Each grant made under this section shall be—

"(A) in a sufficient amount to carry out the objectives of this section effectively; and

"(B) for a period of 3 years, which the State agency for higher education may extend for an additional 2 years if the agency determines that the partnership is making substantial progress toward meeting the specific goals set out in the written agreement required in subsection (c) and on the performance measures described in section 2804(a)(2).

"(3) APPLICATIONS.—To be eligible to receive a grant under this section, a partnership shall submit an application to the State agency for higher education at such time, in such manner, and containing such information as the agency may reasonably require.

"(4) AWARD PROCESS AND BASIS.—The State agency for higher education shall make the grants on a competitive basis, using a peer review process.

"(5) PRIORITY.—In making the grants, the State agency for higher education shall give priority to partnerships submitting applications for projects that focus on mentoring programs for beginning teachers.

"(6) CONSIDERATIONS.—In making such a grant for a partnership, the State agency for higher education shall consider—

"(A) the need of the local educational agency involved for the professional development and mentoring activities proposed in the application;

"(B) the quality of the program proposed in the application and the likelihood of success of the program in improving classroom instruction and student academic achievement; and

"(C) such other criteria as the agency finds to be appropriate.

"(c) AGREEMENTS.—

"(1) IN GENERAL.—No partnership may receive a grant under this section unless the institution of higher education or nonprofit organization involved enters into a written agreement with at least 1 eligible local educational agency (as defined in section 2805(b)(2)) to provide professional development and mentoring for elementary school and secondary school teachers in the schools served by that agency in the core academic subjects.

"(2) GOALS.—Each such agreement shall identify specific measurable annual goals concerning how the professional development and mentoring that the partnership provides will enhance the ability of the teachers to prepare all students to meet challenging State and local content and student performance standards.

"(d) JOINT EFFORTS WITHIN INSTITUTIONS OF HIGHER EDUCATION.—Each professional development and mentoring activity assisted under this section by a partnership containing an institution of higher education shall involve the joint effort of the institution of higher education's school or department of education and the

schools or departments of the institution in the specific disciplines in which the professional development and mentoring will be provided.

"(e) USES OF FUNDS.—A partnership that receives funds under this section shall use the funds for activities (and only for activities) that consist of—

"(1) professional development and mentoring in the core academic subjects, aligned with State or local content standards, for teams of teachers from a school or school district and, where appropriate, administrators and paraprofessionals;

"(2) research-based professional development and mentoring programs to assist beginning teachers, which may include—

"(A) mentoring and coaching by trained mentor teachers that lasts at least 2 years;

"(B) team teaching with veteran teachers who have a consistent record of helping their students make substantial academic gains;

"(C) provision of time for observation of, and consultation with, veteran teachers;

"(D) provision of reduced teaching loads; and

"(E) provision of additional time for preparation;

"(3) the provision of technical assistance to school and agency staff for planning, implementing, and evaluating professional development and mentoring;

"(4) the provision of training for teachers to help the teachers develop the skills necessary to work most effectively with parents; and

"(5) in appropriate cases, the provision of training to address areas of teacher and administrator shortages.

"(f) COORDINATION.—Any partnership that carries out professional development and mentoring activities under this section shall coordinate the activities with activities carried out under title II of the Higher Education Act of 1965, if a local educational agency or institution of higher education in the partnership is participating in programs funded under that title.

"(g) ANNUAL REPORTS.—

"(1) IN GENERAL.—Beginning with fiscal year 2002, each partnership that receives a grant under this section shall prepare and submit to the appropriate State agency for higher education, by a date set by that agency, an annual report on the progress of the partnership on the performance measures described in section 2804(a)(2).

"(2) CONTENTS.—Each such report shall—

"(A) include a copy of each written agreement required by subsection (c) that is entered into by the partnership; and

"(B) describe how the members of the partnership have collaborated to achieve the specific goals set out in the agreement, and the results of that collaboration.

"(3) COPY.—The State agency for higher education shall provide the State educational agency with a copy of each such report.

"SEC. 2810. STATE APPLICATION ACCOUNTABILITY PROVISIONS.

"(a) ASSURANCES.—Each State application submitted under section 2802 shall contain assurances that—

"(1) beginning on the date of enactment of the Leave No Child Behind Act of 2001, no school in the State that is served under this part will use funds received under this part to hire a teacher who is not a fully qualified teacher; and

"(2) not later than 4 years after the date of enactment of the Leave No Child Behind Act of 2001, each teacher in the State who provides services to students served under this part shall be a fully qualified teacher.

"(b) WITHHOLDING.—If a State fails to meet the requirements described in subsection (a)(2) for a fiscal year in which the requirements apply—

"(1) the Secretary shall withhold, for the following fiscal year, a portion of the funds that would otherwise be available to the State under section 2803(a)(1) for the administration of this part; and

"(2) the State shall be subject to such other penalties as are provided by law for a violation of this Act.

"(c) ASSISTANCE BY STATE EDUCATIONAL AGENCY.—Each State application submitted under section 2802 shall describe how the State educational agency will help each local educational agency and school in the State develop the capacity to comply with the requirements of this section.

"SEC. 2811. LOCAL APPLICATION ACCOUNTABILITY PROVISIONS.

"Each local application submitted under section 2806 shall contain assurances that—

"(1) the agency will not hire a teacher with funds made available to the agency under this part, unless the teacher is a fully qualified teacher;

"(2) the local educational agency and schools served by the agency will work to ensure, through

voluntary agreements and incentive programs, that elementary school and secondary school teachers in high-poverty schools served by the local educational agency will be at least as well qualified, in terms of experience and credentials, as the instructional staff in schools served by the same local educational agency that are not high-poverty schools;

''(3) any teacher who receives certification from the National Board for Professional Teaching Standards will be considered fully qualified to teach in the academic subjects in which the teacher is certified in high-poverty schools in any school district or community served by the local educational agency; and

''(4) the agency will—

''(A) make available, on request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the professional qualifications of the student's classroom teachers with regard to—

''(i) whether the teacher has met State certification or licensing criteria for the academic subjects and grade level in which the teacher teaches the student;

"(ii) whether the teacher is teaching with emergency credentials or whether any State certification or licensing standard has been waived for the teacher; and

"(iii) the academic qualifications of the teacher in the academic subjects and grade levels in which the teacher teaches; and

"(B) inform parents that the parents are entitled to receive the information upon request.

"SEC. 2812. DEFINITIONS.

"In this part:

"(1) BEGINNING TEACHER.—The term 'beginning teacher' means a fully qualified teacher who has taught for 3 years or less.

"(2) CORE ACADEMIC SUBJECTS.—The term 'core academic subjects' means—

"(A) mathematics;

"(B) science;

"(C) reading (or language arts) and English;

"(D) social studies (consisting of history, civics, government, geography, and economics);

"(E) foreign languages; and

"(F) fine arts (consisting of music, dance, drama, and the visual arts).

"(3) COVERED RECRUITMENT.—The term 'covered recruitment' means activities described in section 2807(c).

"(4) FULLY QUALIFIED.—

"(A) IN GENERAL.—The term 'fully qualified', used with respect to a teacher, means a teacher who—

"(i)(I) is certified or licensed and has demonstrated the academic subject knowledge, teaching knowledge, and teaching skills necessary to teach effectively in the academic subject in which the teacher teaches, according to the standards described in subparagraph (B) or (C), as appropriate; and

"(II) shall not be a teacher for whom State certification or licensing requirements have been waived or who is teaching under emergency credentials; or

"(ii) meets the standards of the National Board for Professional Teaching Standards.

"(B) ELEMENTARY SCHOOL INSTRUCTIONAL STAFF.—For purposes of complying with subparagraph (A)(i), each elementary school teacher (other than a middle school teacher) in the State shall, at a minimum—

"(i) have State certification or a State license to teach (which may include certification or licensing obtained through alternative routes); and

"(ii) hold a bachelor's degree and demonstrate the academic subject knowledge, teaching knowledge, and teaching skills required to teach effectively in reading, writing, mathematics, social studies, science, and other academic subjects.

"(C) MIDDLE SCHOOL AND SECONDARY SCHOOL INSTRUCTIONAL STAFF.—For purposes of complying with subparagraph (A)(i), each middle school or secondary school teacher in the State shall, at a minimum—

"(i) have State certification or a State license to teach (which may include certification or licensing obtained through alternative routes); and

"(ii) hold a bachelor's degree or higher degree and demonstrate a high level of competence in all academic subjects in which the teacher teaches through—

"(I) achievement of a high level of performance on rigorous academic subject tests;

"(II) completion of an academic major (or courses totaling an equivalent number of credit hours) in each of the academic subjects in which the teacher teaches; or

"(III) for a teacher hired prior to the date of enactment of the Leave No Child Behind Act of 2001, completion of appropriate course work for mastery of such academic subjects.

"(5) HIGH-POVERTY.—The term 'high-poverty', used with respect to a school, means a school that serves a high number or percentage of children from families with incomes below the poverty line, as determined by the State in which the school is located.

"(6) HIGH-POVERTY LOCAL EDUCATIONAL AGENCY.—The term 'high-poverty local educational agency' means a local educational agency for which

the number of children served by the agency who are age 5 through 17, and from families with incomes below the poverty line—

"(A) is not less than 20 percent of the number of all children served by the agency; or

"(B) is more than 10,000.

"(7) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education'—

"(A) has the meaning given the term in section 101(a) of the Higher Education Act of 1965; and

"(B) if such an institution prepares teachers and receives Federal funds, means such an institution that—

"(i) is in full compliance with the requirements of section 207 of the Higher Education Act of 1965; and

"(ii) does not have a teacher preparation program identified by a State as low-performing.

"(8) LOW-PERFORMING SCHOOL.—The term 'low-performing school' means—

"(A) a school identified by a local educational agency for school improvement under section 1116(c); or

"(B) a school in which the great majority of students, as determined by the State in which the school is located, fail to meet State student performance standards based on assessments the local educational agency is using under part A of title I.

"(9) MENTORING.—The term 'mentoring' means activities that—

"(A) consist of structured guidance and regular and ongoing support for beginning teachers, that—

"(i) is designed to help the teachers continue to improve their practice of teaching and to develop their instructional skills; and

"(ii)(I) is part of a multiyear, developmental induction process;

"(II) involves the assistance of a mentor teacher and other appropriate individuals from a school, local educational agency, or institution of higher education; and

"(III) may include coaching, classroom observation, team teaching, and reduced teaching loads; and

"(B) may include the establishment of a partnership by a local educational agency with an institution of higher education, another local educational agency, teacher organization, or another organization, for the purpose of carrying out the activities described in subparagraph (A).

"(10) MENTOR TEACHER.—The term 'mentor teacher' means a fully qualified teacher who—

"(A) is a highly competent classroom teacher who is formally selected and trained to work effectively with beginning teachers (including corps members described in section 2808);

"(B) is full-time, and is assigned and qualified to teach in the content area or grade level in which a beginning teacher (including a corps member described in section 2808), to whom the teacher provides mentoring, intends to teach;

"(C) has been consistently effective in helping diverse groups of students make substantial achievement gains; and

"(D) has been selected to provide mentoring through a peer review process that uses, as the primary selection criterion for the proc-

ess, the teacher's ability to help students achieve academic gains.

"(11) POVERTY LINE.—The term 'poverty line' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

"(12) PROFESSIONAL DEVELOPMENT.—The term 'professional development' means activities that are—

"(A)(i) an integral part of broad schoolwide and districtwide educational improvement plans and enhance the ability of teachers and other staff to help all students, including females, students with disabilities, students with limited English proficiency, and students who have economic and educational disadvantages, meet high State and local content and student performance standards;

"(ii) sustained, intensive, school-embedded, tied to State standards, and of high quality and sufficient duration to have a positive and lasting impact on classroom instruction (not one-time workshops); and

"(iii) based on the best available research on teaching and learning; and

"(B) described in subparagraphs (A) through (F) of section 2807(a)(1).

"(13) RECRUITMENT ACTIVITIES.—The term 'recruitment activities' means activities carried out through a teacher corps program as described in section 2808 to attract highly qualified individuals, including individuals taking nontraditional routes to teaching, to enter teaching and support the individuals during necessary certification and licensure activities.

"(14) RECRUITMENT PARTNERSHIP.—The term 'recruitment partnership' means a partnership described in section 2805(b)(2).

"SEC. 2813. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this part, $1,730,000,000 for fiscal year 2002 and for each of the 4 succeeding fiscal years.".

Subchapter B—National Board Certification Program

SEC. 3471. PURPOSE.

It is the purpose of this subchapter to assist 105,000 elementary school or secondary school teachers in becoming board certified by the year 2006.

SEC. 3472. GRANTS TO EXPAND PARTICIPATION IN THE NATIONAL BOARD CERTIFICATION PROGRAM.

(a) DEFINITIONS.—The terms used in this section have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(b) GRANTS AUTHORIZED.—From amounts appropriated under subsection (f), the Secretary shall award grants to States to enable such States to provide subsidies to elementary school and secondary school teachers who enroll in the certification program of the National Board for Professional Teaching Standards.

(c) APPLICATION.—To be eligible to receive a grant under subsection (b), a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(d) AMOUNT OF GRANT.—The amount of a grant awarded to a State under subsection (b) shall be determined by the Secretary.

(e) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts received under a grant under this section to provide a subsidy to an eligible teacher who enrolls and completes the teaching certification program of the National Board for Professional Teaching Standards.

(2) ELIGIBILITY.—

(A) IN GENERAL.—To be eligible to receive a subsidy under this section an individual shall—

(i) be a teacher in an elementary school or secondary school, served by a local educational agency that meets the eligibility requirements described in subparagraph (B), in the State involved;

(ii) prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require; and

(iii) certify to the State that the individual intends to enroll and complete the teaching certification program of the National Board for Professional Teaching Standards.

(B) LOCAL EDUCATIONAL AGENCY.—A local educational agency described in subparagraph (A)(i) is a local educational agency that—

(i) serves low achieving students as measured by low graduation rates or low scores on assessment exams;

(ii) has a low teacher retention rate in the schools served by the local educational agency;

(iii) has a high rate of out-of-field placement of teachers in the schools served by the local educational agency; and

(iv) has a shortage of teachers of mathematics or physical science in the schools served by the local educational agency.

(3) AMOUNT OF SUBSIDY.—Subject to the availability of funds, a State shall provide a teacher who has an application approved under paragraph (2) with a subsidy in an amount equal to 90 percent of the cost of enrollment in the program described in paragraph (2)(A)(iii).

(f) APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $37,800,000 for each of the fiscal years 2002 through 2006.

Subchapter C—Student Loan Forgiveness for Teachers

SEC. 3481. STUDENT LOAN FORGIVENESS FOR TEACHERS.

(a) GUARANTEED LOANS.—Section 428J of the Higher Education Act of 1965 (20 U.S.C. 1078–10) is amended to read as follows:

"SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

"(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

"(b) PROGRAM AUTHORIZED.—The Secretary shall carry out a program, through the holder of the loan, of assuming the obligation to repay in accordance with subsection (c) a qualified loan amount for a loan made under section 428 or 428H for any borrower who—

"(1) is employed as a full-time teacher during the academic year beginning in calendar year 2001 or during any subsequent academic year—

"(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

"(B) if employed as a secondary school teacher, is teaching—

"(i) a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; or

"(ii) special education or bilingual education;

"(C) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public or non-profit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics, special education, bilingual education, or other areas of the elementary school curriculum; and

"(D) is fully qualified, as such term is defined in section 2812(4)(A) of the Elementary and Secondary Education Act of 1965; and

"(2) is not in default on a loan for which the borrower seeks forgiveness.

"(c) QUALIFIED LOANS AMOUNT.—

"(1) IN GENERAL.—Of the aggregate loan obligations of a borrower on loans made under section 428 or 428H that are outstanding after the completion of the first complete school year of teaching described in subsection (b)(1) for which the borrower applies for repayment under this section, the Secretary shall repay not more than—

"(A) $3,000 for each of the first and second such complete school years;

"(B) $4,000 for the third such complete school year; and

"(C) $5,000 for each of the fourth and fifth such complete school years.

"(2) TREATMENT OF CONSOLIDATION LOANS.—A loan amount for a loan made under section 428C may be a qualified loan amount for the purposes of this subsection only to the extent that such loan amount was used to repay a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a loan made under section 428 or 428H for a borrower who meets the requirements of subsection (b), as determined in accordance with regulations prescribed by the Secretary.

"(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(e) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

"(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

"(1) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

"(A) meets the requirements of subsection (b)(1)(A) in any year during such service; and

"(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).

"(2) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this subsection and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.). No borrower may receive a reduction of loan obligations under both this section and section 460.

"(h) DEFINITION.—For purposes of this section, the term 'year', where applied to service as a teacher, means an academic year as defined by the Secretary.".

(b) DIRECT LOANS.—Section 460 of such Act (20 U.S.C. 1087j) is amended to read as follows:

"SEC. 460. LOAN FORGIVENESS FOR TEACHERS.

"(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

"(b) PROGRAM AUTHORIZED.—The Secretary shall carry out a program of canceling the obligation to repay a qualified loan amount in accordance with subsection (c) for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part for any borrower who—

"(1) is employed as a full-time teacher during the academic year beginning in calendar year 2001 or during any subsequent academic year—

"(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

"(B) if employed as a secondary school teacher, is teaching—

"(i) a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; or

"(ii) special education or bilingual education;

"(C) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public or non-

profit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics, special education, bilingual education, and other areas of the elementary school curriculum; and

"(D) is fully qualified, as such term is defined in section 2812(4)(A) of the Elementary and Secondary Education Act of 1965; and

"(2) is not in default on a loan for which the borrower seeks forgiveness.

"(c) QUALIFIED LOANS AMOUNT.—

"(1) IN GENERAL.—Of the aggregate loan obligations of a borrower on Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part that are outstanding after the completion of the first complete school year of teaching described in subsection (b)(1) for which the borrower applies for cancellation under this section, the Secretary shall cancel not more than—

"(A) $3,000 for each of the first and second such complete school years;

"(B) $4,000 for the third such complete school year; and

"(C) $5,000 for each of the fourth and fifth such complete school years.

"(2) TREATMENT OF CONSOLIDATION LOANS.—A loan amount for a Federal Direct Consolidation Loan may be a qualified loan amount for the purposes of this subsection only to the extent that such loan amount was used to repay a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a loan made under section 428 or 428H, for a borrower who meets the requirements of subsection (b), as determined in accordance with regulations prescribed by the Secretary.

"(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(e) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

"(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

"(1) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

"(A) meets the requirements of subsection (b)(1)(A) in any year during such service; and

"(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).

"(2) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this subsection and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.). No borrower may receive a reduction of loan obligations under both this section and section 428J.

"(h) DEFINITION.—For purposes of this section, the term 'year', where applied to service as a teacher, means an academic year as defined by the Secretary.".

CHAPTER 6—SCHOOL CONSTRUCTION

Subchapter A—School Modernization Bonds

SEC. 3501. SHORT TITLE.

This subchapter may be cited as the "America's Better Classroom Act of 2001".

SEC. 3502. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) IN GENERAL.—Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subchapter Y—Public School Modernization Provisions

"Sec. 1400K. Credit to holders of qualified public school modernization bonds.
"Sec. 1400L. Qualified school construction bonds.
"Sec. 1400M. Qualified zone academy bonds.

"SEC. 1400K. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified public school modernization bond is 25 percent of the annual credit determined with respect to such bond.

"(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified public school modernization bond is the product of—

"(A) the applicable credit rate, multiplied by

"(B) the outstanding face amount of the bond.

"(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (1), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of issuance of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

"(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

"(c) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

"(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

"(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

"(A) a qualified zone academy bond, and

"(B) a qualified school construction bond.

"(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

"(A) March 15,

"(B) June 15,

"(C) September 15, and

"(D) December 15.

Such term includes the last day on which the bond is outstanding.

"(e) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

"(2) BOND.—The term 'bond' includes any obligation.

"(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

"(4) PUBLIC SCHOOL FACILITY.—The term 'public school facility' shall not include—

"(A) any stadium or other facility primarily used for athletic contests or exhibitions

or other events for which admission is charged to the general public, or

"(B) any facility which is not owned by a State or local government or any agency or instrumentality of a State or local government.

"(f) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"(h) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

"(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the in-

strument evidencing the entitlement to the credit and not to the holder of the bond.

"(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

"(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

"(j) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

"(k) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

"(l) TERMINATION.—This section shall not apply to any bond issued after September 30, 2006.

"SEC. 1400L. QUALIFIED SCHOOL CONSTRUCTION BONDS.

"(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond' means any bond issued as part of an issue if—

"(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

"(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

"(3) the issuer designates such bond for purposes of this section, and

"(4) the term of each bond which is part of such issue does not exceed 15 years.

"(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

"(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

"(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

"(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

"(1) $11,000,000,000 for 2002,

"(2) $11,000,000,000 for 2003, and

"(3) except as provided in subsection (f), zero after 2003.

"(d) 60 PERCENT OF LIMITATION ALLOCATED AMONG STATES.—

"(1) IN GENERAL.—60 percent of the limitation applicable under subsection (c) for any calendar year shall be allocated by the Secretary among the States in proportion to the respective numbers of children in each State who have attained age 5 but not age 18 for the most recent fiscal year ending before such calendar year. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such

allocations may be made only if there is an approved State application.

"(2) MINIMUM ALLOCATIONS TO STATES.—

"(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

"(i) the amount allocated to such State under this subsection for such year, and

"(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

"(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

"(3) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

"(4) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts allocated under this subsection, $200,000,000 for calendar year 2002, and $200,000,000 for calendar year 2003, shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

"(5) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State

application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

"(i) health and safety problems at such facilities,

"(ii) the capacity of public schools in the State to house projected enrollments, and

"(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

"(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

"(i) ensure that the needs of both rural and urban areas will be recognized,

"(ii) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

"(iii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

"(iv) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

"(e) 40 PERCENT OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

"(1) IN GENERAL.—40 percent of the limitation applicable under subsection (c) for any calendar year

shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

"(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

"(4) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency if such agency is—

"(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

"(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

"(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

"(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

"(ii) the capacity of the agency's schools to house projected enrollments, and

"(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

"(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

"(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the lo-

cality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(5) shall apply for purposes of this paragraph.

"(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

"(1) the amount allocated under subsection (d) to any State, exceeds

"(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

"(g) SPECIAL RULES RELATING TO ARBITRAGE.—

"(1) IN GENERAL.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

"(2) BINDING COMMITMENT REQUIREMENT.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

"(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

"(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

"(3) EARNINGS ON PROCEEDS.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

"SEC. 1400M. QUALIFIED ZONE ACADEMY BONDS.

"(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'qualified zone academy bond' means any bond issued as part of an issue if—

"(A) 95 percent or more of the proceeds of such issue are to be used for a qualified pur-

pose with respect to a qualified zone academy established by a local educational agency,

"(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

"(C) the issuer—

"(i) designates such bond for purposes of this section,

"(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

"(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

"(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400L(g) shall apply for purposes of paragraph (1).

"(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that

established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

"(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

"(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

"(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

"(iii) services of employees as volunteer mentors,

"(iv) internships, field trips, or other educational opportunities outside the academy for students, or

"(v) any other property or service specified by the local educational agency.

"(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

"(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

"(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

"(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

"(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

"(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

"(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

"(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

"(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

"(C) providing equipment for use at such academy,

"(D) developing course materials for education to be provided at such academy, and

"(E) training teachers and other school personnel in such academy.

"(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

"(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

"(A) $400,000,000 for 1998,

"(B) $400,000,000 for 1999,

"(C) $400,000,000 for 2000,

"(D) $400,000,000 for 2001,

"(E) $1,400,000,000 for 2002,

"(F) $1,400,000,000 for 2003, and

"(G) except as provided in paragraph (3), zero after 2003.

"(2) ALLOCATION OF LIMITATION.—

"(A) ALLOCATION AMONG STATES.—

"(i) 1998, 1999, 2000, AND 2001 LIMITATIONS.—The national zone academy bond limitations for calendar years 1998, 1999, 2000, and 2001 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

"(ii) LIMITATION AFTER 2001.—The national zone academy bond limitation for any calendar year after 2001 shall be allocated by the Secretary among the States in

proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

"(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State to qualified zone academies within such State.

"(C) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

"(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

"(A) the limitation amount under this subsection for any State, exceeds

"(B) the amount of bonds issued during such year which are designated under subsection (a) (or the corresponding provisions of prior law) with respect to qualified zone academies within such State,

the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess."

(b) REPORTING.—Subsection (d) of section 6049 of the Internal Revenue Code of 1986 (relating to returns regarding payments of interest) is amended by adding at the end the following:

"(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

"(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1400K(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400K(d)(2)).

"(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without

regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

"(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting."

(c) CONFORMING AMENDMENTS.—

(1) Subchapter U of chapter 1 of the Internal Revenue Code of 1986 is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subchapter Y. Public school modernization provisions."

(3) The table of parts of subchapter U of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last 2 items and inserting the following:

"Part IV. Regulations."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by

this section shall apply to obligations issued after December 31, 2001.

(2) REPEAL OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—In the case of bonds to which section 1397E of the Internal Revenue Code of 1986 (as in effect before the date of enactment of this Act) applies, the limitation of such section to eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of enactment of this Act.

SEC. 3503. APPLICATION OF CERTAIN LABOR STANDARDS ON CONSTRUCTION PROJECTS FINANCED UNDER PUBLIC SCHOOL MODERNIZATION PROGRAM.

Section 439 of the General Education Provisions Act (relating to labor standards) (20 U.S.C. 1232b) is amended—

(1) by inserting ''(a)'' before ''All laborers and mechanics''; and

(2) by adding at the end the following:

''(b)(1) For purposes of this section, the term 'applicable program' also includes the qualified zone academy bond provisions enacted by section 226 of the Taxpayer Relief Act of 1997 and the program established by section 3502 of the America's Better Classroom Act of 2001.

"(2) A State or local government participating in a program described in paragraph (1) shall—

"(A) in the awarding of contracts, give priority to contractors with substantial numbers of employees residing in the local education area to be served by the school being constructed; and

"(B) include in the construction contract for such school a requirement that the contractor give priority in hiring new workers to individuals residing in such local education area.

"(3) In the case of a program described in paragraph (1), nothing in this subsection or subsection (a) shall be construed to deny any tax credit allowed under such program. If amounts are required to be withheld from contractors to pay wages to which workers are entitled, such amounts shall be treated as expended for construction purposes in determining whether the requirements of such program are met.".

Subchapter B—Schools as Centers of the Community

SEC. 3551. FINDINGS.

Congress makes the following findings:

(1) Communities across the Nation need to build and modernize thousands of public elementary schools and secondary schools in the coming decade

in ways that reflect new approaches to teaching and learning, and in ways that reflect the fact that learning is a lifelong process for persons of all ages. These schools can make an enduring difference for these communities by affecting not just students but entire neighborhoods for generations.

(2) The National Symposium on School Design has recommended that local educational agencies hold community dialogues that discuss the planning and design of their new school buildings. Community partnerships of parents, educators, architects, urban planners, students, and other interested parties can assist local educational agencies to design new schools that better meet the needs of their communities now and in the future.

(3) Establishing such community partnerships for the purpose of broadening public participation in the planning and design of schools encourages broader community involvement in the schools, generates creativity in the planning process, and promotes savings, cost-sharing, and the most effective use of the school building by the entire community. Such partnerships can help create schools that are centers of teaching and learning for the entire community.

SEC. 3552. PURPOSE.

The purpose of this subchapter is to assist local educational agencies and their communities to increase the involvement of parents, teachers, students, and community groups in the planning and design of new and renovated public elementary school and secondary school buildings that—

(1) enhance teaching and learning, and accommodate the needs of all learners;

(2) serve as a center of the community;

(3) promote health, safety, and security;

(4) effectively use all available resources; and

(5) are flexible and can accommodate changing community needs.

SEC. 3553. PROGRAM AUTHORIZED.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—From funds appropriated under section 3556, the Secretary shall award grants to local educational agencies participating in eligible consortia to enable the eligible consortia to support the planning and design of—

(A) new elementary school or secondary school buildings; or

(B) the renovation of existing elementary school or secondary school buildings.

(2) DEFINITION OF ELIGIBLE CONSORTIUM.—In this subchapter, the term ''eligible consortium'' means a consortium that—

(A) shall include at least 1 local educational agency; and

(B) may include such organizations and individuals as a State educational agency, a community-based organization, a local government, a business or industry, an architect, a parent, teacher, or senior citizen group, a library, or a museum.

(b) REQUIREMENTS.—

(1) DURATION.—Grants under this subchapter shall be awarded for not more than 1 year.

(2) LIMITATION.—Not more than 1 grant provided under this subchapter may be used to plan or design the same school.

(3) MATCHING.—A grant under this subchapter shall not be used to pay for more than 50 percent of the cost of a planning or design project. A recipient of a grant under this subchapter shall provide at least 50 percent of the cost of the planning or design project from non-Federal sources, which may include in-kind contributions, fairly evaluated.

(c) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subchapter, the Secretary is authorized to take such steps as are necessary to ensure an equitable geographic distribution of the grants, including distributing the grants among rural, urban, and suburban local educational agencies.

SEC. 3554. USE OF FUNDS.

A grant under this subchapter shall be used by a local educational agency to support the planning or design of a new school building, or of the renovation of an existing school building, and may be used for activities such as—

(1) community outreach activities (including the development and circulation of explanatory materials and the cost of meetings) designed to encourage greater participation by the community;

(2) the development, with the involvement of all stakeholders, of a master plan for a school district; and

(3) necessary administrative support for the eligible consortium.

SEC. 3555. APPLICATIONS.

(a) IN GENERAL.—Each local educational agency desiring a grant under this subchapter shall submit to the Secretary an application at such time, and containing such information, as the Secretary may require.

(b) CONTENTS.—Each application submitted under this subchapter shall describe—

(1) the community to be served by the new or renovated school, including the needs of that community with respect to such school;

(2) the individuals and groups that compose the eligible consortium and their respective functions;

(3) the project activities to be supported by the grant and how the activities will help meet the needs of that community and the purpose of this subchapter; and

(4) the availability of resources for the project, and how the resources will be obtained.

SEC. 3556. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subchapter $10,000,000 for fiscal year 2002, and such sums as may be necessary for each of the 4 succeeding fiscal years.

Chapter 7—Child Opportunity Zone Family Centers

SEC. 3571. CHILD OPPORTUNITY ZONE FAMILY CENTERS.

Title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8001 et seq.), as amended by section 3401, is further amended by inserting after part L the following:

"PART M—CHILD OPPORTUNITY ZONE FAMILY CENTERS

"SEC. 10997A. SHORT TITLE.

''This part may be cited as the 'Child Opportunity Zone Family Center Act of 2001'.

"SEC. 10997B. PURPOSE.

''The purpose of this part is to encourage eligible partnerships to establish or expand child opportunity zone family centers in public elementary schools and secondary schools in order to provide comprehensive support services for children and their families, and to improve the children's educational, health, mental health, and social outcomes.

"SEC. 10997C. DEFINITIONS.

''In this part:

''(1) CHILD OPPORTUNITY ZONE FAMILY CENTER.—The term 'child opportunity zone family center' means a school-based or school-linked community service center that provides and links children and their families with comprehensive information, support, services, and activities to improve the education, health, mental health, safety, and economic well-being of the children and their families.

''(2) ELIGIBLE PARTNERSHIP.—The term 'eligible partnership' means a partnership—

''(A) that contains—

"(i) at least 1 public elementary school or secondary school that—

"(I) receives assistance under title I and for which a measure of poverty determination is made under section 1113(a)(5) with respect to a minimum of 40 percent of the children in the school; and

"(II) demonstrates parent involvement and parent support for the partnership's activities;

"(ii) a local educational agency;

"(iii) a public agency, other than a local educational agency, such as a local or State department of health, mental health, or social services;

"(iv) a nonprofit community-based organization, providing health, mental health, or social services;

"(v) a local child care resource and referral agency; and

"(vi) a local organization representing parents; and

"(B) that may contain—

"(i) an institution of higher education; and

"(ii) other public or private nonprofit entities with experience in providing services to disadvantaged families.

"SEC. 10997D. GRANTS AUTHORIZED.

"(a) IN GENERAL.—The Secretary may award, on a competitive basis, grants to eligible partnerships to pay for the Federal share of the cost of establishing and expanding child opportunity zone family centers.

"(b) DURATION.—The Secretary shall award grants under this section for periods of 5 years.

"SEC. 10997E. REQUIRED ACTIVITIES.

"Each eligible partnership receiving a grant under this part shall use the grant funds—

"(1) in accordance with the needs assessment described in section 10997F(b)(1), to provide or link children and their families with information, support, activities, or services in core areas such as education, child care, before- and after-school care and enrichment programs, health services, mental health services, family support, nutrition, literacy services, parenting skills, and drop-out prevention;

"(2) to provide intensive, high-quality, research-based programs that—

"(A) provide violence prevention education for families and developmentally appropriate instructional services to children (including children below the age of compulsory school attendance); and

"(B) provide effective strategies for nurturing and supporting the emotional, social, and cognitive growth of children; and

"(3) to provide training, information, and support to families to enable the families to participate effectively in their children's education, and to help their children meet challenging standards, including assisting families to—

"(A) understand the applicable accountability systems, including State and local content standards, performance standards, and assessments, their children's educational performance in comparison to the standards, and the steps the school is taking to address the children's needs and to help the children meet the standards; and

"(B) communicate effectively with personnel responsible for providing educational services to the families' children, and to participate in the development and implementation of

school-parent compacts, parent involvement policies, and school plans.

"SEC. 10997F. APPLICATIONS.

"(a) IN GENERAL.—Each eligible partnership desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

"(1) include a needs assessment, including a description of how the partnership will ensure that the activities to be assisted under this part will be tailored to meet the specific needs of the children and families to be served;

"(2) describe arrangements that have been formalized between the participating public elementary school or secondary school, and other partnership members;

"(3) describe how the partnership will effectively coordinate with the centers under section 1118 and utilize Federal, State, and local sources of funding that provide assistance to families and their children;

"(4) describe the partnership's plan to—

"(A) develop and carry out the activities assisted under this part with extensive participation of parents, administrators, teachers, pupil services personnel, social and human service agencies, and community organizations and leaders; and

"(B) coordinate the activities assisted under this part with the education reform efforts of the participating public elementary school or secondary school, and the participating local educational agency;

"(5) describe how the partnership will ensure that underserved populations such as families of students with limited English proficiency, and families of students with disabilities, are effectively involved, informed, and assisted;

"(6) describe how the partnership will collect and analyze data, and will utilize specific performance measures and indicators to—

"(A) determine the impact of activities assisted under this part as described in section 10997I(a); and

"(B) improve the activities assisted under this part; and

"(7) describe how the partnership will protect the privacy of families and their children participating in the activities assisted under this part.

"SEC. 10997G. FEDERAL SHARE.

"The Federal share of the cost of establishing and expanding child opportunity zone family centers—

"(1) for the first year for which an eligible partnership receives assistance under this part shall not exceed 90 percent;

"(2) for the second such year, shall not exceed 80 percent;

"(3) for the third such year, shall not exceed 70 percent;

"(4) for the fourth such year, shall not exceed 60 percent; and

"(5) for the fifth such year, shall not exceed 50 percent.

"SEC. 10997H. FUNDING.

"(a) CONTINUATION OF FUNDING.—Each eligible partnership that receives a grant under this part shall, after the third year for which the partnership receives funds through the grant, be eligible to continue to receive the funds if the Secretary determines that the partnership has made significant progress in meeting the performance

measures used for the partnership's local evaluation under section 10997I(a).

"(b) LIMITATION ON USE OF FUNDS TO OFFSET OTHER PROGRAMS.—Notwithstanding any other provision of law, none of the funds received under a grant under this part may be used to pay for expenses related to any other Federal program, including treating such funds as an offset against such a Federal program.

"SEC. 10997I. EVALUATIONS AND REPORTS.

"(a) LOCAL EVALUATIONS.—Each partnership receiving funds under this part shall conduct annual evaluations and submit to the Secretary reports containing the results of the evaluations. The reports shall include the results of the partnership's performance assessment effectiveness in reaching and meeting the needs of families and children served under this part, including performance measures demonstrating—

"(1) improvements in areas such as student achievement, family participation in schools, and access to health care, mental health care, child care, and family support services, resulting from activities assisted under this part; and

"(2) reductions in such areas as violence among youth, truancy, suspension, and dropout rates, resulting from activities assisted under this part.

"(b) NATIONAL EVALUATIONS.—The Secretary shall reserve not more than 3 percent of the amount appropriated under this part to carry out a national evaluation of the effectiveness of the activities assisted under this part. Such evaluation shall be completed not later than 3 years after the date of enactment of the Child Opportunity Zone Family Center Act of 2001, and every year thereafter and shall be submitted to Congress.

"(c) EXEMPLARY ACTIVITIES.—The Secretary shall broadly disseminate information on exemplary activities developed under this part.

"SEC. 10997J. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $100,000,000 for fiscal year 2002, and such sums as may be necessary for each of the fiscal years 2003 through 2005.".

TITLE IV—FAIR START—LIFTING CHILDREN OUT OF POVERTY

Subtitle A—Expanding the Child Tax Credit

SEC. 4001. EXPANSION OF CHILD TAX CREDIT; CREDIT MADE PARTIALLY REFUNDABLE.

(a) INCREASE IN AMOUNT ALLOWED.—Subsection (a) of section 24 of the Internal Revenue Code of 1986

(relating to allowance of credit) is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer an amount equal to the applicable amount.

"(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount shall be determined as follows:

"In the case of any taxable year beginning in—	The applicable amount is—
2002	$600
2003	700
2004	800
2005	900
2006 or thereafter	1,000.".

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 24(b) of the Internal Revenue Code of 1986 (relating to limitation based on adjusted gross income) is amended by adding at the end the following new paragraph:

"(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.".

(2) CONFORMING AMENDMENTS.—

(A) Section 24(d) of such Code is amended—

(i) by striking "section 26(a)" each place it appears and inserting "subsection (b)(3)", and

(ii) in paragraph (1)(B) by striking "aggregate amount of credits allowed by this subpart" and inserting "amount of credit allowed by this section".

(B) Paragraph (1) of section 26(a) of such Code is amended by inserting "(other than section 24)" after "this subpart".

(C) Subsection (c) of section 23 is amended by striking "and section 1400C" and inserting "and sections 24 and 1400C".

(D) Subparagraph (C) of section 25(e)(1) is amended by inserting ", 24," after "sections 23".

(E) Section 904(h) of such Code is amended by inserting ''(other than section 24)'' after ''chapter''.

(F) Subsection (d) of section 1400C is amended by inserting ''and section 24'' after ''this section''.

(G) The heading for section 24(b) of such Code is amended to read as follows: ''LIMITATIONS.—''.

(H) The heading for section 24(b)(1) of such Code is amended to read as follows: ''LIMITATION BASED ON ADJUSTED GROSS INCOME.—''.

(c) PORTION OF CHILD CREDIT TREATED AS REFUNDABLE.—

(1) IN GENERAL.—Paragraph (1) of section 24(d) of the Internal Revenue Code of 1986 (relating to additional credit for families with 3 or more children), as amended by subsection (b)(2)(A), is amended to read as follows:

''(1) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the sum of the credits allowable under this section for all qualifying children of the taxpayer (determined without regard to this subsection

and the limitation under subsection (b)(3)). The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to subsection (b)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 24(d) of such Code is amended by striking paragraphs (2) and (3).

(B) The heading for section 24(d) of such Code is amended to read as follows: ''ADDITIONAL CREDIT FOR CERTAIN FAMILIES.—''.

(C) Section 32 of such Code is amended by striking subsection (m).

(d) COORDINATION WITH FEDERAL MEANS-TESTED PROGRAMS.—Section 24(d) of the Internal Revenue Code of 1986 (relating to additional credit for certain families), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(2) COORDINATION WITH MEANS-TESTED PROGRAMS.—For purposes of any benefits, assistance, or supportive services under any Federal program or under any State or local program financed, in whole or in part, with Federal funds or with State funds, taken into account under any maintenance of effort

requirements, which imposes income limitations on eligibility for such program, any refund made to an individual (or the spouse of an individual) by reason of this subsection shall not be treated as income (and shall not be taken into account in determining resources for the month of its receipt and the following month).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

Subtitle B—Strengthening the Earned Income Tax Credit

SEC. 4101. SHORT TITLE.

This subtitle may be cited as the ''Tax Relief for Working Families Act of 2001''.

SEC. 4102. INCREASED EARNED INCOME TAX CREDIT FOR 2 OR MORE QUALIFYING CHILDREN.

(a) IN GENERAL.—The table in section 32(b)(1)(A) of the Internal Revenue Code of 1986 (relating to percentages) is amended—

(1) in the second item—

(A) by striking ''or more'', and

(B) by striking ''21.06'' and inserting ''19.06'', and

(2) by inserting after the second item the following:

"3 or more qualifying children	45	19.06".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 4103. SIMPLIFICATION OF DEFINITION OF EARNED INCOME.

(a) IN GENERAL.—Section 32(c)(2)(A)(i) of the Internal Revenue Code of 1986 (defining earned income) is amended by inserting ", but only if such amounts are includible in gross income for the taxable year" after "other employee compensation".

(b) CONFORMING AMENDMENT.—Section 32(c)(2)(B) of the Internal Revenue Code of 1986 (defining earned income) is amended by striking "and" at the end of clause (iv), by striking the period at the end of clause (v) and inserting ", and", and by adding at the end the following:

"(vi) the requirement under subparagraph (A)(i) that an amount be includible in gross income shall not apply if such amount is exempt from tax under section 7873 or is derived directly from restricted and allotted land under the Act of Feb-

ruary 8, 1887 (commonly known as the Indian General Allotment Act) (25 U.S.C. 331 et seq.) or from land held under Acts or treaties containing an exception provision similar to the Indian General Allotment Act.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received in taxable years beginning after December 31, 2001.

SEC. 4104. SIMPLIFICATION OF DEFINITION OF CHILD DEPENDENT.

(a) REMOVAL OF SUPPORT TEST FOR CERTAIN INDIVIDUALS.—Section 152(a) of the Internal Revenue Code of 1986 (relating to general definition) is amended to read as follows:

''(a) GENERAL DEFINITION.—For purposes of this subtitle—

''(1) DEPENDENT.—The term 'dependent' means—

''(A) any individual described in paragraph (2) over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer (or is treated under subsection (c) as received from the taxpayer), or

"(B) any individual described in subsection (f).

"(2) INDIVIDUALS.—An individual is described in this paragraph if such individual is—

"(A) a brother, sister, stepbrother, or stepsister of the taxpayer,

"(B) the father or mother of the taxpayer, or an ancestor of either,

"(C) a stepfather or stepmother of the taxpayer,

"(D) a son or daughter of a brother or sister of the taxpayer,

"(E) a brother or sister of the father or mother of the taxpayer,

"(F) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer, or

"(G) an individual (other than an individual who at any time during the taxable year was the spouse, determined without regard to section 7703, of the taxpayer) who, for the taxable year of the taxpayer, has as their principal place of abode the home of the taxpayer and is a member of the taxpayer's household.".

(b) OTHER MODIFICATIONS.—Section 152 of the Internal Revenue Code of 1986 (relating to dependent defined) is amended by adding at the end the following:

"(f) SUBSECTION (f) DEPENDENTS.—

"(1) IN GENERAL.—An individual is described in this subsection for the taxable year if such individual—

"(A) bears a relationship to the taxpayer described in paragraph (2),

"(B) except in the case of an eligible foster child or as provided in subsection (e), has the same principal place of abode as the taxpayer for more than one-half of such taxable year, and

"(C)(i) has not attained the age of 19 at the close of the calendar year in which the taxable year begins, or

"(ii) is a student (within the meaning of section 151(c)(4)) who has not attained the age of 24 at the close of such calendar year.

"(2) RELATIONSHIP TEST.—An individual bears a relationship to the taxpayer described in this paragraph if such individual is—

"(A) a son or daughter of the taxpayer, or a descendant of either, or

"(B) a stepson or stepdaughter of the taxpayer.

"(3) SPECIAL RULES.—

"(A) 2 OR MORE CLAIMING DEPENDENT.—Except as provided in subparagraph (B), if an individual may be claimed as a dependent by 2 or more taxpayers (but for this subparagraph) for a taxable year beginning in the same calendar year, only the taxpayer with the highest adjusted gross income for such taxable year shall be allowed the deduction with respect to such individual.

"(B) RELEASE OF CLAIM TO EXEMPTION.—Subparagraph (A) shall not apply with respect to an individual if—

"(i) the taxpayer with the highest adjusted gross income under subparagraph (A), for any calendar year signs a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such taxpayer will not claim such individual as a dependent for any taxable year beginning in such calendar year,

"(ii) the other taxpayer provides over half of such individual's support for the

calendar year in which the taxable year of such other taxpayer begins, and

"(iii) such other taxpayer attaches such written declaration to such taxpayer's return for the taxable year beginning during such calendar year.".

(c) RULES RELATING TO FOSTER CHILD.—Section 152(b)(2) of the Internal Revenue Code of 1986 (relating to rules relating to general definition) is amended by striking "a foster child" and all that follows through "individual)" and inserting "an eligible foster child (as defined in section 32(c)(3)(B)(iii)) of an individual".

(d) EXEMPTION FROM GROSS INCOME TEST.—Section 151(c)(3) of the Internal Revenue Code of 1986 (relating to definition of child) is amended by striking "or stepdaughter" and inserting "stepdaughter, or a descendant of such individual".

(e) WAIVER OF DEDUCTION FOR DIVORCED PARENTS.—

(1) IN GENERAL.—So much of section 152(e) as precedes paragraph (4) of the Internal Revenue Code of 1986 (relating to support test in case of child of divorced parents, etc.) is amended to read as follows:

"(e) SPECIAL RULES FOR CHILD OF DIVORCED PARENTS.—

"(1) RELEASE OF CLAIM TO EXEMPTION.—In the case of a child (as defined in section 151(c)(3)) of parents—

"(A) who are divorced or legally separated under a decree of divorce or separate maintenance,

"(B) who are separated under a written separation agreement, or

"(C) who live apart at all times during the last 6 months of the calendar year,

the custodial parent who is entitled to the deduction under section 151 for a taxable year with respect to such child may release such deduction to the noncustodial parent.

"(2) PROCEDURE.—The noncustodial parent may claim a child described in paragraph (1) as a dependent for the taxable year if—

"(A) the custodial parent signs a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such custodial parent will not claim such child as a dependent for any taxable year beginning in such calendar year,

"(B) the custodial parent and the noncustodial parent provide over half of such child's support for the calendar year in which the taxable years of such parents begin, and

"(C) the noncustodial parent attaches such written declaration to such noncustodial parent's return for the taxable year beginning during such calendar year.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) CUSTODIAL PARENT.—The term 'custodial parent' means, with regard to an individual, a parent who has custody of such individual for a greater portion of the calendar year than the noncustodial parent.

"(B) NONCUSTODIAL PARENT.—The term 'noncustodial parent' means the parent who is not the custodial parent.".

(2) PRE-1985 INSTRUMENTS.—Section 152(e)(4)(A) of such Code (relating to exception for certain pre-1985 instruments) is amended by striking "A child" and all that follows through "noncustodial parent" and inserting "A noncustodial parent described in paragraph (1) shall be entitled to

the deduction under section 151 for a taxable year with respect to a child if''.

(f) CONFORMING AMENDMENTS.—

(1) Section 1(g)(5)(A) of the Internal Revenue Code of 1986 is amended by inserting ''as in effect on the day before the date of the enactment of the Tax Relief for Working Families Act of 2001'' after ''152(e)''.

(2) Section 2(b)(1)(A)(i) of such Code is amended by striking ''paragraph (2) or (4) of''.

(3) Section 2(b)(3)(B)(i) of such Code is amended by striking ''paragraph (9)'' and inserting ''paragraph (2)(G)''.

(4) Section 21(e)(5)(A) of such Code is amended by striking ''paragraph (2) or (4) of''.

(5) Section 21(e)(5) of such Code is amended in the matter following subclause (B) by inserting ''as in effect on the day before the date of the enactment of the Tax Relief for Working Families Act of 2001'' after ''152(e)(1)''.

(6) Section 32(c)(1)(G) of such Code is amended by striking ''(3)(D).'' and inserting ''(1)(C). An individual whose qualifying child or qualifying children are not taken into account under subsection (b) solely by reason of paragraph (3)(D) shall be treated

as an eligible individual if such individual otherwise meets the requirements of subparagraph (A)(ii).''.

(7) Section 32(c)(3)(B)(ii) of such Code is amended by striking ''paragraph (2) or (4) of''.

(8) Section 51(i)(1)(C) of such Code is amended by striking ''152(a)(9)'' and inserting ''152(a)(2)(G)''.

(9) Section 152(b) of such Code is amended by striking ''specified in subsection (a)'' and inserting ''specified in subsection (a)(2) or (f)(2)''.

(10) Section 152(c) of such Code is amended by striking ''(a)'' and inserting ''(a)(1)''.

(11) Section 7703(b)(1) of such Code is amended by striking ''paragraph (2) or (4) of''.

(12) The following provisions of such Code are each amended by striking ''paragraphs (1) through (8) of section 152(a)'' and inserting ''subparagraphs (A) through (F) of subsection (a)(2) or subsection (f)(2) of section 152'':

(A) Section 170(g)(3).

(B) Subparagraphs (A) and (B) of section 51(i)(1).

(C) The second sentence of section 213(d)(11).

(D) Section 529(e)(2)(B).

(E) Section 7702B(f)(2)(C)(iii).

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 4105. OTHER MODIFICATIONS TO EARNED INCOME TAX CREDIT.

(a) MODIFICATION OF JOINT RETURN REQUIREMENT.—Section 32(d) of the Internal Revenue Code of 1986 (relating to married individuals) is amended to read as follows:

"(d) MARRIED INDIVIDUALS.—

"(1) IN GENERAL.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and his spouse file a joint return for the taxable year.

"(2) MARITAL STATUS.—For purposes of paragraph (1), an individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married.

"(3) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of paragraph (1), if—

"(A) an individual—

"(i) is married and files a separate return, and

"(ii) has a qualifying child who is a son, daughter, stepson, or stepdaughter of such individual, and

"(B) during the last 6 months of such taxable year, such individual and such individual's spouse do not have the same principal place of abode,

such individual shall not be considered as married.".

(b) MODIFICATION OF RULE WHERE THERE ARE 2 OR MORE ELIGIBLE INDIVIDUALS.—Subparagraph (C) of section 32(c)(1) of the Internal Revenue Code of 1986 (relating to 2 or more eligible individuals) is amended to read as follows:

"(C) 2 OR MORE ELIGIBLE INDIVIDUALS.—

"(i) IN GENERAL.—Except as provided in clause (ii), if 2 or more individuals would (but for this subparagraph and after application of subparagraph (B)) be treated as eligible individuals with respect to the same qualifying child for taxable years beginning in the same calendar year, only the individual with the highest modified adjusted gross income for such taxable years shall be treated as an eligible indi-

vidual with respect to such qualifying child.

"(ii) EXCEPTION FOR CERTAIN PARENTS.—An otherwise eligible individual who is not treated under clause (i) as the only eligible individual with respect to any qualifying child shall be treated as an eligible individual with respect to such child if—

"(I) such child is the son, daughter, stepson, or stepdaughter of such individual,

"(II) such child is not taken into account under subsection (b) by any other individual, and

"(III) the limitation under subsection (a)(2) for the individual who would (but for this clause) be treated under clause (i) as the only eligible individual with respect to such child would be greater than zero (determined as if such individual had 2 qualifying children).".

(c) EXPANSION OF MATHEMATICAL ERROR AUTHORITY.—Paragraph (2) of section 6213(g) of the Internal

Revenue Code of 1986 (relating to definitions) is amended by striking ''and'' at the end of subparagraph (K), by striking the period at the end of subparagraph (L) and inserting '', and'', and by inserting after subparagraph (L) the following new subparagraph:

''(M) the entry on the return claiming the credit under section 32 with respect to a child if, according to the Federal Case Registry of Child Support Orders established under section 453(h) of the Social Security Act, the taxpayer is a noncustodial parent of such child.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) EXPANSION OF MATHEMATICAL ERROR AUTHORITY.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2001.

Subtitle C—Marriage Penalty Relief

SEC. 4201. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) of the Internal Revenue Code of 1986 (relating to percentages and amounts) is amended—

(1) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned''; and

(2) by adding at the end the following new subparagraph:

''(B) JOINT RETURNS.—In the case of a joint return, the earned income amount determined under subparagraph (A) shall be 120 percent of the otherwise applicable amount. If any amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

Subtitle D—Expanding the Dependent Care Tax Credit

SEC. 4301. DEPENDENT CARE TAX CREDIT.

(a) DEPENDENT CARE SERVICES.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits), as amended by section 4001(b)(1), is amended by redesignating section 36 as section 37 and by inserting after section 35 the following new section:

"SEC. 36. DEPENDENT CARE SERVICES.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual who maintains a household which includes as a member 1 or more qualifying individuals, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of the sum of—

"(A) the employment-related expenses paid by such individual during the taxable year, plus

"(B) the respite care expenses paid by such individual during the taxable year.

"(2) APPLICABLE PERCENTAGE DEFINED.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'applicable percentage' means 50 percent reduced (but not below 20

percent) by 1 percentage point for each full $1,000 amount by which the taxpayer's adjusted gross income for the taxable year exceeds $15,000.

"(B) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of a taxable year beginning in a calendar year after 2001, subparagraph (A) shall be applied by increasing the $15,000 amount contained therein by the cost-of-living adjustment (as defined in section 1(f)(3)) for such calendar year determined by substituting '2000' for '1992' in subparagraph (B) of section 1(f)(3).

"(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or if such increase is a multiple of $5, such increase shall be increased to the next highest multiple of $10).

"(b) EMPLOYMENT-RELATED EXPENSES.—For purposes of this section—

"(1) DETERMINATION OF ELIGIBLE EXPENSES.—

"(A) IN GENERAL.—The term 'employment-related expenses' means amounts paid for the following expenses, but only if such expenses are incurred to enable the taxpayer to be gainfully employed for any period for which there are 1 or more qualifying individuals with respect to the taxpayer:

"(i) expenses for household services, and

"(ii) expenses for the care of a qualifying individual.

Such term shall not include any amount paid for services outside the taxpayer's household at a camp where the qualifying individual stays overnight and shall not include any respite care expense taken into account under subsection (a).

"(B) EXCEPTION.—Employment-related expenses described in subparagraph (A) which are incurred for services outside the taxpayer's household shall be taken into account only if incurred for the care of—

"(i) a qualifying individual described in subsection (d)(1), or

"(ii) a qualifying individual (not described in subsection (d)(1)) who regularly spends at least 8 hours each day in the taxpayer's household.

"(C) DEPENDENT CARE CENTERS.—Employment-related expenses described in subparagraph (A) which are incurred for services provided outside the taxpayer's household by a dependent care center (as defined in subparagraph (D)) shall be taken into account only if—

"(i) such center complies with all applicable laws and regulations of a State or unit of local government, and

"(ii) the requirements of subparagraph (B) are met.

"(D) DEPENDENT CARE CENTER DEFINED.—For purposes of this paragraph, the term 'dependent care center' means any facility which—

"(i) provides care for more than 6 individuals (other than individuals who reside at the facility), and

"(ii) receives a fee, payment, or grant for providing services for any of the indi-

viduals (regardless of whether such facility is operated for profit).

"(2) DOLLAR LIMIT ON AMOUNT CREDITABLE.—

"(A) IN GENERAL.—The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

"(i) $2,400 if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

"(ii) $4,800 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under clause (i) or (ii) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

"(B) REDUCTION IN LIMIT FOR AMOUNT OF RESPITE CARE EXPENSES.—The limitation of subparagraph (A) shall be reduced by the amount of the respite care expenses taken into account by the taxpayer under subsection (a) for the taxable year.

"(3) EARNED INCOME LIMITATION.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

"(i) in the case of an individual who is not married at the close of such year, such individual's earned income for such year, or

"(ii) in the case of an individual who is married at the close of such year, the lesser of such individual's earned income or the earned income of his spouse for such year.

"(B) SPECIAL RULE FOR SPOUSE WHO IS A STUDENT OR INCAPABLE OF CARING FOR HIMSELF.—In the case of a spouse who is a student or a qualified individual described in subsection (d)(3), for purposes of subparagraph (A), such spouse shall be deemed for each month during which such spouse is a full-time student at an educational institution, or is such a qualifying individual, to be gainfully employed and to have earned income of not less than—

"(i) $200 if paragraph (2)(A)(i) applies for the taxable year, or

"(ii) $400 if paragraph (2)(A)(ii) applies for the taxable year.

In the case of any husband and wife, this subparagraph shall apply with respect to only one spouse for any one month.

"(c) RESPITE CARE EXPENSES.—For purposes of this section—

"(1) IN GENERAL.—The term 'respite care expenses' means expenses paid (whether or not to enable the taxpayer to be gainfully employed) for—

"(A) the care of a qualifying individual—

"(i) who has attained the age of 13, or

"(ii) who is under the age of 13 but has a physical or mental impairment which results in the individual being incapable of caring for himself,

during any period when such individual regularly spends at least 8 hours each day in the taxpayer's household, or

"(B) the care (for not more than 14 days during the calendar year) of a qualifying individual described in subparagraph (A) during

any period during which the individual does not regularly spend at least 8 hours each day in the taxpayer's household.

"(2) DOLLAR LIMIT.—The amount of the respite care expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

"(A) $1,200 if such expenses are incurred with respect to only 1 qualifying individual for the taxable year, or

"(B) $2,400 if such expenses are incurred for 2 or more qualifying individuals for such taxable year.

"(d) QUALIFYING INDIVIDUAL.—For purposes of this section, the term 'qualifying individual' means—

"(1) a dependent of the taxpayer who is under the age of 13 and with respect to whom the taxpayer is entitled to a deduction under section 151(c),

"(2) a dependent of the taxpayer who is physically or mentally incapable of caring for himself, or

"(3) the spouse of the taxpayer, if he is physically or mentally incapable of caring for himself.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) MAINTAINING HOUSEHOLD.—An individual shall be treated as maintaining a household for any period only if over half the cost of maintaining the household for such period is furnished by such individual (or, if such individual is married during such period, is furnished by such individual and his spouse).

"(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and his spouse file a joint return for the taxable year.

"(3) MARITAL STATUS.—An individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married.

"(4) CERTAIN MARRIED INDIVIDUALS LIVING APART.—If—

"(A) an individual who is married and who files a separate return—

"(i) maintains as his home a household that constitutes for more than one-half of the taxable year the principal place of abode of a qualifying individual, and

"(ii) furnishes over half the cost of maintaining such household during the taxable year, and

"(B) during the last 6 months of such taxable year such individual's spouse is not a member of such household,

such individual shall not be considered as married.

"(5) SPECIAL DEPENDENCY TEST IN CASE OF DIVORCED PARENTS, ETC.—If—

"(A) paragraph (2) or (4) of section 152(e) applies to any child with respect to any calendar year, and

"(B) such child is under the age of 13 or is physically or mentally incapable of caring for himself,

in the case of any taxable year beginning in such calendar year, such child shall be treated as a qualifying individual with respect to the custodial parent (within the meaning of section 152(e)(1)), and shall not be treated as a qualifying individual with respect to the noncustodial parent.

"(6) PAYMENTS TO RELATED INDIVIDUALS.—No credit shall be allowed under subsection (a) for any amount paid by the taxpayer to an individual—

"(A) with respect to whom, for the taxable year, a deduction under section 151(c) (relating to deduction for personal exemptions for dependents) is allowable either to the taxpayer or his spouse, or

"(B) who is a child of the taxpayer (within the meaning of section 151(c)(3)) who has not attained the age of 19 at the close of the taxable year.

For purposes of this paragraph, the term 'taxable year' means the taxable year of the taxpayer in which the service is performed.

"(7) STUDENT.—The term 'student' means an individual who during each of 5 calendar months during the taxable year is a full-time student at an educational organization.

"(8) EDUCATIONAL ORGANIZATION.—The term 'educational organization' means an educational organization described in section 170(b)(1)(A)(ii).

"(9) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO SERVICE PROVIDER.—No credit shall be allowed under subsection (a) for any amount paid to any person unless—

"(A) the name, address, and taxpayer identification number of such person are included on the return claiming the credit, or

"(B) if such person is an organization described in section 501(c)(3) and exempt from tax under section 501(a), the name and address of such person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence shall not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information so required.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) CONFORMING AMENDMENTS.—

(1) Section 21 of such Code is repealed.

(2) Section 23(f)(1) of such Code and section 129(a)(2)(C) of such Code are each amended by striking "section 21(e)" and inserting "section 36(e)".

(3) Section 129(b)(2) of such Code is amended by striking "section 21(d)(2)" and inserting "section 36(b)(3)(B)".

(4) Section 129(e)(1) of such Code is amended by striking "under section 21(b)(2) (relating to expenses for household and dependent care services necessary for gainful employment)" and inserting "or respite care services under section 36 (relating to dependent care services)".

(5) Section 213(e) of such Code is amended by striking "section 21" and inserting "section 36".

(6) Section 6213(g)(2)(H) of such Code is amended by striking "section 21 (related to expenses for household and dependent care services necessary for gainful employment)" and inserting "section 36 (relating to dependent care services)".

(c) TECHNICAL AMENDMENTS.—(1) The table of sections for subpart C of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 36 and inserting the following:

"Sec. 36. Dependent care services.
"Sec. 37. Overpayments of tax.".

(2) The table of sections for subpart A of such part IV is amended by striking the item relating to section 21.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE V—FAIR START—SUPPORT TO PROMOTE WORK AND REDUCE POVERTY

Subtitle A—Gateways Grant Program

SEC. 5001. GATEWAYS GRANT PROGRAM.

(a) PURPOSES.—The purposes of this section are to—

(1) inform low-income families with children about programs available to families leaving welfare and other programs to support low-income families with children;

(2) provide incentives to States and counties to improve and coordinate application and renewal procedures for low-income family with children support programs; and

(3) track the extent to which low-income families with children receive the benefits and services for which they are eligible.

(b) DEFINITIONS.—In this section:

(1) LOCALITY.—The term locality means a municipality that does not administer a temporary assistance for needy families program funded under part A of title IV of the Social Security Act (42

U.S.C. 601 et seq.) (in this section referred to as ''TANF'').

(2) LOW-INCOME FAMILY WITH CHILDREN SUPPORT PROGRAM.—The term ''low-income family with children support program'' means a program designed to provide low-income families with assistance or benefits to enable the family to become self-sufficient and includes—

(A) TANF;

(B) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) (in this section referred to as ''food stamps'');

(C) the medicaid program funded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(D) the State children's health insurance program (SCHIP) funded under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

(E) the child care program funded under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.);

(F) the child support program funded under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

(G) the earned income tax credit under section 32 of the Internal Revenue Code of 1986;

(H) the low-income home energy assistance program (LIHEAP) established under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C 8621 et seq.);

(I) the special supplemental nutrition program for women, infants, and children (WIC) established under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

(J) programs under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.); and

(K) any other Federal or State funded program designed to provide family and work support to low-income families with children.

(3) NONPROFIT.—The term ''nonprofit'', as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by 1 or more nonprofit corporations or associations, no part of the net earnings of

which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(5) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, and the United States Virgin Islands.

(c) AUTHORIZATION OF GRANTS.—

(1) STATES AND COUNTIES.—

(A) IN GENERAL.—The Secretary is authorized to award grants to States and counties to pay the Federal share of the costs involved in improving the administration of low-income family with children support programs, including simplifying application, recertification, reporting, and verification rules.

(B) FEDERAL SHARE.—The Federal share shall be 80 percent.

(2) NONPROFITS AND LOCALITIES.—The Secretary is authorized to award grants to nonprofits and localities to distribute information about and develop service centers for low-income family with children support programs.

(d) GRANT APPROVAL CRITERIA.—

(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Agriculture, shall establish criteria for approval of an application for a grant under this section that include consideration of—

(A) an applicant's record of serving low-income populations;

(B) an applicant's ability to reach hard-to-serve populations;

(C) the level of innovation in the applicant's grant proposal; and

(D) any partnerships between the public and private sector in the applicant's grant proposal.

(2) SEPARATE CRITERIA.—Separate criteria shall be established for the grants authorized under paragraphs (1) and (2) of subsection (c).

(e) USES OF FUNDS.—

(1) STATES AND COUNTIES.—

(A) IMPROVEMENTS IN PROGRAMS.—Grants awarded to States and counties under subsection (c)(1) shall be used to—

(i) simplify low-income family with children support program application, re-

certification, reporting, and verification rules;

(ii) create uniformity in eligibility criteria for low-income family with children support programs;

(iii) develop options for families to apply for low-income family with children support programs through the telephone, mail, facsimile, Internet, or electronic mail, and submit any recertifications or reports required for such families through these options;

(iv) co-locate eligibility workers for various low-income family with children support programs at strategically located sites; and

(v) develop or enhance one-stop service centers for low-income family with children support programs, including establishing evening and weekend hours at these centers.

(B) CUSTOMER SURVEYS.—

(i) IN GENERAL.—A grant awarded to a State or county under subsection (c)(1)

shall be used to carry out a customer survey.

(ii) MODEL SURVEYS.—The customer survey under clause (i) shall be modeled after a form developed by the Secretary under subsection (g).

(iii) REPORTS TO SECRETARY.—Not later than 1 year after a State or county is awarded a grant under subsection (c)(1), and annually thereafter, the State or county shall submit a report to the Secretary detailing the results of the customer survey carried out under clause (i).

(iv) REPORTS TO PUBLIC.—A State or county receiving a grant under subsection (c)(1) and the Secretary shall make the report required under clause (iii) available to the public.

(v) PUBLIC COMMENT.—A State or county receiving a grant under subsection (c)(1) shall accept public comments and hold public hearings on the report made available under clause (iv).

(C) TRACKING SYSTEMS.—

(i) IN GENERAL.—A grant awarded to a State or county under subsection (c)(1) shall be used to implement a tracking system to determine the level of participation in low-income family with children support programs of the eligible population.

(ii) REPORTS.—Not later than 1 year after a State or county is awarded a grant under subsection (c)(1), and annually thereafter, the State or county shall submit a report to the Secretary detailing the effectiveness of the tracking system implemented under clause (i).

(D) REPORTING.—A State or county awarded a grant under subsection (c)(1) shall adopt the most favorable options available under Federal law to reduce or eliminate requirements for low-income families receiving assistance under TANF or food stamps to report changes in income, residence, or employment, including such requirements as they relate to the determination of State expenditures to meet TANF maintenance of effort requirements.

(E) IN-PERSON INTERVIEWS.—A State or county awarded a grant under subsection (c)(1)—

(i) may expend funds made available under the grant to provide for reporting and recertification procedures through the telephone, mail, facsimile, Internet, or electronic mail; and

(ii) shall adopt the most favorable options available under Federal law to reduce or eliminate requirements for in-person interviews for redeterminations of eligibility for TANF or food stamps.

(F) SHARING DOCUMENTATION AND VERIFICATION INFORMATION.—A grant awarded to a State or county under subsection (c)(1) shall be used to develop procedures by which—

(i) a low-income family is relieved of the requirement to present documentation to establish eligibility for various low-income family with children support programs where information concerning the family's income exists in State databases and the family is provided adequate oppor-

tunity to review, correct, and contest such information;

(ii) a low-income family is given the option to present the same documentation to establish eligibility for various low-income family with children support programs; and

(iii) verification of the documentation presented under clause (ii) is shared among agencies with responsibility for the administration of low-income family with children support programs.

(G) JURISDICTION-WIDE IMPLEMENTATION.—

(i) IN GENERAL.—A grant awarded to a State or county under subsection (c)(1) shall be used for activities throughout the jurisdiction.

(ii) EXCEPTION.—A State or county awarded a grant under subsection (c)(1) may use grant funds to develop one-stop service centers and telephone, mail, facsimile, Internet, or electronic mail application and renewal procedures for low-income family with children support programs

without regard to the requirements of clause (i).

(H) SUPPLEMENT NOT SUPPLANT.—Funds provided to a State or county under a grant awarded under subsection (c)(1) shall be used to supplement and not supplant other State or county public funds expended to provide support services for low-income families.

(2) NONPROFITS AND LOCALITIES.—A grant awarded to a nonprofit or locality under subsection (c)(2) shall be used to—

(A) develop one-stop service centers for low-income family with children support programs in cooperation with States and counties; and

(B) provide information about and referrals to low-income family with children support programs through the dissemination of materials at strategic locations, including schools, clinics, and shopping locations.

(f) APPLICATION.—

(1) IN GENERAL.—Each applicant desiring a grant under paragraph (1) or (2) of subsection (c) shall submit an application to the Secretary at such

time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(2) STATES AND COUNTIES.—

(A) NON-FEDERAL SHARE.—Each State or county applicant shall provide assurances that the applicant will pay the non-Federal share of the activities for which a grant is sought.

(B) CERTIFICATION PERIODS.—

(i) IN GENERAL.—In order to receive a grant under subsection (c)(1), each State or county applicant shall provide assurances that the applicant will establish certification periods of at least 1 year for TANF and food stamps.

(ii) EXCEPTION.—The certification period under clause (i) may be extended to 2 years for households in which all members of the household are elderly or disabled.

(C) PARTNERSHIPS.—Each State or county applicant shall submit a memorandum of understanding demonstrating that the applicant has entered into a partnership to coordinate its efforts under the grant with the efforts of other State and county agencies that have responsi-

bility for providing low-income families with assistance or benefits.

(g) DUTIES OF THE SECRETARY.—

(1) SURVEY FORM.—The Secretary, in cooperation with other relevant agencies, shall develop a customer survey form to determine whether low-income families—

(A) encounter any impediments in applying for or renewing their participation in low-income family with children support programs; and

(B) are unaware of low-income family with children support programs for which they are eligible.

(2) REPORTS.—

(A) ANNUAL REPORTS.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall submit a report to Congress describing the uses of grant funds awarded under this section.

(B) RESULTS OF TRACKING SYSTEMS AND SURVEYS.—The Secretary shall submit a report to Congress detailing the results of the tracking systems implemented and customer surveys carried out by States and counties under sub-

section (e) as the information becomes available.

(h) MISCELLANEOUS.—

(1) MATCHING FUNDS.—

(A) IN GENERAL.—Matching funds required from a State or county awarded a grant under subsection (c)(1) may—

(i) include in-kind services and expenditures by municipalities and private entities; and

(ii) be considered a qualified State expenditure for purposes of determining whether the State has satisfied the maintenance of effort requirements of the temporary assistance for needy families program under section 409(a)(7) of the Social Security Act (42 U.S.C. 609(a)(7)).

(B) CONFORMING AMENDMENT.—Section 409(a)(7)(B)(iv) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(iv)) is amended by striking ''title.'' and inserting ''title, and also includes State funds which are expended as a condition of receiving Federal funds under a grant made under section 5001 of the Leave No Child Behind Act.''.

(2) LIMITATION ON EXPENDITURES.—

(A) IN GENERAL.—Subject to paragraph 3—

(i) not more than 20 percent of a grant awarded under subsection (c) shall be expended on customer surveys or tracking systems; and

(ii) except as provided in subparagraph (B), not more than 15 percent of a grant awarded under subsection (c) shall be expended on administrative costs.

(B) AUTOMATION EXCEPTION.—The limitation on administrative expenditures under subparagraph (A)(ii) shall not apply to expenditures for the acquisition, implementation, or maintenance of information technology, computerization, or other automated data processing to accomplish the purposes of a grant awarded under subsection (c).

(3) REVERSION OF FUNDS.—Any funds not expended by a grantee within 2 years after awarded a grant shall be available for redistribution among other grantees in such manner and amount as the Secretary may determine, unless the Secretary ex-

tends by regulation the 2-year time period to expend funds.

(4) NONAPPORTIONMENT.—Notwithstanding any other provision of law, a State, county, locality, or nonprofit awarded a grant under subsection (c) is not required to apportion the costs of providing information about low-income family with children support programs among all low-income family with children support programs.

(5) ADMINISTRATIVE COSTS OF THE SECRETARY.—Not more than 5 percent of the funds appropriated to carry out this section shall be expended on administrative costs of the Secretary.

(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000,000 for the period of fiscal years 2002 through 2006.

Subtitle B—Support From Both Parents

CHAPTER 1—CHILD SUPPORT DISTRIBUTION

SEC. 5101. SHORT TITLE.

This subtitle may be cited as the ''Child Support Distribution Act of 2001''.

Subchapter A—Distribution of Child Support

SEC. 5111. DISTRIBUTION OF CHILD SUPPORT COLLECTED BY STATES ON BEHALF OF CHILDREN RECEIVING CERTAIN WELFARE BENEFITS.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) of the Social Security Act (42 U.S.C. 608(a)(3)) is amended to read as follows:

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of providing assistance to a family under the State program funded under this part, that a member of the family assign to the State any rights the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so provided to the family, which accrues during the period that the family receives assistance under the program.".

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

(A) IN GENERAL.—Section 457(a) of such Act (42 U.S.C. 657(a)) is amended to read as follows:

"(a) IN GENERAL.—Subject to subsections (e) and (f), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

"(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

"(C) pay to the family any remaining amount.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the

current support amount, the State shall pay the amount to the family.

"(B) ARREARAGES.—To the extent that the amount collected exceeds the current support amount, the State—

"(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

"(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

"(I) pay to the Federal Government, the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

"(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

"(iii) shall pay to the family any remaining amount.

"(3) LIMITATIONS.—

"(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the

Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

"(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (4), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

"(6) STATE FINANCING OPTIONS.—To the extent that the State share of the amount payable to a family for a month pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State

estimates (under procedures approved by the Secretary) would have been payable to the family for the month pursuant to former section 457(a)(2) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to use the grant made to the State under section 403(a) to pay the amount, or to have the payment considered a qualified State expenditure for purposes of section 409(a)(7), but not both.

"(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION.—

"(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that is not a recipient of assistance under the State program funded under part A, to the extent that the State pays the amount to the family.

"(B) RECIPIENTS OF TANF FOR LESS THAN 5 YEARS.—

"(i) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a State shall not

be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that is a recipient of assistance under the State program funded under part A and that has received the assistance for not more than 5 years after the date of enactment of this paragraph, to the extent that—

"(I) the State pays the amount to the family; and

"(II) subject to clause (ii), the amount is disregarded in determining the amount and type of the assistance provided to the family.

"(ii) LIMITATION.—Of the amount disregarded as described in clause (i)(II), the maximum amount that may be taken into account for purposes of clause (i) shall not exceed $400 per month, except that, in the case of a family that includes 2 or more children, the State may elect to increase the maximum amount to not more than $600 per month.".

(B) APPROVAL OF ESTIMATION PROCEDURES.—Not later than October 1, 2001, the

Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security Act), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act.

(2) CURRENT SUPPORT AMOUNT DEFINED.—Section 457(c) of such Act (42 U.S.C. 657(c)) is amended by adding at the end the following:

"(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.".

(c) BAN ON RECOVERY OF MEDICAID COSTS FOR CERTAIN BIRTHS.—Section 454 of such Act (42 U.S.C. 654) is amended—

(1) by striking "and" at the end of paragraph (32);

(2) by striking the period at the end of paragraph (33) and inserting "; and"; and

(3) by inserting after paragraph (33) the following:

"(34) provide that the State shall not use the State program operated under this part to collect any amount owed to the State by reason of costs incurred under the State plan approved under title XIX for the birth of a child for whom support rights have been assigned pursuant to section 408(a)(3), 471(a)(17), or 1912.".

(d) STATE OPTION TO DISCONTINUE CERTAIN SUPPORT ASSIGNMENTS.—Section 457(b) of such Act (42 U.S.C. 657(b)) is amended by striking "shall" and inserting "may".

(e) CONFORMING AMENDMENTS.—

(1) Section 409(a)(7)(B)(i)(I)(aa) of such Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by striking "457(a)(1)(B)" and inserting "457(a)(1)".

(2) Section 404(a) of such Act (42 U.S.C. 604(a)) is amended—

(A) by striking "or" at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting "; or"; and

(C) by adding at the end the following:

"(3) to fund payment of an amount pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects under sec-

tion 457(a)(6) to use the grant to fund the payment.''.

(3) Section 409(a)(7)(B)(i) of such Act (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

''(V) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects under section 457(a)(6) to have the payment considered a qualified State expenditure.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2006, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—In addition, a State may elect to have the amendments made by this section apply to the State and to amounts collected by the State, on and after such date as the State may select that is after the date of enactment of this Act and before October 1, 2006.

Subchapter B—Review and Adjustment of Child Support Orders

SEC. 5116. MANDATORY REVIEW AND MODIFICATION OF CHILD SUPPORT ORDERS FOR TANF RECIPIENTS.

(a) REVIEW EVERY 3 YEARS.—Section 466(a)(10)(A)(i) of the Social Security Act (42 U.S.C. 666(a)(10)(A)(i)) is amended in the matter preceding subclause (I)—

(1) by striking ''or,'' and inserting ''or''; and

(2) by striking ''upon the request of the State agency under the State plan or of either parent,''.

(b) REVIEW UPON LEAVING TANF.—

(1) NOTICE OF CERTAIN FAMILIES LEAVING TANF.—Section 402(a) of such Act (42 U.S.C. 602(a)) is amended by adding at the end the following:

"(8) CERTIFICATION THAT THE CHILD SUPPORT ENFORCEMENT PROGRAM WILL BE PROVIDED NOTICE OF CERTAIN FAMILIES LEAVING TANF PROGRAM.—A certification by the chief executive officer of the State that the State has established procedures to ensure that the State agency administering the child support enforcement program under the State plan approved under part D will be provided notice of the impending discontinuation of assistance to an individual under the State program funded under this part if the individual has custody of a child whose other parent is alive and not living at home with the child.".

(2) REVIEW.—Section 466(a)(10) of such Act (42 U.S.C. 666(a)(10)) is amended—

(A) in the paragraph heading, by striking "UPON REQUEST";

(B) in subparagraph (C), by striking "this paragraph" and inserting "subparagraph (A) or (B)"; and

(C) by adding at the end the following:

"(D) REVIEW UPON LEAVING TANF.—On receipt of a notice issued pursuant to section 402(a)(8), the State child support enforcement agency shall—

"(i) examine the case file involved;

"(ii) determine what actions (if any) are needed to locate any noncustodial parent, establish paternity or a support order, or enforce a support order in the case;

"(iii) immediately take the actions; and

"(iv) if there is a support order in the case which the State has not reviewed during the 1-year period ending with receipt of the notice, notwithstanding subparagraph (B), review and, if appropriate, adjust the order in accordance with subparagraph (A).".

Subchapter C—Demonstrations of Expanded Information and Enforcement

SEC. 5121. GUIDELINES FOR INVOLVEMENT OF PUBLIC NON-IV–D CHILD SUPPORT ENFORCEMENT AGENCIES IN CHILD SUPPORT ENFORCEMENT.

(a) IN GENERAL.—Not later than October 1, 2002, the Secretary, in consultation with States, local governments, and individuals or companies knowledgeable about involving public non-IV–D child support enforcement agencies in child support enforcement, shall develop rec-

ommendations which address the participation of public non-IV–D child support enforcement agencies in the establishment and enforcement of child support obligations. The matters addressed by the recommendations shall include substantive and procedural rules which should be followed with respect to privacy safeguards, data security, due process rights, administrative compatibility with Federal and State automated systems, eligibility requirements (such as registration, licensing, and posting of bonds) for access to information and use of enforcement mechanisms, recovery of costs by charging fees, penalties for violations of the rules, treatment of collections for purposes of section 458 of such Act, and avoidance of duplication of effort.

(b) DEFINITIONS.—In this title:

(1) CHILD SUPPORT.—The term ''child support'' has the meaning given in section 459(i)(2) of the Social Security Act.

(2) PUBLIC NON-IV–D CHILD SUPPORT ENFORCEMENT AGENCY.—The term ''public non-IV–D child support enforcement agency'' means an agency, of a political subdivision of a State, which is principally responsible for the operation of a child support registry or for the establishment or enforcement of an obligation to pay child support other than pur-

suant to the State plan approved under part D of title IV of such Act, or a clerk of court office of a political subdivision of a State.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(4) STATE.—The term ''State'' shall have the meaning given in section 1101(a)(1) of the Social Security Act for purposes of part D of title IV of such Act.

SEC. 5122. DEMONSTRATIONS INVOLVING ESTABLISHMENT AND ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS BY PUBLIC NON-IV–D CHILD SUPPORT ENFORCEMENT AGENCIES.

(a) PURPOSE.—The purpose of this section is to determine the extent to which public non-IV–D child support enforcement agencies may contribute effectively to the establishment and enforcement of child support obligations.

(b) APPLICATIONS.—

(1) CONSIDERATION.—The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this section.

(2) PREFERENCES.—In considering which applications to approve under this section, the Secretary shall give preference to applications submitted

by States that had a public non-IV–D child support enforcement agency as of January 1, 2001.

(3) APPROVAL.—

(A) TIMING; LIMITATION ON NUMBER OF PROJECTS.—On July 1, 2003, the Secretary may approve not more than 10 applications for projects providing for the participation of a public non-IV–D child support enforcement agency in the establishment and enforcement of child support obligations, and, if the Secretary receives at least 5 such applications that meet such requirements as the Secretary may establish, shall approve not less than 5 such applications.

(B) REQUIREMENTS.—The Secretary may not approve an application for a project unless—

(i) the applicant and the Secretary have entered into a written agreement which addresses at a minimum, privacy safeguards, data security, due process rights, automated systems, liability, oversight, and fees, and the applicant has made a commitment to conduct the project in accordance with the written agreement

and such other requirements as the Secretary may establish;

(ii) the project includes a research plan (but such plan shall not be required to use random assignment) that is focused on assessing the costs and benefits of the project; and

(iii) the project appears likely to contribute significantly to the achievement of the purpose of this title.

(c) DEMONSTRATION AUTHORITY.—On approval of an application submitted by a State under this section—

(1) the State agency responsible for administering the State plan under part D of title IV of the Social Security Act may, subject to the privacy safeguards of section 454(26) of such Act, provide to any public non-IV–D child support enforcement agency participating in the demonstration project all information in the State Directory of New Hires and any information obtained through information comparisons under section 453(j)(3) of such Act about an individual with respect to whom the public non-IV–D agency is seeking to establish or enforce a child support obligation, if the public non-IV–D agency meets such requirements as the State may

establish and has entered into an agreement with the State under which the public non-IV–D agency has made a binding commitment to carry out establishment and enforcement activities with respect to the child support obligation subject to the same data security, privacy protection, and due process requirements applicable to the State agency and in accordance with procedures approved by the head of the State agency;

(2) the State agency may charge and collect fees from any such public non-IV–D agency to recover costs incurred by the State agency in providing information and services to the public non-IV–D agency under the demonstration project;

(3) if a public non-IV–D child support enforcement agency has agreed to collect past-due support (as defined in section 464(c) of such Act) owed by a named individual, and the State agency has submitted a notice to the Secretary of the Treasury pursuant to section 464 of such Act on behalf of the public non-IV–D agency, then the Secretary of the Treasury shall consider the State agency to have agreed to collect such support for purposes of such section 464, and the State agency may collect from the public non-IV–D agency any fee which the State

is required to pay for the cost of applying the offset procedure in the case;

(4) for so long as a public non-IV–D child support enforcement agency is participating in the demonstration project, the public non-IV–D agency shall be considered part of the State agency for purposes of section 469A of such Act; and

(5) for so long as a public non-IV–D child support enforcement agency is participating in the demonstration project, the public non-IV–D agency shall be considered part of the State agency for purposes of section 303(e) of such Act but only with respect to any child support obligation that the public non-IV–D agency has agreed to collect.

(d) WAIVER AUTHORITY.—The Secretary may waive or vary the applicability of any provision of sections 303(e), 454(31), 464, 466(a)(7), 466(a)(17), and 469A of the Social Security Act to the extent necessary to enable the conduct of demonstration projects under this section, subject to the preservation of the data security, privacy protection, and due process requirements of part D of title IV of such Act.

(e) FEDERAL AUDIT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct an audit of the dem-

onstration projects conducted under this section for the purpose of examining and evaluating the manner in which information and enforcement tools are used by the public non-IV–D child support enforcement agencies participating in the projects.

(2) REPORT TO CONGRESS.—

(A) IN GENERAL.—The Comptroller General of the United States shall submit to Congress a report on the audit required by paragraph (1).

(B) TIMING.—The report required by subparagraph (A) shall be so submitted not later than October 1, 2005.

(f) SECRETARIAL REPORT TO CONGRESS.—

(1) IN GENERAL.—The Secretary shall submit to Congress a report on the demonstration projects conducted under this section, which shall include the results of any research or evaluation conducted pursuant to this title, and shall include policy recommendations regarding the establishment and enforcement of child support obligations by the agencies involved.

(2) TIMING.—The report required by paragraph (1) shall be so submitted not later than October 1, 2006.

SEC. 5123. GAO REPORT TO CONGRESS ON PRIVATE CHILD SUPPORT ENFORCEMENT AGENCIES.

(a) IN GENERAL.—Not later than October 1, 2002, the Comptroller General of the United States shall submit to Congress a report on the activities of private child support enforcement agencies that shall be designed to help Congress determine whether the agencies are providing a needed service in a fair manner using accepted debt collection practices and at a reasonable fee.

(b) MATTERS TO BE ADDRESSED.—Among the matters addressed by the report required by subsection (a) shall be the following:

(1) The number of private child support enforcement agencies.

(2) The types of debt collection activities conducted by the private agencies.

(3) The fees charged by the private agencies.

(4) The methods used by the private agencies to collect fees from custodial parents.

(5) The nature and degree of cooperation the private agencies receive from State agencies responsible for administering State plans under part D of title IV of the Social Security Act.

(6) The extent to which the conduct of the private agencies is subject to Federal or State regula-

tion, and if so, the extent to which the regulations are effectively enforced.

(7) The amount of child support owed but uncollected and changes in this amount in recent years.

(8) The average period of time required for the completion of successful enforcement actions yielding collections of past-due child support by both the child support enforcement programs operated pursuant to State plans approved under part D of title IV of the Social Security Act and, to the extent known, by private child support enforcement agencies.

(9) The types of Federal and State child support enforcement remedies and resources currently available to private child support enforcement agencies, and the types of such remedies and resources now restricted to use by State agencies administering State plans referred to in paragraph (8).

(c) PRIVATE CHILD SUPPORT ENFORCEMENT AGENCY DEFINED.—In this section, the term ''private child support enforcement agency'' means a person or any other nonpublic entity which seeks to establish or enforce an obligation to pay child support (as defined in section 459(i)(2) of the Social Security Act).

SEC. 5124. EFFECTIVE DATE.

This title shall take effect on the date of enactment of this Act.

Subchapter D—Expanded Enforcement

SEC. 5126. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

Section 452(k) of the Social Security Act (42 U.S.C. 652(k)) is amended by striking ''$5,000'' and inserting ''$2,500''.

SEC. 5127. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

Section 464 of the Social Security Act (42 U.S.C. 664) is amended—

(1) in subsection (a)(2)(A), by striking ''(as that term is defined for purposes of this paragraph under subsection (c))''; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking ''(1) Except as provided in paragraph (2), as used in'' and inserting ''In''; and

(ii) by inserting ''(whether or not a minor)'' after ''a child'' each place it appears; and

(B) by striking paragraphs (2) and (3).

SEC. 5128. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.

Section 459(h) of the Social Security Act (42 U.S.C. 659(h)) is amended—

(1) in paragraph (1)(A)(ii)(V), by striking all that follows ''Armed Forces'' and inserting a semicolon; and

(2) by adding at the end the following:

''(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

''(A) Compensation described in paragraph (1)(A)(ii)(V) shall not be subject to withholding pursuant to this section—

''(i) for payment of alimony; or

''(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

''(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.''.

Subchapter E—Miscellaneous

SEC. 5131. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed due to a change in address. The report shall include an estimate of the total amount of such undistributed child support and the average length of time it takes for such child support to be distributed. The Secretary shall include in the report recommendations as to whether additional procedures should be established at the Federal or State level to expedite the payment of undistributed child support.

SEC. 5132. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following:

"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

"(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

"(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2001.

SEC. 5133. IMMIGRATION PROVISIONS.

(a) NONIMMIGRANT ALIENS INELIGIBLE TO RECEIVE VISAS AND EXCLUDED FROM ADMISSION FOR NONPAYMENT OF CHILD SUPPORT.—

(1) IN GENERAL.—Section 212(a)(10) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)) is amended by adding at the end the following:

"(F) NONPAYMENT OF CHILD SUPPORT.—

"(i) IN GENERAL.—Any nonimmigrant alien is inadmissible who is legally obligated under a judgment, decree, or order to pay child support (as defined in section 459(i) of the Social Security Act), and whose failure to pay such child support has resulted in an arrearage exceeding $2,500, until child support payments under the judgment, decree, or order are satisfied or the nonimmigrant alien is in compliance with an approved payment agreement.

"(ii) WAIVER AUTHORIZED.—The Attorney General may waive the application

of clause (i) in the case of an alien, if the Attorney General—

"(I) has received a request for the waiver from the court or administrative agency having jurisdiction over the judgment, decree, or order obligating the alien to pay child support that is referred to in such clause; or

"(II) determines that there are prevailing humanitarian or public interest concerns.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect 180 days after the date of enactment of this Act.

(b) AUTHORIZATION TO SERVE LEGAL PROCESS IN CHILD SUPPORT CASES ON CERTAIN ARRIVING ALIENS.—

(1) IN GENERAL.—Section 235(d) of the Immigration and Nationality Act (8 U.S.C. 1225(d)) is amended by adding at the end the following:

"(5) AUTHORITY TO SERVE PROCESS IN CHILD SUPPORT CASES.—

"(A) IN GENERAL.—To the extent consistent with State law, immigration officers are authorized to serve on any alien who is an ap-

plicant for admission to the United States legal process with respect to any action to enforce or establish a legal obligation of an individual to pay child support (as defined in section 459(i) of the Social Security Act).

"(B) DEFINITION.—For purposes of subparagraph (A), the term 'legal process' means any writ, order, summons, or other similar process, which is issued by—

"(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States; or

"(ii) an authorized official pursuant to an order of such a court or agency or pursuant to State or local law.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to aliens applying for admission to the United States on or after 180 days after the date of enactment of this Act.

(c) AUTHORIZATION TO SHARE CHILD SUPPORT ENFORCEMENT INFORMATION TO ENFORCE IMMIGRATION AND NATURALIZATION LAW.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 of the Social Security Act (42 U.S.C. 652) is amended by adding at the end the following:

''(m) If the Secretary receives a certification by a State agency, in accordance with section 454(35), that an individual who is a nonimmigrant alien (as defined in section 101(a)(15) of the Immigration and Nationality Act) owes arrearages of child support in an amount exceeding $2,500, the Secretary may, at the request of the State agency, the Secretary of State, or the Attorney General, or on the Secretary's own initiative, provide such certification to the Secretary of State and the Attorney General information in order to enable them to carry out their responsibilities under sections 212(a)(10) and 235(d) of such Act.''.

(2) STATE AGENCY RESPONSIBILITY.—Section 454 of the Social Security Act (42 U.S.C. 654), as amended by section 5111(c) of this Act, is amended—

(A) by striking ''and'' at the end of paragraph (33);

(B) by striking the period at the end of paragraph (34) and inserting ''; and''; and

(C) by inserting after paragraph (34) the following:

"(35) provide that the State agency will have in effect a procedure for certifying to the Secretary, in such format and accompanied by such supporting documentation as the Secretary may require, determinations that nonimmigrant aliens owe arrearages of child support in an amount exceeding $2,500.".

SEC. 5134. CORRECTION OF ERRORS IN CONFORMING AMENDMENTS IN THE WELFARE-TO-WORK AND CHILD SUPPORT AMENDMENTS OF 1999.

The amendments made by section 2402 of Public Law 106–246 shall take effect as if included in the enactment of section 806 of H.R. 3424 of the 106th Congress by section 1000(a)(4) of Public Law 106–113.

SEC. 5135. INCREASE IN PAYMENT RATE TO STATES FOR EXPENDITURES FOR SHORT-TERM TRAINING OF STAFF OF CERTAIN CHILD WELFARE AGENCIES.

Section 474(a)(3)(B) of the Social Security Act (42 U.S.C. 674(a)(3)(B)) is amended by inserting ", or State-licensed or State-approved child welfare agencies providing services," after "child care institutions".

SEC. 5136. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this subtitle and in subsection (b) of this section, this subtitle and the amendments made by this subtitle shall take

effect on October 1, 2002, and shall apply to payments under part D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments are promulgated by such date.

(b) DELAY PERMITTED IF STATE LEGISLATION REQUIRED.—In the case of a State plan approved under section 454 of the Social Security Act which requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the State plan shall not be regarded as failing to comply with the additional requirements solely on the basis of the failure of the plan to meet the additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

CHAPTER 2—CHILD SUPPORT DEMONSTRATION PROGRAMS

SEC. 5141. SHORT TITLE.

This chapter may be cited as the ''Child Support Assurance Act of 2001''.

SEC. 5142. PURPOSES.

The purposes of this chapter are to enable participating States to establish, expand, or improve child support assurance systems in order to improve the economic circumstances of children who do not receive a minimum level of child support in a given month from the noncustodial parents of such children, to strengthen the establishment and enforcement of child support awards, and to promote work by custodial and noncustodial parents.

SEC. 5143. DEFINITIONS.

In this chapter:

(1) CHILD.—The term ''child'' means an individual who is of such an age, disability, or educational status as to be eligible for child support as provided for by law.

(2) ELIGIBLE CHILD.—The term ''eligible child'' means a child who—

(A) is not currently receiving cash assistance under the State program funded under

part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(B) meets the eligibility requirements established by the State for participation in a project administered under this section; and

(C) is the subject of a support order, as defined in section 453(p) of the Social Security Act (42 U.S.C. 653(p)), or for which good cause exists, as determined by the appropriate State agency under section 454(29)(A) of such Act (42 U.S.C. 654(29)(A)), for not having or pursuing a support order.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

SEC. 5144. ESTABLISHMENT OF CHILD SUPPORT ASSURANCE DEMONSTRATION PROJECTS.

(a) DEMONSTRATIONS AUTHORIZED.—The Secretary shall make grants to not less than 3 and not more than 5 States to conduct demonstration projects for the purpose of establishing, expanding, or improving a system of an assured minimum child support payment to an eligible child in accordance with this section.

(b) APPLICATION AND SELECTION.—

(1) APPLICATION REQUIREMENTS.—An application for a grant under this section shall be sub-

mitted by the chief executive officer of a State and shall—

(A) contain a description of the proposed child support assurance project to be established, expanded, or improved using amounts provided under this section, including the level of the assured minimum child support payment to be provided and the agencies that will be involved;

(B) specify whether the project will be carried out throughout the State or in limited areas of the State;

(C) specify the level of income, if any, at which a recipient or applicant will be ineligible for an assured minimum child support payment under the project;

(D) estimate the number of children who will be eligible for assured minimum child support payments under the project;

(E) contain a description of the work requirements, if any, for custodial parents whose children are participating in the project;

(F) contain a commitment by the State to carry out the project during a period of not less

than 3 and not more than 5 consecutive fiscal years beginning with fiscal year 2002; and

(G) contain such other information as the Secretary may require by regulation.

(2) SELECTION CRITERIA.—The Secretary shall consider—

(A) geographic diversity in the selection of States to conduct demonstration projects under this section; and

(B) any other criteria that the Secretary determines will contribute to the achievement of the purposes of this title.

(c) USE OF FUNDS.—

(1) GRANT FUNDS.—A State shall use amounts provided under a grant awarded under this section to carry out a child support assurance project that is designed to provide a minimum monthly child support payment for each eligible child participating in the project to the extent that such minimum child support is not paid in a month by the noncustodial parent.

(2) TANF FUNDS.—

(A) IN GENERAL.—A State selected to conduct a demonstration project under this title may use, in addition to the amounts provided

under a grant awarded under this section, funds provided under a State family assistance grant under section 403(a)(1) of the Social Security Act (42 U.S.C. 603(a)(1)) for the purpose described in paragraph (1).

(B) AUTHORITY TO INCLUDE AMOUNTS USED FOR PURPOSES OF TANF MAINTENANCE OF EFFORT REQUIREMENTS.—Section 409(a)(7)(B)(i)(I) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(I)) is amended by adding at the end the following:

"(ff) Notwithstanding clause (iv), funds provided under a State family assistance grant, under section 403(a)(1) that are used to establish, expand, or improve a system of assured minimum child support payments to eligible children (regardless of whether such children reside with an eligible family, as defined in subclause (IV)) in accordance with the Leave No Child Behind Act of 2001.".

(d) TREATMENT OF CHILD SUPPORT PAYMENT.—Any assured minimum child support payment received by an individual under this title shall be considered child support for purposes of determining the treatment of such payment under—

(1) the Internal Revenue Code of 1986; and

(2) any eligibility requirements for any means-tested program of assistance.

(e) DURATION.—A demonstration project conducted under this section shall commence on October 1, 2003, and shall be conducted for not less than 3 and not more than 5 consecutive fiscal years, except that the Secretary may terminate a project before the end of such period if the Secretary determines that the State conducting the project is not in compliance with the terms of the application approved by the Secretary under this section.

(f) EVALUATIONS AND REPORTS.—

(1) STATE EVALUATIONS.—

(A) IN GENERAL.—Each State administering a demonstration project under this section shall—

(i) provide for evaluation of the project, meeting such conditions and standards as the Secretary may require; and

(ii) submit to the Secretary reports, at the times and in the formats as the Secretary may require, and containing any information (in addition to the information required under subparagraph (B)) as the Secretary may require.

(B) REQUIRED INFORMATION.—A report submitted under subparagraph (A)(ii) shall include information on and analysis of the effect of the project with respect to—

(i) the amount of child support collected for project recipients;

(ii) the economic circumstances and work efforts of custodial parents;

(iii) the work efforts of noncustodial parents;

(iv) the rate of compliance by noncustodial parents with support orders;

(v) project recipients' need for assistance under means-tested assistance programs other than the project administered under this section; and

(vi) any other matters that the Secretary may specify.

(C) METHODOLOGY.—Information required under this paragraph shall be collected through the use of scientifically acceptable sampling methods.

(2) REPORTS TO CONGRESS.—The Secretary shall, on the basis of reports received from States administering projects under this section, submit interim reports and, not later than 6 months after the conclusion of all projects administered under this section, a final report to Congress. A report submitted under this paragraph shall contain an assessment of the effectiveness of the State projects administered under this section and any recommendations for legislative action that the Secretary considers appropriate.

(g) FUNDING.—There shall be available to the Secretary, from amounts made available to carry out part D of title IV of the Social Security Act, for purposes of carrying out demonstration projects under this section, amounts not to exceed—

(1) $27,000,000 for fiscal year 2004;

(2) $55,000,000 for fiscal year 2005; and

(3) $70,000,000 for each of fiscal years 2006 through 2008.

Subtitle C—Fair Wages and Unemployment Insurance

CHAPTER 1—FAIR MINIMUM WAGE

SEC. 5201. SHORT TITLE.

This chapter may be cited as the ''Fair Minimum Wage Act of 2001''.

SEC. 5202. MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.75 an hour beginning 30 days after the date of enactment of the Fair Minimum Wage Act of 2001;

''(B) $6.25 an hour during the year beginning January 1, 2002; and

''(C) $6.65 an hour beginning January 1, 2003;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 30 days after the date of enactment of this Act.

SEC. 5203. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour beginning 30 days after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

CHAPTER 2—LIVABLE WAGES FOR EMPLOYEES UNDER FEDERAL CONTRACTS

SEC. 5211. SHORT TITLE.

This chapter may be cited as the ''Federal Living Wage Responsibility Act''.

SEC. 5212. FINDINGS.

The Congress finds the following:

(1) American workers are working harder to make ends meet.

(2) The wages of many working Americans have not kept pace with the cost of providing for their families.

(3) The Federal Government provides billions of dollars in subsidies to businesses each year through both spending programs and the Internal Revenue Code of 1986.

(4) Recipients of Federal contracts have benefited greatly from the provision of taxpayers' dollars.

(5) The Congressional Budget Office concluded that the Federal Government spends more than $30 billion a year on spending and credit programs.

(6) Congress must ensure that Federal dollars are used responsibly to improve the economic security and well-being of Americans across the country.

SEC. 5213. POVERTY LEVEL WAGE.

(a) REQUIREMENT.—

(1) GENERAL RULE.—Except as provided in paragraph (2), any employer under a Federal contract for an amount exceeding $10,000 or a subcontract under a Federal contract for such an amount shall, except as provided in subsection (b), pay each of the employer's employees working on or hired in conjunction with such contract or subcontract—

(A) an hourly wage necessary for such employee to earn, while working 40 hours a week on a full-time basis, the amount of the Federal poverty level for a family of 4 (as published in the Federal Register by the Department of Health and Human Services under the authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981), or

(B) $8.20 an hour,

whichever is greater.

(2) EXCEPTION.—An employer which is—

(A) a small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632), or

(B) a nonprofit organization exempt from Federal income tax under section 501(c) of the

Internal Revenue Code of 1986 if the ratio of the total compensation of its chief executive officer to the compensation of the full-time equivalent of its lowest paid employee is not greater than 25 to 1,

shall not be required to pay the wage prescribed by paragraph (1).

(3) SCOPE.—An employer may not avoid the requirement of paragraph (1) by laying off or otherwise terminating the employment of an employee with the intention of replacing such employee with an employee who, under subsection (b), is not eligible for the subsection (a) wage.

(b) EXCEPTION.—An employee who is participating in—

(1) an apprenticeship program, or

(2) any other training program which does not exceed 6 months in duration and which is offered to an employee while employed in productive work that provides training, technical and other related skills, and personal skills that are essential to the full and adequate performance of the employee's employment,

is not eligible for the wage prescribed by subsection (a).

(c) CONTRACT REQUIREMENT.—Any contract between the Federal Government and any contractor and any contract between such contractor with a subcontractor to carry out work for the Federal Government shall require the contractor or subcontractor to pay the wage prescribed by subsection (a)(1).

(d) ENFORCEMENT.—

(1) SUSPENSION.—If an employer does not pay the wage required by subsection (a) the Federal contract or subcontract under which such employer was employing employees shall be suspended.

(2) INELIGIBILITY.—An employer described in paragraph (1) shall not be eligible for any Federal contract or subcontract for a period of 5 years beginning on the date the employer does not pay the required wage.

(3) RESTITUTION.—An employer who does not pay the wage required by subsection (a) shall be liable to the United States in an amount equal to the unpaid wages and in addition an equal amount as liquidated damages. The Secretary of Labor shall pay to the employees who were not paid such wage the amount recovered by the United States under this paragraph.

SEC. 5214. EFFECTIVE DATE.

This chapter shall take effect with respect to Federal contracts entered into, renewed, or extended after 90 days after the date of enactment of this Act.

CHAPTER 3—UNEMPLOYMENT INSURANCE

SEC. 5221. PARITY FOR PART-TIME WORKERS, FAIR COUNTING OF WAGES, AND USE OF IMPROVED TECHNOLOGY FOR MAKING WAGE DATA AVAILABLE.

(a) IN GENERAL.—Subsection (a) of section 3304 of the Internal Revenue Code of 1986 (relating to approval of State unemployment compensation laws) is amended—

(1) in paragraph (18), by striking ''and'' at the end;

(2) by redesignating paragraph (19) as paragraph (21); and

(3) by inserting after paragraph (18) the following new paragraphs:

''(19) compensation shall not be denied to an individual solely because such individual is seeking only part-time work, if—

''(A) such individual otherwise qualifies for unemployment compensation; and

''(B) the part-time work sought by such individual generally requires seeking suitable and

comparable part-time work under provisions of State law reasonably implementing this provision;

''(20) with respect to each individual who was initially determined ineligible for compensation under provisions of State law relating to base period wages and employment, eligibility for compensation is determined by using wage and employment information received by the State agency from any employer for the most recently completed calendar quarter, except that nothing in this paragraph shall be construed as prohibiting a State from using any additional wage and employment information considered by such State for monetary eligibility; and''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall apply to compensation paid for weeks of unemployment beginning after June 30, 2002.

(2) AMENDMENT RELATING TO USE OF RECENT WAGES.—Section 3304(a)(20) of the Internal Revenue Code of 1986, as added by subsection (a)(3), shall apply to compensation paid for weeks of unemployment beginning after December 31, 2002.

SEC. 5222. ENSURING UNEMPLOYMENT COMPENSATION FOR INDIVIDUALS THAT ARE SEPARATED FROM EMPLOYMENT DUE TO DOMESTIC VIOLENCE.

(a) UNEMPLOYMENT COMPENSATION.—Section 3304 of the Internal Revenue Code of 1986 (relating to approval of State unemployment compensation laws), as amended by section 5221, is amended—

(1) in subsection (a)—

(A) in paragraph (20), by striking ''and'' at the end;

(B) by redesignating paragraph (21) as paragraph (22); and

(C) by inserting after paragraph (20) the following new paragraph:

''(21) compensation is to be paid where an individual is separated from employment due to circumstances directly resulting from domestic violence; and''; and

(2) by adding at the end the following new subsection:

''(g) CONSTRUCTION.—

''(1) IN GENERAL.—For purposes of subsection (a)(21), an employee's separation from employment shall be treated as due to circumstances directly re-

sulting from domestic violence if the separation resulted from—

"(A) the employee's reasonable fear of future domestic violence at or en route to or from the employee's place of employment;

"(B) the employee's wish to relocate to another geographic area in order to avoid future domestic violence against the employee or the employee's family;

"(C) the employee's need to recover from traumatic stress resulting from the employee's experience of domestic violence;

"(D) the employer's denial of the employee's request for the temporary leave from employment to address domestic violence and its effects; or

"(E) any other circumstance in which domestic violence causes the employee to reasonably believe that termination of employment is necessary for the future safety of the employee or the employee's family.

"(2) REASONABLE EFFORTS TO RETAIN EMPLOYMENT.—For purposes of subsection (a)(21), if State law requires the employee to have made reasonable efforts to retain employment as a condition

for receiving unemployment compensation, such requirement shall be met if the employee—

"(A) sought protection from, or assistance in responding to, domestic violence, including calling the police or seeking legal, social work, medical, clergy, or other assistance;

"(B) sought safety, including refuge in a shelter or temporary or permanent relocation, whether or not the employee actually obtained such refuge or accomplished such relocation; or

"(C) reasonably believed that options such as taking a leave of absence, transferring jobs, or receiving an alternative work schedule would not be sufficient to guarantee the employee or the employee's family's safety.

"(3) ACTIVE SEARCH FOR EMPLOYMENT.—For purposes of subsection (a)(21), if State law requires the employee to actively search for employment after separation from employment as a condition for receiving unemployment compensation, such requirement shall be treated as met where the employee is temporarily unable to actively search for employment because the employee is engaged in seeking safety or relief for the employee or the employee's family from domestic violence, including—

"(A) going into hiding or relocating or attempting to do so, including activities associated with such hiding or relocation, such as seeking to obtain sufficient shelter, food, schooling for children, or other necessities of life for the employee or the employee's family;

"(B) actively pursuing legal protection or remedies, including meeting with the police, going to court to make inquiries or file papers, meeting with attorneys, or attending court proceedings; or

"(C) participating in psychological, social, or religious counseling or support activities to assist the employee in ending domestic violence.

"(4) PROVISION OF INFORMATION TO MEET CERTAIN REQUIREMENTS.—In determining if an employee meets the requirements of paragraphs (1), (2), and (3), the unemployment agency of the State in which an employee is requesting unemployment compensation by reason of subsection (a)(21) may require the employee to provide—

"(A) documentation of the domestic violence, such as—

"(i) police or court records; or

"(ii) documentation from a shelter worker or an employee of a domestic violence program, an attorney, a clergy member, or a medical or other professional from whom the employee has sought assistance in addressing domestic violence and its effects; or

"(B) other corroborating evidence, such as—

"(i) a statement from any other individual with knowledge of the circumstances which provide the basis for the claim; or

"(ii) physical evidence of domestic violence, such as photographs or torn or bloody clothes.

All evidence of domestic violence experienced by an employee, including an employee's statement, any corroborating evidence, and the fact that an employee has applied for, or inquired about, unemployment compensation available by reason of subsection (a)(21) shall be retained in the strictest confidence by such State unemployment agency, except to the extent consented to by the employee where disclosure is necessary to protect the employee's safety.

"(5) EFFECT OF CLAIMS.—Claims filed for unemployment compensation solely by reason of subsection (a)(21) shall be disregarded in determining an employer's State unemployment taxes based on unemployment experience.".

(b) SOCIAL SECURITY PERSONNEL TRAINING.—Section 303(a) of the Social Security Act (42 U.S.C. 503(a)) is amended—

(1) by redesignating paragraphs (4) through (10) as paragraphs (5) through (11), respectively; and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) Such methods of administration as will ensure that claims reviewers and hearing personnel are adequately trained in—

"(A) the nature and dynamics of claims for unemployment compensation based on domestic violence under section 3304(a)(20) of the Internal Revenue Code of 1986; and

"(B) methods of ascertaining and keeping confidential information about possible experiences of domestic violence to ensure that—

"(i) requests for unemployment compensation based on domestic violence are

reliably screened, identified, and adjudicated; and

"(ii) complete confidentiality is provided for the employee's claim and submitted evidence; and".

(c) FUNDING FOR IMPROVED TECHNOLOGY TO ASSIST IN DETERMINING BENEFIT ELIGIBILITY.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended by adding at the end the following new paragraph:

"(6) In addition to amounts provided under paragraph (1)(A)(i), there is hereby appropriated out of the employment security administration account $60,000,000 for fiscal year 2001 (which shall remain available for obligation to the States through fiscal year 2003) for the purpose of assisting States in funding technology and other costs that accelerate access to wage and employment information in order to determine eligibility for unemployment compensation.".

(d) DEFINITIONS.—Section 3306 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

"(u) DOMESTIC VIOLENCE.—For purposes of this chapter, the term 'domestic violence' has the meaning given such term in section 2003(1) of title I of the Omni-

bus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–2).''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall take effect on November 1, 2001.

(2) FUNDING FOR IMPROVED TECHNOLOGY TO ASSIST IN DETERMINING BENEFIT ELIGIBILITY.—The amendment made by subsection (c) shall take effect on the date of enactment of this Act.

(3) EXCEPTION.—In the case of any State the legislature of which has not been in session for at least 30 calendar days (whether or not successive) between the date of enactment of this Act and November 1, 2001, the amendments made by this section shall take effect 30 calendar days after the first day on which such legislature is in session on or after November 1, 2001.

SEC. 5223. LOSS OF CHILD CARE AS GOOD CAUSE FOR LEAVING EMPLOYMENT.

(a) IN GENERAL.—Subsection (a) of section 3304 of the Internal Revenue Code of 1986 (relating to approval of State unemployment compensation laws), as amended by section 5222, is amended—

(1) in paragraph (21), by striking ''and'' at the end;

(2) by redesignating paragraph (22) as paragraph (23); and

(3) by inserting after paragraph (21) the following new paragraph:

''(22) if any individual leaves employment because of loss of adequate child care for a dependent child under the age of 12, for purposes of determining such individual's eligibility for compensation for any subsequent week for which such individual meets the State law requirements relating to availability for work and active search for work—

''(A) such individual shall be treated as having left such employment for good cause, and

''(B) any failure to return to such employment or to otherwise meet such State law requirements, while the lack of such child care continues, shall be disregarded; and''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall take effect on November 1, 2001.

(2) EXCEPTION.—In the case of any State the legislature of which has not been in session for at least 30 calendar days (whether or not successive) between the date of enactment of this Act and November 1, 2001, the amendments made by subsection (a) shall take effect 30 calendar days after the first day on which such legislature is in session on or after November 1, 2001.

Subtitle D—Jobs for Low-Income Parents

SEC. 5301. DISREGARD OF MONTHS ENGAGED IN WORK FOR PURPOSES OF 5-YEAR TANF ASSISTANCE LIMIT.

Section 408(a)(7) of the Social Security Act (42 U.S.C. 608(a)(7)) is amended—

(1) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (G), (H), and (I), respectively; and

(2) by inserting after subparagraph (D), the following:

"(E) DISREGARD OF MONTHS OF ASSISTANCE RECEIVED BY ADULT WHILE ENGAGED IN WORK.—In determining the number of months for which an adult has received assistance under a State or tribal program funded under

this part, the State or tribe shall disregard any month during which the adult is engaged in a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d) in accordance with the requirements of section 407(c).''.

SEC. 5302. STRENGTHENING TANF EDUCATION AND TRAINING REQUIREMENTS.

(a) IN GENERAL.—Section 407(c) of the Social Security Act (42 U.S.C. 607(c)) is amended—

(1) in paragraph (1)(A), by striking ''not fewer than 20 hours per week of which are attributable to an activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d),''; and

(2) in paragraph (2)(D)—

(A) by striking ''30 percent'' and inserting ''50 percent'';

(B) by striking ''For purposes of'' and inserting the following:

''(i) IN GENERAL.—For purposes of''; and

(C) by adding at the end the following:

''(ii) WAIVER.—The Secretary may waive the requirements of clause (i) with respect to an individual if a State dem-

onstrates that the vocational educational training or education described in subparagraph (C) that the individual is engaged in is part of the individual's individual responsibility plan developed under section 408(b) and is designed to ensure that the individual has a better chance of sustaining stable employment.''.

(b) ELIMINATION OF 12-MONTH LIMIT ON VOCATIONAL EDUCATIONAL TRAINING; INCLUSION OF POST-SECONDARY EDUCATION.—Section 407(d) of the Social Security Act (42 U.S.C. 607(d)) is amended—

(1) in paragraph (8), by striking ''(not to exceed 12 months with respect to any individual)'';

(2) in paragraph (11), by striking ''and'' at the end;

(3) by redesignating paragraph (12) as paragraph (13); and

(4) by inserting after paragraph (11), the following:

''(12) post-secondary education related to employment; and''.

SEC. 5303. ADDITION OF POVERTY REDUCTION BONUS TO TANF.

Section 403(a) of the Social Security Act (42 U.S.C. 603(a)), is amended by adding at the end the following:

"(6) BONUS TO REWARD STATES THAT REDUCE POVERTY.—

"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each fiscal year beginning with fiscal year 2003 for which the State is a qualified poverty reduction State, as determined under subparagraph (C).

"(B) AMOUNT OF GRANT.—With respect to a fiscal year, each State that the Secretary determines is a qualified poverty reduction State for that fiscal year shall receive a grant in an amount equal to the ratio of the amount appropriated under subparagraph (D) for that fiscal year to the total number of all such States for that fiscal year.

"(C) DETERMINATION OF QUALIFIED POVERTY REDUCTION STATES.—For purposes of subparagraph (A), a State shall be considered a qualified poverty reduction State for a fiscal year if the State satisfies the following:

"(i) PROVISION OF CERTAIN ASSISTANCE.—The State demonstrates to the Secretary that the State program funded under this part provides in each local political subdivision of the State for at least 3 of the following:

"(I) A work expense or transportation allowance for any low-income family that is not receiving assistance under the State program.

"(II) The use of income disregards sufficient to allow a family to remain eligible for at least partial assistance under the State program until the sum of the family's earned income and cash assistance exceed the poverty line applicable to such family.

"(III) On-the-job training or work/study programs in occupations likely to provide a livable wage. For purposes of this subclause, the term 'livable wage' means such hourly wage as is necessary for an employee to earn, while working 40 hours a week on a full-year basis, an amount equal

to the amount of the Federal poverty level for a family of 4 for that year (as published in the Federal Register by the Department of Health and Human Services under the authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981).

''(IV) Temporary subsidized employment that provides at least the minimum wage applicable under section 6 of the Fair Labor Standards Act for parents or caregivers who are unable to find other employment.

''(V) Non-recurrent assistance to help pay for the repair of a vehicle or appliance, past-due rent, a utility or fuel bill, vehicle licensing or insurance costs, or for other purposes deemed necessary by the State to enable eligible families with children to maintain stable work and living situations.

''(VI) A minimum monthly child support payment paid by the State to a low-income family with at least 1 child support order if the noncustodial

parent does not pay the minimum payment required under the order.

"(VII) With respect to families that have assigned to the State in accordance with section 408(a)(3) any child support rights a family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance), a pass through of child support collections to the family, with at least $100 per month of the pass-through payment disregarded for purposes of calculating assistance for the family under the State program funded under this part.

"(VIII) An increase in the State's minimum wage to at least $6.15 per hour or a State minimum wage indexed to inflation.

"(ii) DEMONSTRATION OF IMPROVED OUTCOMES FOR CURRENT AND FORMER RECIPIENTS OF ASSISTANCE.—

"(I) IN GENERAL.—With respect to a fiscal year, the State is one of the 10 States with the greatest year-to-year decline or, in the absence of 10 such States, the least year-to-year increase, in the child poverty rate adjusted by the severity of poverty. For purposes of this subclause, the child poverty rate adjusted by the severity of poverty shall be determined with respect to a State for a fiscal year by multiplying the State's percentage of children with family income below the poverty line for that fiscal year by the average difference per poor child in the State between the child's family income and the poverty line.

"(II) DETERMINATION OF INCOME.—For purposes of subclause (I), the Secretary shall, to the extent feasible, consider the following in calculating a family's income:

"(aa) Cash income, such as earnings, child support received

by the family, and government cash payments.

"(bb) Benefits received under the Food Stamp Act of 1977.

"(cc) Federal, State, or local income taxes paid by the family for the preceding taxable year and the refundable portion of any tax credits received.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for fiscal year 2003 and each fiscal year thereafter, $200,000,000 to make the grants required under this paragraph.".

SEC. 5304. PARTICIPATION IN WORKFORCE INVESTMENT BOARDS.

(a) STATE WORKFORCE INVESTMENT BOARDS.—Section 111(b)(1)(C) of the Workforce Investment Act of 1998 (29 U.S.C. 2821(b)(1)(C)) is amended—

(1) by redesignating clause (vii) as clause (viii);

(2) in clause (vi), by striking "and" at the end; and

(3) by inserting after clause (vi) the following:

"(vii) a representative of a lead State agency with responsibility for the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and".

(b) LOCAL WORKFORCE INVESTMENT BOARDS.—Section 117(b)(2)(A) of the Workforce Investment Act of 1998 (29 U.S.C. 2832(b)(2)(A)) is amended—

(1) in clause (v), by striking "and" at the end; and

(2) by adding at the end the following:

"(vii) a representative of the local agency, if any, with responsibility for the program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and".

SEC. 5305. CLARIFICATION OF TANF PURPOSE.

Section 401(a) of the Social Security Act (42 U.S.C. 601(a)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2), the following:

"(3) reduce poverty among families with children;".

SEC. 5306. EFFECTIVE DATE.

The amendments made by this subtitle take effect on October 1, 2001.

Subtitle E—Incentives to Serve Families

SEC. 5401. DEVELOPMENT OF MODEL CASEWORKER TRAINING MATERIALS.

(a) DEVELOPMENT OF MODEL CASEWORKER TRAINING MATERIALS.—The Secretary of Health and Human Services shall develop model training materials (including guidebooks and other resources) for caseworkers assigned to administer the provision of assistance to a family under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.). The model training materials shall be designed to train the caseworkers to improve the access of the family to other services and benefits that the family, or individuals within the family, may be eligible for, including—

(1) benefits under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h));

(2) medical assistance under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

(3) child health assistance under the State children's health insurance program under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.);

(4) the special supplemental nutrition program for women, infants, and children (WIC) under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

(5) child care assistance;

(6) transportation assistance;

(7) education or training assistance;

(8) job placement activities;

(9) the earned income tax credit under section 32 of the Internal Revenue Code of 1986; and

(10) services to treat or alleviate substance abuse, mental illness, or family violence.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Health and Human Services to carry out this section such sums as may be necessary for fiscal year 2002 and each fiscal year thereafter.

SEC. 5402. EXCEPTION TO LIMIT ON TANF ADMINISTRATIVE EXPENDITURES FOR CASEWORKER BONUSES AND OTHER STATE INITIATIVES TO ELIMINATE BARRIERS TO WORK.

Section 404(b)(2) of the Social Security Act (42 U.S.C. 604(b)(2)) is amended—

(1) in the heading, by striking ''EXCEPTION''; and inserting ''EXCEPTIONS'';

(2) by striking ''Paragraph (1)'' and inserting the following:

''(A) INFORMATION TECHNOLOGY AND COMPUTERIZATION.—Paragraph (1)''; and

(3) by adding at the end the following:

''(B) CASEWORKER BONUSES AND OTHER STATE INITIATIVES TO ELIMINATE BARRIERS TO WORK.—

''(i) IN GENERAL.—Paragraph (1) shall not apply to the use of a grant to provide a cash bonus to a caseworker for a family receiving assistance under the State program funded under this part based on the number of such families that the State determines the caseworker assists achieve a goal described in clause (ii), or for expenditures incurred for other State initiatives designed to eliminate bar-

riers to work for families receiving assistance under the State program funded under this part.

"(ii) CASEWORKER GOALS.—For purposes of clause (i), the goals described in this clause are the following:

"(I) Obtain employment that provides wages and benefits that enable the family to have income that exceeds the poverty line applicable to a family of the size involved.

"(II) Obtain supportive services and benefits for which the family is eligible.

"(III) With respect to an individual within a family, overcome a barrier to the individual's employment, including a barrier resulting from a lack of transportation or child care, a life crisis due to family violence, substance abuse, or a mental or physical disability.

"(IV) With respect to an individual within a family, retain employment for at least 6 months.".

SEC. 5403. STRENGTHENING OF TANF INDIVIDUAL RESPONSIBILITY PLANS.

Section 408(b) of the Social Security Act (42 U.S.C. 608(b)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking ''may'' and inserting ''shall''; and

(ii) in clause (i), by striking ''immediately into private sector employment'' and inserting ''into a job leading to stable employment with earnings above the poverty line applicable to a family of the size involved (based on 35 hours of work per week) and health care benefits for the employee and the employee's dependents''; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking ''may'' and inserting ''shall'';

(ii) in clause (i), by striking ''(or, at the option of the State, 180 days)'';

(iii) in clause (ii), by striking ''(or, at the option of the State, 90 days)''; and

(2) by striking paragraph (4) and inserting the following:

"(4) PENALTY FOR NONCOMPLIANCE BY THE STATE.—In addition to any other penalties that may be imposed against a State for failure to comply with the requirements of this part, the Secretary may reduce the grant payable to a State under section 403(a)(1) if the Secretary determines that the State has failed, without good cause, to comply with the requirements of this subsection.".

SEC. 5404. EFFECTIVE DATE.

The amendments made by this subtitle take effect on October 1, 2001.

Subtitle F—Addressing Work Barriers

SEC. 5501. FUNDING FOR ACCESS TO JOBS PROGRAM.

Section 3037 of the Transportation Equity Act for the 21st Century (49 U.S.C. 5309 note) is amended in subsection (l)(1)—

(1) in subparagraph (A), by striking clauses (iv) and (v) and inserting the following:

"(iv) $150,000,000 for fiscal year 2002;

"(v) $170,000,000 for fiscal year 2003;

"(vi) $190,000,000 for fiscal year 2004;

"(vii) $200,000,000 for fiscal year 2005; and

"(viii) $225,000,000 for fiscal year 2006.";

(2) in subparagraph (B), by striking clauses (iv) and (v) and inserting the following:

"(iv) $50,000,000 for each of fiscal years 2002 through 2006."; and

(3) in subparagraph (C)—

(A) by inserting "and" after the semicolon in clause (ii);

(B) by striking "; and" in clause (iii) and inserting a period; and

(C) by striking clause (iv).

SEC. 5502. REQUIREMENT TO IDENTIFY AND PROVIDE SERVICES TO ADDRESS BARRIERS TO EMPLOYMENT OF TANF RECIPIENTS.

(a) REQUIREMENT TO IDENTIFY AS PART OF INDIVIDUAL RESPONSIBILITY PLAN.—Section 408(b) of the Social Security Act (42 U.S.C. 608(b)), as amended by section 5403, is amended—

(1) in paragraph (1), by striking "who—" and all that follows and inserting "has attained 18 years

of age, using caseworkers who are trained to utilize assessment methods approved by the State to identify recipients with severe barriers to employment, such as being subjected to domestic violence, having mental health, substance or alcohol abuse problems, homelessness, a physical or mental disability, or illiteracy problems.''; and

(2) in paragraph (2)(A)(iv), by inserting ''overcome any severe barriers to employment identified by the State under paragraph (1), and to'' after ''will be able to''.

(b) EXEMPTION FROM WORK REQUIREMENT IF STATE FAILS TO PROVIDE SERVICES.—Section 407(e) of the Social Security Act (42 U.S.C. 607(e)) is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)'';

(2) in paragraph (2), in the heading, by striking ''EXCEPTION''; and inserting ''SINGLE CUSTODIAL PARENT WITH A YOUNG CHILD''; and

(3) by adding at the end the following:

''(3) INDIVIDUAL WITH A SEVERE BARRIER TO EMPLOYMENT TO WHOM THE STATE FAILS TO PROVIDE SERVICES.—Notwithstanding paragraph (1), a State may not reduce assistance under the State program funded under this part based on a refusal

of an individual to engage in work required in accordance with this section if, as part of the assessment required under section 408(b)(1), the individual has been identified as having a severe barrier to employment and the State fails to provide services necessary to overcome the barrier.''.

SEC. 5503. STATE OPTION TO ESTABLISH EXCEPTIONS FROM TIME LIMIT FOR RECEIPT OF TANF ASSISTANCE BASED ON SEVERE BARRIERS TO EMPLOYMENT.

Section 408(a)(7)(C) of the Social Security Act (42 U.S.C. 608(a)(7)(C)) is amended—

(1) in clause (ii), by striking ''The average'' and inserting ''Subject to clause (iv), the average''; and

(2) by adding at the end the following:

''(iv) STATE OPTION FOR EXCEPTIONS BASED ON SEVERE BARRIERS TO EMPLOYMENT.—At State option, the limit described in clause (ii) shall not apply with respect to each category of exception based on severe barriers to employment as the State may determine.''.

SEC. 5504. EFFECTIVE DATE.

The amendments made by this subtitle take effect on October 1, 2001.

Subtitle G—Protection for Families in Need

SEC. 5601. EARN-BACK OF MONTHS OF TANF ASSISTANCE.

Section 408(a)(7) of the Social Security Act (42 U.S.C. 608(a)(7)), as amended by section 5301, is amended by inserting after subparagraph (E) the following:

"(F) EARN-BACK OF MONTHS OF ASSISTANCE.—In determining the number of months for which an adult has received assistance under a State or tribal program funded under this part, the State or tribe shall disregard 1 month for every 3 months that the adult is engaged in a work activity defined in paragraph (1), (2), or (3) of section 407(d) in accordance with the requirements of section 407(c) and during which the individual is not receiving assistance under the State program funded under this part.".

SEC. 5602. ESTABLISHMENT OF A FAIR CONCILIATION PROCESS FOR FAMILIES UNDER TANF.

Section 408 of the Social Security Act (42 U.S.C. 608) is amended by adding at the end the following:

"(h) FAIR CONCILIATION PROCEDURES.—

"(1) IN GENERAL.—Any case closed under the State program funded under this part shall be subject to a customer service review in accordance with the requirements of this subsection to ensure that a case is not erroneously terminated and to give a family another opportunity to participate in the program.

"(2) REQUIREMENTS.—

"(A) INITIAL REVIEW.—A customer service reviewer shall examine the case record for each case closed to determine—

"(i) whether the caseworker responsible for the case has attempted to make personal contact with the parent or caregiver before recommending closure of the case; and

"(ii) whether sufficient documentation exists in the case record to establish both a factual and policy basis for closure of the case, including documentation of written notice of the closure to the parent or caregiver.

"(B) RETURN TO CASEWORKER.—Any case in which a customer service reviewer determines that no personal contact has been at-

tempted before closure of the case, or that insufficient documentation exists, shall be returned to the caseworker for the provision of such attempted contact or documentation.

"(C) ADDITIONAL ATTEMPTED PERSONAL CONTACT.—If a case is not returned to a caseworker under subparagraph (A), the customer service reviewer shall attempt to make personal contact with the parent or caregiver involved, including, if 3 attempts are required, an attempt outside of normal business hours. A case shall be closed after 3 unsuccessful attempts.

"(D) DETERMINATION OF GOOD CAUSE FOR EXCEPTION TO CLOSURE.—

"(i) IN GENERAL.—With respect to a case in which a caseworker or a customer service reviewer has made personal contact with the parent or caregiver, the customer service reviewer shall determine whether barriers to participation in the program exist, whether there are grounds for exemption from the time limits or any other program requirements, or whether there was an error in the application of the facts or policy.

"(ii) MODIFICATION OF INDIVIDUAL RESPONSIBILITY PLAN.—If a customer service reviewer determines under clause (i) that a case should not be closed, the customer service reviewer shall work with the parent or caregiver to modify the parent's or caregiver's individual responsibility plan developed under subsection (b) as appropriate, including with respect to the provision of any additional services needed to assist the individual in becoming work-ready.

"(E) PLAN FOR COMPLIANCE.—If a customer service reviewer determines that subparagraph (D) does not apply and a parent or caregiver is not subject to the time limit for receipt of assistance under subsection (a)(7), the reviewer shall ask the parent or caregiver if the parent or caregiver is now willing to comply with program requirements, and establish a plan with the parent or caregiver for compliance. If the parent or caregiver does not comply with such plan, the case shall be closed without regard to the preceding subparagraphs of this paragraph.

"(F) WRITTEN NOTICE.—With respect to a case closed by a customer service reviewer under this subsection, the reviewer shall send the family involved a final written notice of the case closure that informs the family of—

"(i) the specific factual basis of the closure;

"(ii) the steps that the family can take to maintain eligibility for assistance under the State program; and

"(iii) the procedure for appealing the closure decision.".

SEC. 5603. EFFECTIVE DATE.

The amendments made by this subtitle take effect on October 1, 2001.

Subtitle H—TANF Reauthorization

SEC. 5701. REAUTHORIZATION OF TANF STATE FAMILY ASSISTANCE GRANTS.

Section 403(a)(1) of the Social Security Act (42 U.S.C. 603(a)(1)) is amended—

(1) in subparagraph (A), by striking "fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002" and inserting "the fiscal years during the period beginning with fiscal year 1996 and ending with fiscal year 2007"; and

(2) in subparagraph (E), by striking ''fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002'' and inserting ''each of the fiscal years during the period beginning with fiscal year 1996 and ending with fiscal year 2007''.

SEC. 5702. PROHIBITION ON SUPPLANTATION OF TANF FUNDS.

Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following new paragraph:

''(12) SUPPLEMENT NOT SUPPLANT.—Funds made available under this part shall be used to supplement, not supplant, other Federal, State, or local funds that are used for existing services and activities that promote the purposes of this part.''.

TITLE VI—FAIR START

Subtitle A—Child and Adult Care Food Program

SEC. 6001. PARTICIPATION OF FOR-PROFIT CARE CENTERS IN CHILD AND ADULT CARE FOOD PROGRAM.

Section 17(a)(2)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(a)(2)(B)) is amended—

(1) by striking ''if—'' and all that follows through ''2001, at'' and inserting ''if at''; and

(2) by striking ''meals; or'' and all that follows and inserting ''meals;''.

SEC. 6002. CATEGORICAL ELIGIBILITY REQUIREMENTS.

Section 17(f)(3)(A)(ii) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)(A)(ii)) is amended by adding at the end the following:

''(V) CATEGORICAL ELIGIBILITY.—In making a determination of income eligibility under subclauses (I)(cc) and (II), a family or group day care home sponsoring organization may consider a provider participating in or subsidized under, or a provider with a child participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a provider whose household meets the income eligibility guidelines under section 9.''.

SEC. 6003. INCREASE IN ADMINISTRATIVE REIMBURSEMENT RATES.

Section 17(f)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking subparagraph (B) and inserting the following:

"(B) REIMBURSEMENT FOR ADMINISTRATIVE EXPENSES.—

"(i) IN GENERAL.—Family or group day care home sponsoring organizations shall also receive reimbursement for administrative expenses in amounts not exceeding the maximum allowable levels prescribed by the Secretary.

"(ii) ADJUSTMENT.—The maximum allowable levels prescribed under clause (i) shall be—

"(I) adjusted July 1 of each year to reflect changes for the 12-month period ending in the preceding June, in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor, rounded to the nearest lower dollar increment; and

"(II) in addition to the adjustments required under subclause (I),

increased by $2.00 for each level described in clause (i).''.

SEC. 6004. PROGRAM FOR AT-RISK SCHOOL CHILDREN.

Section 17(r) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(r)) is amended—

(1) in paragraph (1)(B)—

(A) by inserting ''(i)'' after ''(B)'';

(B) by striking ''in a geographical area'' and all that follows through the period and inserting the following: ''in a geographical area—

''(I) that is served by a school in which at least 50 percent of the children are eligible for free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(II) in which poor economic conditions exist, as determined by the Secretary based on—

''(aa) information provided from the local department of welfare, zoning commission, or census tracts; or

''(bb) information from other appropriate sources; or''; and

(C) by adding at the end the following:

"(ii) is enrolled in a program authorized under this subsection operated at a site not described in clause (i).";

(2) in paragraph (4), by striking subparagraphs (B) and (C) and inserting the following:

"(B) RATES.—

"(i) MEALS.—A meal shall be reimbursed under this subsection—

"(I) for children participating in a program at a site described in paragraph (1)(B)(i), at the rate established for free meals under subsection (c); and

"(II) for children enrolled in a program under paragraph 1(B)(ii), at the applicable rate for meals established under subsection (c).

"(ii) SUPPLEMENTS.—A supplement shall be reimbursed under this subsection—

"(I) for children participating in a program at a site described in paragraph (1)(B)(i), at the rate established for a free supplement under subsection (c)(3); and

"(II) for children enrolled in a program under paragraph 1(B)(ii), at the applicable rate for supplements established under subsection (c)(3).

"(C) NO CHARGE.—In the case of at-risk school child participating in a program at a site described in paragraph (1)(B)(i), a meal or supplement provided under this subsection to the child shall be served without charge."; and

(3) by striking paragraph (5).

Subtitle B—Food Stamp Program

SEC. 6101. RESTORATION OF FOOD STAMP BENEFITS FOR QUALIFIED ALIENS.

(a) LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR CERTAIN FEDERAL PROGRAMS.—

(1) IN GENERAL.—Section 402(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)) is amended—

(A) in paragraph (2)—

(i) in subparagraph (A), by striking "Federal programs" and inserting "Federal program";

(ii) in subparagraph (D)—

(I) by striking clause (ii); and

(II) in clause (i)—

(aa) by striking ''(i) SSI.—'' and all that follows through ''paragraph (3)(A)'' and inserting the following:

''(i) IN GENERAL.—With respect to the specified Federal program described in paragraph (3)'';

(bb) by redesignating subclauses (II) through (IV) as clauses (ii) through (iv) and indenting appropriately;

(cc) by striking ''subclause (I)'' each place it appears and inserting ''clause (i)''; and

(dd) in clause (iv) (as redesignated by item (bb)), by striking ''this clause'' and inserting ''this subparagraph'';

(iii) in subparagraph (E), by striking ''paragraph (3)(A) (relating to the supplemental security income program)'' and inserting ''paragraph (3)'';

(iv) in subparagraph (F);

(I) by striking ''Federal programs'' and inserting ''Federal program'';

(II) in clause (ii)(I)—

(aa) by striking ''(I) in the case of the specified Federal program described in paragraph (3)(A),''; and

(bb) by striking ''; and'' and inserting a period; and

(III) by striking subclause (II);

(v) in subparagraph (G), by striking ''Federal programs'' and inserting ''Federal program'';

(vi) in subparagraph (H), by striking ''paragraph (3)(A) (relating to the supplemental security income program)'' and inserting ''paragraph (3)''; and

(vii) by striking subparagraphs (I), (J), and (K); and

(B) in paragraph (3)—

(i) by striking ''means any'' and all that follows through ''The supplemental'' and inserting ''means the supplemental''; and

(ii) by striking subparagraph (B).

(2) CONFORMING AMENDMENT.—Section 402(b)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)(F)) is amended by striking ''subsection (a)(3)(A)'' and inserting ''subsection (a)(3)''.

(b) FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BENEFIT.—Section 403 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613) is amended—

(1) in subsection (c)(2), by adding at the end the following:

''(L) Assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).''; and

(2) in subsection (d)—

(A) by striking ''not apply'' and all that follows through ''(1) an individual'' and inserting ''not apply to an individual''; and

(B) by striking ''; or'' and all that follows through ''402(a)(3)(B)''.

(c) AUTHORITY FOR STATES TO PROVIDE FOR ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO THE QUALIFIED ALIEN WITH RESPECT TO STATE PRO-

GRAMS.—Section 422(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1632(b)) is amended by adding at the end the following:

"(8) Programs comparable to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).".

(d) REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT.—Section 423(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1183a note; Public Law 104–193) is amended by adding at the end the following:

"(12) Benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), if a sponsor is unable to make the reimbursement because the sponsor experiences hardship (including bankruptcy, disability, and indigence) or if the sponsor experiences severe circumstances beyond the control of the sponsor, as determined by the Secretary of Agriculture.".

(e) DERIVATIVE ELIGIBILITY FOR BENEFITS.—Section 436 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1646) is repealed.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section take effect on April 1, 2002.

(2) EXCEPTIONS.—The amendments made by subsections (a) through (d) shall—

(A) not apply to a certification period that begins not later than April 1, 2002, and ends not later than October 1, 2002, unless the State agency (as defined in section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012)) elects to make such amendments applicable before the ends of the period, but not before April 1, 2002; and

(B) apply on October 1, 2002 to a certification period that begins not later than April 1, 2002, and ends after October 1, 2002, unless the State agency elects to make the amendments applicable to the certification period on a date before October 1, 2002, but not before April 1, 2002.

SEC. 6102. CONFORMING FOOD STAMP AND MEDICAID INCOME DEFINITIONS; SIMPLIFIED INCOME CALCULATIONS.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) in paragraph (3)—

(A) by striking ''and (C)'' and inserting ''(C)''; and

(B) by adding at the end the following: '' and (D) to the extent that any other educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like are excluded under Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).'';

(2) by striking '' and (15)'' and inserting ''(15)''; and

(3) by inserting before the period at the end the following: ''(16) any State complementary assistance program payments that are excluded under subsections (a) and (b) of section 1931 of the Social Security Act (42 U.S.C. 1396u–1(a),(b)), and (17) at the option of the State agency, any type of income that the State agency does not consider when determining eligibility for cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or medical assistance under section 1931 of the Social Security Act (41 U.S.C. 1396u–1): *Provided,* That this paragraph shall not authorize a State agency to exclude

earned income, benefits under titles II, IV, or XVI of the Social Security Act (42 U.S.C. 401 et seq.), or other types of income that the Secretary considers necessary for the equitable determinations of eligibility and benefit levels''.

SEC. 6103. PREVENTION OF HUNGER AMONG FAMILIES WITH CHILDREN.

(a) STANDARD DEDUCTION.—Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

''(1) STANDARD DEDUCTION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the United States that is equal to the applicable percentage established under subparagraph (C) of the income standard of eligibility under subsection (c)(1).

''(B) LIMITATIONS.—The standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, Guam, and the Virgin Islands of the

United States under subparagraph (A) shall not be—

"(i) less than $134, $229, $189, $269, and $118, respectively; or

"(ii) more than the applicable percentage specified in subparagraph (C) of the income standard of eligibility established under section (c)(1) for a household of 6 members.

"(C) APPLICABLE PERCENTAGE.—The applicable percentage referred to in subparagraphs (A) and (B) shall be—

"(i) for fiscal year 2002, 8 percent;

"(ii) for fiscal year 2003, 8.5 percent;

"(iii) for fiscal year 2004, 9 percent;

"(iv) for fiscal year 2005, 9.5 percent; and

"(v) for fiscal year 2006 and each subsequent fiscal year, 10 percent.".

(b) APPLICATION DATE.—The amendments made by this section shall apply on the later of—

(1) July 1, 2002; or

(2) at the option of a State agency of a State (as those terms are defined in section 3 of the Food

Stamp Act of 1977 (7 U.S.C. 2012)), October 1, 2002.

SEC. 6104. ENCOURAGEMENT OF COLLECTION OF CHILD SUPPORT.

(a) IN GENERAL.—Section 5(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(2)) is amended—

(1) by inserting ''AND CHILD SUPPORT'' after ''INCOME'';

(2) in subparagraph (A)—

(A) by striking ''DEFINITION OF'' and all that follows through ''not include'' and inserting the following: ''LIMITATION ON DEDUCTION.—A deduction under this paragraph shall not apply to'';

(B) in clause (i), by striking ''or'';

(C) in clause (ii), by striking the period at the end and inserting ''; or''; and

(D) by adding at the end the following:

''(iii) child support received to the extent of any reduction in public assistance to the household as a result of receiving the support.''; and

(3) in subparagraph (B)—

(A) by striking ''with earned income''; and

(B) by striking ''to compensate'' and all that follows through the period and inserting the following: ''and child support received from an identified or putative parent of a child in the household if that parent is not a household member.''.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on—

(1) July 1, 2002; or

(2) at the option of a State agency of a State (as those terms are defined in section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012)), October 1, 2002.

SEC. 6105. ELIMINATION OF EXCESS SHELTER EXPENSE DEDUCTION CAP FOR FAMILIES WITH HIGH SHELTER COSTS.

Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

(1) by striking subparagraph (B); and

(2) by redesignating subparagraph (C) as subparagraph (B).

SEC. 6106. PERIODIC REDETERMINATION OF ELIGIBILITY.

(a) IN GENERAL.—Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by striking paragraph (4) and inserting the following:

"(4)(A) that the State agency shall periodically require the household to cooperate in a redetermination of eligibility under procedures consistent with paragraph (2); and

"(B) that, in carrying out subparagraph (A), a State agency—

"(i) shall require a redetermination of eligibility at least once—

"(I) every 12 months; or

"(II) every 24 months, if—

"(aa) the State agency has contact with the household at least once every 12 months; and

"(bb) all adult household members are elderly or disabled;

"(ii) except as provided in clause (iii), shall continue to provide benefits to households during the redetermination process; and

"(iii) shall not provide further allotments to any household that the State agency determines has refused to cooperate in the redetermination of eligibility;".

(b) CONFORMING AMENDMENTS—

(1) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended by striking subsection (c).

(2) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(A) in subsection (d)(2), by striking ''in the certification period''; and

(B) in subsection (e)—

(i) in paragraph (6)(B)(ii)(III), by striking ''has been anticipated for the certification period'' and inserting ''was anticipated when the household applied for benefits or at the most recent redetermination of eligibility''; and

(ii) in paragraph (7)(C)(iii)(II), by striking ''the end of a certification period'' and inserting ''each redetermination of eligibility''.

(3) Section 6(c)(1)(C)(iv) of the Food Stamp Act of 1977 (7 U.S.C.2015(c)(1)(C)(iv)) is amended by striking ''certification period'' each place it appears and inserting ''interval between required redeterminations of eligibility''.

(4) Section 8(c) of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended—

(A) in paragraph (1), by striking ''within a certification period''; and

(B) in paragraph (2), by striking ''expiration of'' and all that follows through ''certification period,'' and inserting ''termination of benefits to a household,''.

(5) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e) is amended—

(A) in paragraph (10)—

(i) by striking ''within the household's certification period''; and

(ii) by striking ''until such time'' and all that follows through ''occurs earlier''; and

(B) in paragraph (16), by striking ''recertification'' and inserting ''redetermination of the eligibility of''.

SEC. 6107. TRANSITIONAL BENEFITS OPTION.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(s) TRANSITIONAL BENEFITS OPTION.—

''(1) IN GENERAL.—A State may provide transitional food stamp benefits to a household that is no longer eligible to receive cash assistance under a

State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may continue to receive food stamp benefits for a period of not more than 6 months after the date on which cash assistance is terminated.

"(3) AMOUNT.—During the transitional benefits period under paragraph (2), a household shall receive an amount equal to the allotment received in the month immediately preceding the date on which cash assistance is terminated, adjusted for—

"(A) the change in household income as a result of the termination of cash assistance; and

"(B) any changes in circumstances that may result in an increase in the food stamp allotment of the household and that the household elects to report (as verified in accordance with standards established by the Secretary).

"(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

"(A) require a household to cooperate in a redetermination of eligibility to receive uninter-

rupted benefits after the transitional benefits period; and

"(B) renew eligibility for a new certification period for the household without regard to whether the previous certification period has expired.

"(5) LIMITATION.—A household sanctioned under section 6 shall not be eligible for transitional benefits under this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 11(e)(4)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(4)(B)) (as amended by section 6106(a)) is amended—

(A) in clause (ii), by striking "and" at the end;

(B) in clause (iii), by inserting "and" after the semicolon; and

(C) by adding at the end the following:

"(iv) may extend the intervals under clause (i) to the end of a transitional benefits period established by a State under section 11(s);".

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking "No household" and inserting "Except in a case in which

a household is receiving transitional benefits during the transitional benefits period under subsection (s), no household''.

SEC. 6108. IMPROVING STATE INCENTIVES TO SERVE WORKING FAMILIES.

(a) TARGETED QUALITY CONTROL SYSTEM.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) by striking subparagraph (C) and inserting the following:

''(C) except as provided in subparagraph (D), for any fiscal year in which the Secretary determines that a 95-percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates under paragraph (6) by more than 1 percentage point, other than for good cause shown, the State agency shall pay to the Secretary an amount, to be determined by the Secretary based on an investigation and finding that the State administration of the program under this Act was seri-

ously negligent, that reflects the extent of negligence, not to exceed 5 percent of the amount provided the State agency under subsection (a); and''; and

(C) by adding at the end the following:

''(D) if, in any 3 consecutive fiscal years, the Secretary determines that a 95-percent statistical probability exists that the payment error rate of a State agency exceeds the national performance measure for payment error rates under paragraph (6) by more than 1 percentage point, other than for good cause shown, the agency shall pay to the Secretary an amount equal to the product of—

''(i) the value of all allotments issued by the State agency in the fiscal year; times

''(ii) the lesser of—

''(I) the ratio of—

''(aa) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national perform-

ance measure for the fiscal year; bears to

"(bb) 10 percent, or

"(II) 1; times

"(iii) the amount by which the payment error rate of the State agency for the fiscal year exceeds by more than 1 percentage point the national performance measure for the fiscal year.";

(2) in paragraph (2)(A), by inserting before the semicolon the following: ", as adjusted downward to eliminate any increases that may result from the State agency serving a higher percentage of households—

"(i) with earned income than—

"(I) the State agency served in fiscal year 1992; or

"(II) the national average for the current year; and

"(ii) containing 1 or more members who are not United States citizens than—

"(I) the State agency served in fiscal year 1998; or

"(II) the national average for the current year";

(3) in paragraph (4), by striking the first sentence and inserting the following: ''The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, claim for payment error, or performance under the measures under paragraph (10).'';

(4) in paragraph (5), by striking the first sentence and inserting the following: ''To facilitate the implementation of this subsection each State agency shall expeditiously submit to the Secretary data regarding its operations in each fiscal year sufficient for the Secretary to comply with paragraph (10) and to establish the payment error rate for the State agency for such fiscal year and determine the amount of either incentive payments under paragraph (1)(A) or claims under subparagraph (C) or (D) of paragraph (1).''; and

(5) by inserting at the end the following:

''(10)(A) ADDITIONAL PERFORMANCE MEASURES.—In addition to the performance measures under paragraph (1), the Secretary shall measure—

''(i) compliance with the deadlines under paragraphs (3) and (9) of section 11(e);

"(ii) the percentage of negative eligibility decisions that are made in error; and

"(iii) the number of households that have—

"(I) incomes less than 130 percent of the poverty rate;

"(II) annual earnings equal to at least 1000 times the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.); and

"(III) children under age 18;

that receive food stamps in the State as a percentage of the number of the low-income working households with children in the State.

"(B) BONUS PAYMENTS.—For each fiscal year, with respect to each of the performance measures in subparagraph (A), the Secretary shall make excellence bonus payments of $1,000,000 to—

"(i) each of the 5 States with the highest performance; and

"(ii) each of the 5 States with the performance that has most improved during the fiscal year.

"(C) INVESTIGATION.—

"(1) IN GENERAL.—For any fiscal year in which the Secretary determines that a 95-percent statistical probability exists that the performance of a State agency with respect to any of the performance measures in subparagraph (A) is substantially worse than a level the Secretary determines reasonable, the Secretary shall investigate the State agency.

"(2) CORRECTIVE ACTION.—If the Secretary determines that the administration by the State agency has been deficient, the Secretary shall require the State agency to take prompt corrective action.".

(b) APPLICATION DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to all fiscal years beginning on or after October 1, 1999.

(2) ADDITIONAL PERFORMANCE MEASURES.—The amendments made by subsection (a)(5) shall apply to all fiscal years beginning on or after October 1, 2001.

SEC. 6109. AUTHORIZATION OF APPROPRIATIONS FOR ADDITIONAL COMMODITIES UNDER EMERGENCY FOOD ASSISTANCE PROGRAM.

Section 214 of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7515) is amended by adding at the end the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—In addition to any other funds that are made available to carry out this section, there are authorized to be appropriated to purchase and make available additional commodities under this section $20,000,000 for each of fiscal years 2002 through 2006.

''(2) DIRECT EXPENSES.—Not less than 50 percent of the amount made available under paragraph (1) shall be used to pay direct expenses (as defined in section 204(a)(2)) incurred by emergency feeding organizations to distribute additional commodities to needy persons.''.

TITLE VII—FAIR START HOUSING

Subtitle A—Section 8 Vouchers

SEC. 7001. RENTAL ASSISTANCE VOUCHER PROGRAM.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (referred to in this subtitle as the ''Secretary'') shall provide 1,000,000 incremental housing

vouchers for rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) during the 10 year period following the date of enactment of this Act.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as necessary to carry out this section.

SEC. 7002. VOUCHER SUCCESS FUND.

(a) VOUCHER SUCCESS FUND.—

(1) ESTABLISHMENT.—There is established the Voucher Success Fund (referred to in this section as the ''Fund'').

(2) PURPOSES.—The purposes of the Fund are—

(A) to address barriers that individuals encounter in successfully utilizing voucher rental assistance provided under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)); and

(B) to help improve the operation of that voucher rental assistance program.

(3) USES OF ASSISTANCE.—The Secretary shall provide assistance from the Fund to States on a competitive basis, which assistance shall be used—

(A) by communities that are determined by an appropriate State agency of the State to be experiencing problems in utilizing voucher rental assistance provided under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), including—

(i) difficult market conditions;

(i) low rates of success for families attempting to use voucher rental assistance provided under that section;

(iii) concentrations of assisted families in high poverty neighborhoods; and

(iv) other program difficulties; and

(B) for activities that include—

(i) technical assistance to local public housing authorities or communities to improve the success of the voucher rental assistance program under section 8(o) of the United States Housing Act (42 U.S.C. 1437f(o));

(ii) assistance for families in using that assistance, including mobility counseling, assistance with security deposits, transportation, and other activities intended to increase the likelihood that fami-

lies will succeed in leasing units or leasing units outside of areas of concentrated poverty; and

(iii) outreach to landlords and community groups to encourage participation in that voucher rental assistance program.

(4) MONITORING SYSTEMS.—The Secretary may use not more than 1 percent of any amount made available to the Fund under this section to establish monitoring systems for the Fund.

(5) REPORT.—Not later than 12 months after the date of enactment of this Act, the Secretary shall—

(A) conduct a detailed evaluation of the effect of providing assistance under this section; and

(B) submit a report to Congress regarding the evaluation conducted under subparagraph (A).

(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund, $50,000,000 for each of fiscal years 2002 through 2011 to carry out the provisions of this section.

Subtitle B—National Affordable Housing Trust Fund

SEC. 7101. PURPOSES.

The purposes of this subtitle are—

(1) to fill the growing gap in the national ability to build affordable housing by using profits generated by Federal housing programs to fund additional housing activities, and not supplant existing housing appropriations;

(2) to enable rental housing to be built for those families with the greatest need in areas with the greatest opportunities in mixed-income settings; and

(3) to promote homeownership for low-income families.

SEC. 7102. NATIONAL AFFORDABLE HOUSING TRUST FUND.

(a) ESTABLISHMENT OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the ''National Affordable Housing Trust Fund'' (referred to in this subtitle as the ''Trust Fund'') for the purpose of promoting the development of affordable housing.

(b) DEPOSITS TO THE TRUST FUND.—For fiscal year 2002 and each fiscal year thereafter, there is author-

ized to be appropriated to the Trust Fund an amount equal to the sum of—

(1) any revenue generated by the Mutual Mortgage Insurance Fund of the Federal Housing Administration in excess of the amount necessary for the Mutual Mortgage Insurance Fund to maintain a capital ratio of 3 percent for the preceding fiscal year; and

(2) any revenue generated by the Government National Mortgage Association in excess of the amount necessary to pay the administrative costs and expenses necessary to ensure the safety and soundness of the Government National Mortgage Association for the preceding fiscal year, as determined by the Secretary of Housing and Urban Development.

(c) EXPENDITURES FROM THE TRUST FUND.—For fiscal year 2002 and each fiscal year thereafter, amounts appropriated to the Trust Fund shall be available to the Secretary of Housing and Urban Development for use in accordance with section 7103.

SEC. 7103. ADMINISTRATION OF NATIONAL AFFORDABLE HOUSING TRUST FUND.

(a) DEFINITIONS.—In this section:

(1) AFFORDABLE HOUSING.—The term ''affordable housing'' means housing for rental that bears rents not greater than the lesser of—

(A) the existing fair market rent for comparable units in the area, as established by the Secretary under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f); or

(B) a rent that does not exceed 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, as determined by the Secretary, with an adjustment for the number of bedrooms in the unit, except that the Secretary may establish income ceilings that are higher or lower than 65 percent of the median for the area if the Secretary finds that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

(2) CONTINUED ASSISTANCE RENTAL SUBSIDY PROGRAM.—The term ''continued assistance rental subsidy program'' means a program under which—

(A) project-based assistance is provided, for not more than 3 years, to a family in an affordable housing unit developed with assistance

made available under subsection (c) or (d) in a project that partners with a public housing agency, which agency agrees—

(i) to provide the assisted family with a priority for the receipt of a voucher under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) if the family chooses to move after the initial year of occupancy; and

(ii) to refer eligible voucher holders to the property when a vacancy occurs; and

(B) after 3 years, subject to appropriations, continued assistance is provided under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), notwithstanding any provision to the contrary in that section, if—

(i) the program is administered to provide families with the option of continued assistance with tenant-based vouchers if such a family chooses to move after the initial year of occupancy; and

(ii) the public housing agency agrees to refer eligible voucher holders to the property when a vacancy occurs.

(3) ELIGIBLE ACTIVITY.—The term ''eligible activity'' means an activity that relates to the development of affordable housing, including—

(A) the construction of new housing;

(B) the acquisition of real property;

(C) site preparation and improvement, including demolition;

(D) substantial rehabilitation of existing housing; and

(E) rental subsidy for not more than 3 years under a continued assistance rental subsidy program.

(4) ELIGIBLE ENTITY.—The term ''eligible entity'' includes any public or private nonprofit or for-profit entity, unit of local government, regional planning entity, and any other entity engaged in the development of affordable housing, as determined by the Secretary.

(5) ELIGIBLE INTERMEDIARY.—The term ''eligible intermediary'' means—

(A) a nonprofit community development corporation;

(B) a community development financial institution (as defined in section 103 of the Com-

munity Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702));

(C) a State or local trust fund;

(D) any entity eligible for assistance under section 4 of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note);

(E) a national, regional, or statewide nonprofit organization; and

(F) any other appropriate nonprofit entity, as determined by the Secretary.

(6) EXTREMELY LOW-INCOME FAMILIES.—The term ''extremely low-income families'' means very low-income families (as defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) whose incomes do not exceed 30 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings that are higher or lower than 30 percent of the median for the area if the Secretary finds that such variations are necessary because of unusually high or low family incomes.

(7) LOW-INCOME FAMILIES.—The term ''low-income families'' has the same meaning as in section

3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(8) NON-FEDERAL SOURCES.—Non-Federal sources include—

(A) 50 percent of funds allocable to tax credits allocated under section 42 of the Internal Revenue Code of 1986;

(B) 50 percent of revenue from mortgage revenue bonds issued under section 143 of that Code; and

(C) 50 percent of proceeds from the sale of tax exempt bonds.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(10) STATE.—The term ''State'' has the same meaning as in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(b) ALLOCATION TO STATES AND ELIGIBLE INTERMEDIARIES.—For fiscal year 2002 and each fiscal year thereafter, of the total amount made available to the Secretary from the Trust Fund under section 7102(c)—

(1) 75 percent shall be used by the Secretary to award grants to States in accordance with subsection (c); and

(2) 25 percent shall be used by the Secretary to award grants to eligible intermediaries in accordance with subsection (d).

(c) GRANTS TO STATES.—

(1) IN GENERAL.—Subject to paragraph (2), from the amount made available for each fiscal year under subsection (b)(1), the Secretary shall award grants to States, in accordance with an allocation formula established by the Secretary, based on the pro rata share of each State of the total need among all States for an increased supply of affordable housing, as determined on the basis of—

(A) the number and percentage of families in the State that live in substandard housing;

(B) the number and percentage of families in the State that pay more than 50 percent of their annual income for housing costs;

(C) the number and percentage of persons living at or below the poverty level in the State;

(D) the cost of developing or carrying out substantial rehabilitation of housing in the State;

(E) the age of the multifamily housing stock in the State; and

(F) such other factors as the Secretary determines to be appropriate.

(2) GRANT AMOUNT.—The amount of a grant award to a State under this subsection shall be equal to the lesser of—

(A) 4 times the amount of assistance provided by the State from non-Federal sources; and

(B) the allocation determined in accordance with paragraph (1).

(3) AWARD OF STATE ALLOCATION TO CERTAIN ENTITIES.—

(A) IN GENERAL.—If the amount provided by a State from non-Federal sources is less than 25 percent of the amount that would be awarded to the State under this subsection based on the allocation formula described in paragraph (1), then not later than 60 days after the date on which the Secretary determines that the State is not eligible for the full allocation determined under paragraph (1), the Secretary shall publish a notice regarding the availability of the funds for which the State is ineligible.

(B) APPLICATIONS.—Not later than 9 months after the date of publication of a notice of funding availability under subparagraph (A), a nonprofit or public entity (or a consortium thereof, which may include units of local government working together on a regional basis) may submit to the Secretary an application for the available assistance or a portion of the available assistance, which application shall include—

(i) a certification that the applicant will provide assistance in an amount equal to 25 percent of the amount of assistance made available to the applicant under this paragraph; and

(ii) an allocation plan that meets the requirements of paragraph (4)(B) for use or distribution in the State of any assistance made available to the applicant under this paragraph and the assistance provided by the applicant for purposes of clause (i).

(C) AWARD OF ASSISTANCE.—The Secretary shall award the amount that is not awarded to a State by operation of paragraph (2) to 1 or more applicants that meet the re-

quirements of subparagraph (B) of this paragraph that are selected by the Secretary based on selection criteria, established by regulation of the Secretary.

(4) DISTRIBUTION TO ELIGIBLE ENTITIES.—

(A) IN GENERAL.—Of the amount that a State receives under a grant award under this subsection and the assistance provided by the State from non-Federal sources for purposes of paragraph (2)(A) to eligible entities for the purpose of assisting those entities in carrying out eligible activities in the State, the State shall distribute—

(i) 75 percent to eligible entities for eligible activities relating to the development of affordable housing for rental by extremely low-income families in the State; and

(ii) 25 percent to eligible entities for eligible activities relating to the development of affordable housing for rental by low-income families in the State, or for homeownership assistance for low-income families in the State.

(B) ALLOCATION PLAN.—Each State shall, after giving notice to the public, an opportunity for public comment, and consideration of public comments received, establish an allocation plan for the distribution of assistance under this paragraph, which plan shall be submitted to the Secretary and shall be made available to the public by the State, and which shall include—

(i) application requirements for eligible entities seeking to receive assistance under this paragraph, including a requirement that each application include—

(I) a certification by the applicant that any housing developed with assistance under this paragraph will remain affordable for extremely low-income families or low-income families, as applicable, for not less than 40 years;

(II) a certification by the applicant that the tenant contribution towards rent for a family that resides in a unit developed with assistance under this paragraph will not exceed 30 per-

cent of the adjusted income of that family; and

(III) a certification by the applicant that the owner of a project in which any housing developed with assistance under this paragraph is located will make a percentage of units in the project available to families assisted under the voucher program under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) on the same basis as other families eligible for the housing (except that only the expected share of rent of the voucher holder shall be considered), which percentage shall not be less than the percentage of the total cost of developing or rehabilitating the project that is funded with assistance under this paragraph; and

(ii) factors for consideration in selecting among applicants that meet the application requirements under clause (i), which factors shall give preference to applicants based on—

(I) the amount of assistance for the eligible activities leveraged by the applicant from private and other non-Federal sources, including assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that is devoted to the project in which the housing to be developed with assistance under this paragraph is located;

(II) the extent of local assistance that will be provided in carrying out the eligible activities, including—

(aa) financial assistance; and

(bb) the extent to which the applicant has worked with the unit of local government in which the housing will be located to address issues of siting and exclusionary zoning or other policies that are barriers to affordable housing;

(III) the degree to which the development in which the housing will be located is mixed-income;

(IV) whether the housing will be located in a census tract in which the poverty rate is less than 20 percent;

(V) whether the housing will be located in a community undergoing revitalization;

(VI) the extent of employment and other opportunities for low-income families in the area in which the housing will be located; and

(VII) the extent to which the applicant demonstrates the ability to maintain units as affordable for extremely low-income or low-income families, as applicable, through the use of assistance made available under this paragraph, assistance leveraged from non-Federal sources, assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), State or local assistance, programs to increase tenant

income, cross-subsidization, and any other resources.

(C) FORMS OF ASSISTANCE.—

(i) IN GENERAL.—Assistance distributed under this paragraph may be in the form of capital grants, non-interest bearing or low-interest loans or advances, deferred payment loans, guarantees, and any other forms of assistance approved by the Secretary.

(ii) REPAYMENTS.—If a State awards assistance under this paragraph in the form of a loan or other mechanism by which funds are later repaid to the State, any repayments received by the State shall be distributed by the State in accordance with the allocation plan described in subparagraph (B) during the following fiscal year.

(D) COORDINATION WITH OTHER ASSISTANCE.—In distributing assistance under this paragraph, each State shall, to the maximum extent practicable, coordinate the distribution with the provision of other affordable housing assistance by the State, including—

(i) housing credit dollar amounts allocated by the State under section 42(h) of the Internal Revenue Code of 1986;

(ii) assistance made available under the HOME Investment Partnerships Act (42 U.S.C. 12721 et seq.) or the community development block grant program; and

(iii) private activity bonds.

(d) NATIONAL COMPETITION.—

(1) IN GENERAL.—From the amount made available for each fiscal year under subsection (b)(2), the Secretary shall award grants on a competitive basis to eligible intermediaries, which grants shall be used in accordance with paragraph (3) of this subsection.

(2) APPLICATION REQUIREMENTS AND SELECTION CRITERIA.—The Secretary, by regulation, shall establish application requirements and selection criteria for the award of competitive grants to eligible intermediaries under this subsection, which criteria shall include—

(A) the ability of the eligible intermediary to meet housing needs of low-income families on a national or regional scope;

(B) the capacity of the eligible intermediary to use the grant award in accordance with paragraph (3), based on the past performance and management of the applicant; and

(C) the extent to which the eligible intermediary has leveraged funding from private and other non-Federal sources for the eligible activities.

(3) USE OF GRANT AWARD.—

(A) IN GENERAL.—Except as provided in subparagraph (B), of the amount of a grant made available under this subsection, an eligible intermediary shall ensure that—

(i) 75 percent shall be used for eligible activities relating to the development of affordable housing for rental by extremely low-income families; and

(ii) 25 percent shall be used for eligible activities relating to the development of affordable housing for rental by low-income families, or for homeownership assistance for low-income families.

(B) EXCEPTION.—

(i) IN GENERAL.—If a grant made available under this subsection is used for

a project described in clause (ii), an eligible intermediary may use that amount for eligible activities relating to the development of housing for rental by families whose incomes are less than 60 percent of the area median income, and for homeownership activities for families whose incomes are less than 80 percent of area median income.

(ii) PROJECT CONTRIBUTING TO A CONCERTED COMMUNITY REVITALIZATION PLAN.—A project is described in this clause if—

(I) it is located in a community undergoing concerted revitalization and is contributing to a community revitalization plan; and

(II) it is located in a census tract in which—

(aa) the median household income is less than 60 percent of the area median income; or

(bb) the rate of poverty is greater than 20 percent.

(C) PLAN OF USE.—Each eligible intermediary that receives a grant under this subsection shall establish a plan for the use or distribution of the amount made available under the grant, which plan shall be submitted to the Secretary and shall include information relating to the manner in which the eligible intermediary will either use or distribute that amount, including—

(i) a certification that assistance under this subsection will be used to supplement assistance leveraged from private and other non-Federal sources, including assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that is devoted to the project in which the housing to be developed is located;

(ii) a certification that local assistance will be provided in carrying out the eligible activities, which may include—

(I) financial assistance; and

(II) a good faith effort to work with the unit of local government in which the housing will be located to

address issues of siting and exclusionary zoning or other policies that are barriers to affordable housing;

(iii) a certification that any housing developed with assistance under this subsection will remain affordable for extremely low-income families or low-income families, as applicable, for not less than 40 years;

(iv) a certification that any housing developed by the applicant with assistance under this subsection will be located—

(I) in a mixed-income development in a census tract having a poverty rate of not more than 20 percent, and near employment and other opportunities for low-income families; or

(II) in a community undergoing revitalization;

(v) a certification that the tenant contribution toward rent for a family residing in a unit developed with assistance under this paragraph will not exceed 30 percent of the adjusted income of that family; and

(vi) a certification by the applicant that the owner of a project in which any

housing developed with assistance under this subsection is located will make a percentage of units in the project available to families assisted under the voucher program under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) on the same basis as other families eligible for the housing (except that only the expected share of rent of the voucher holder shall be considered), which percentage shall not be less than the percentage of the total cost of developing or rehabilitating the project that is funded with assistance under this subsection.

(D) FORMS OF ASSISTANCE.—

(i) IN GENERAL.—An eligible intermediary may distribute the amount made available under a grant under this subsection in the form of capital grants, non-interest bearing or low-interest loans or advances, deferred payment loans, guarantees, and other forms of assistance.

(ii) REPAYMENTS.—If an eligible intermediary awards assistance under this subsection in the form of a loan or other

mechanism by which funds are later repaid to the eligible intermediary, any repayments received by the eligible intermediary shall be distributed by the eligible intermediary in accordance with the plan of use described in subparagraph (C) during the following fiscal year.

SEC. 7104. REGULATIONS.

Not later than 6 months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall promulgate regulations to carry out this subtitle.

Subtitle C—Housing Preservation Matching Grants

SEC. 7201. SHORT TITLE.

This subtitle may be cited as the ''Housing Preservation Matching Grant Act of 2001''.

SEC. 7202. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) more than 55,300 affordable housing dwelling units in the United States have been lost through termination of low income affordability requirements, which usually involves the prepayment of the outstanding principal balance under the mortgage on the project in which such units are located;

(2) more than 265,000 affordable housing dwelling units in the United States are at risk of prepayment;

(3) the loss of the privately owned, federally assisted affordable housing, which is occurring during a period when rents for unassisted housing are increasing and few units of additional affordable housing are being developed, will cause unacceptable harm on current tenants of affordable housing and will precipitate a national crisis in the supply of housing for low-income households;

(4) the demand for affordable housing far exceeds the supply of affordable housing, as evidenced by studies in 1998 that found that—

(A) 5,300,000 households (one-seventh of all renters in the Nation) have worst-case housing needs; and

(B) the number of families with at least one full-time worker and having worst-case housing needs increased from 1991 to 1995 by 265,000 to almost 1,400,000 (a 24 percent increase);

(5) the shortage of affordable housing in the United States reached a record high in 1995, when the number of low-income households exceeded the

number of low-cost rental dwelling units by 4,400,000;

(6) between 1990 and 1995, the shortage of affordable housing in the United States increased by 1,000,000 dwelling units, as the supply of low-cost units decreased by 100,000 and the number of low-income renter households increased by 900,000;

(7) there are nearly 2 low-income renters in the United States for every low-cost rental dwelling unit;

(8) 2 of every 3 low-income renters receive no housing assistance, and approximately 2,000,000 low-income households remain on waiting lists for affordable housing;

(9) the shortage of affordable housing dwelling units results in low-income households that are not able to acquire low-cost rental units paying large proportions of their incomes for rent; and

(10) in 1995, 82 percent of low-income renter households were paying more than 30 percent of their incomes for rent and utilities.

(b) PURPOSES.—The purposes of this subtitle are—

(1) to promote the preservation of affordable housing units by providing matching grants to States that have developed and funded programs for the preservation of privately owned housing that is

affordable to low-income families and persons and was produced for such purpose with Federal assistance;

(2) to minimize the involuntary displacement of tenants who are currently residing in such housing, many of whom are elderly or disabled persons; and

(3) to continue the partnerships among the Federal Government, State and local governments, and the private sector in operating and assisting housing that is affordable to low-income Americans.

SEC. 7203. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) LOW-INCOME AFFORDABILITY RESTRICTION.—The term ''low-income affordability restriction'' means, with respect to a housing project, any limitation imposed by regulation or regulatory agreement on rents for tenants of the project, rent contributions for tenants of the project, or income-eligibility for occupancy in the project.

(2) PROJECT-BASED ASSISTANCE.—The term ''project-based assistance'' has the same meaning as in section 16(c) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)), except that the term

includes assistance under any successor program to any program referred to in that section.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(4) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

SEC. 7204. AUTHORITY.

The Secretary shall, to the extent that amounts are made available pursuant to section 7211, make grants under this subtitle to States for low-income housing preservation.

SEC. 7205. APPLICATIONS.

(a) IN GENERAL.—Each State that seeks a grant under this subtitle shall submit an application to the Secretary (through an appropriate State agency) at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall contain any information and certifications necessary for the Secretary to determine

whether the State is eligible to receive a grant under this subtitle.

SEC. 7206. USE OF GRANTS.

(a) IN GENERAL.—Amounts from grants made under this subtitle may be used by States only for assistance for acquisition, preservation incentives, operating costs, and capital expenditures for a housing project that meets the requirements of subsection (b), (c), or (d).

(b) PROJECTS WITH HUD-INSURED MORTGAGES.—A project meets the requirements of this subsection only if—

(1) the project is financed by a loan or mortgage that is—

(A) insured or held by the Secretary under section 221(d)(3) of the National Housing Act (12 U.S.C. 1715l(d)(3)) and the project is receiving loan management assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) due to a conversion from section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(B) insured or held by the Secretary and bears interest at a rate determined under the proviso of section 221(d)(5) of the National Housing Act (12 U.S.C. 1715l(d)(5));

(C) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act (12 U.S.C. 1715z–1); or

(D) held by the Secretary and formerly insured under a program referred to in subparagraph (A), (B), or (C);

(2) with respect to the mortgage referred to in paragraph (1), the project is subject to an unconditional waiver of—

(A) all rights to any prepayment of the mortgage; and

(B) all rights to any voluntary termination of the mortgage insurance contract for the mortgage; and

(3) the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend all low-income affordability restrictions for the project, including any such restrictions imposed because of any contract for project-based assistance for the project.

(c) PROJECTS WITH SECTION 8 PROJECT-BASED ASSISTANCE.—A project meets the requirements of this subsection only if—

(1) the project is subject to a contract for project-based assistance; and

(2) the owner of the project has entered into binding commitments (applicable to any subsequent owner)—

(A) to extend the project-based assistance for the maximum period allowable under law (subject to the availability of amounts for such purpose); and

(B) to extend any low-income affordability restrictions applicable to the project in connection with the project-based assistance.

(d) PROJECTS PURCHASED BY RESIDENTS.—A project meets the requirements of this subsection only if the project—

(1) is or was eligible low-income housing (as defined in section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4119); and

(2) has been purchased by a resident council for the housing, or is approved by the Secretary for such purchase, for conversion to homeownership housing under a resident homeownership program meeting the requirements of section 226 of the Low-

Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4116).

(e) COMBINATION OF ASSISTANCE.—Notwithstanding subsection (a), any project that is otherwise eligible for assistance with grant amounts provided under this subtitle because the project meets the requirements under subsection (b) or (c), and that also meets the requirements under paragraph (1) of the other of such subsections, shall be eligible for assistance under this subtitle only if the project complies with all of the requirements under such other subsection.

SEC. 7207. GRANT AMOUNT LIMITATION.

The Secretary shall limit the portion of the aggregate amount of grants under this subtitle made available for any fiscal year that may be provided to a single State based upon the proportion of the need of that State (as determined by the Secretary) for assistance under this subtitle to the aggregate need among all States approved for assistance under this subtitle for that fiscal year.

SEC. 7208. MATCHING REQUIREMENTS.

(a) IN GENERAL.—The Secretary may not make a grant under this subtitle to any State for any fiscal year in an amount that exceeds twice the amount that the State certifies, as the Secretary shall require, that the State will contribute for such fiscal year, or has contributed since

January 1, 2001, from non-Federal sources for the purposes under section 7206(a).

(b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—Any portion of amounts contributed after January 1, 2001, that are counted for the purpose of meeting the requirement under subsection (a) for a fiscal year may not be counted for such purpose for any subsequent fiscal year.

(c) TREATMENT OF TAX CREDITS.—Tax credits provided under section 42 of the Internal Revenue Code of 1986, and proceeds from the sale of tax-exempt bonds by any State or local government entity shall not be considered non-Federal sources for purposes of this section.

SEC. 7209. TREATMENT OF SUBSIDY LAYERING REQUIREMENTS.

Neither section 7208 nor any other provision of this subtitle may be construed to prevent the use of tax credits provided under section 42 of the Internal Revenue Code of 1986, in connection with housing assisted with grant amounts provided under this subtitle, to the extent that such use is in accordance with section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)) and section 911 of the Housing and Community Development Act of 1992 (42 U.S.C. 3545 note).

SEC. 7210. REGULATIONS.

The Secretary may issue regulations to carry out this subtitle.

SEC. 7211. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for grants under this subtitle such sums as are necessary for each of fiscal years 2002 through 2006.

TITLE VIII—SAFE START

Subtitle A—Promotion of Permanency for Children

SEC. 8001. REIMBURSEMENT FOR PREVENTIVE, PROTECTIVE, CRISIS, PERMANENCY, INDEPENDENT LIVING, AND POST-PERMANENCY SERVICES AND ACTIVITIES.

(a) IN GENERAL.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by inserting after section 474 the following:

"SEC. 474A. PAYMENTS FOR PREVENTIVE, PROTECTIVE, CRISIS, PERMANENCY, INDEPENDENT LIVING, AND POST-PERMANENCY SERVICES AND ACTIVITIES.

"(a) IN GENERAL.—In addition to any other payments made to a State under this title, for each quarter beginning after September 30, 2001, the Secretary shall pay each State which has a plan approved under this part and that opts to receive payments under this section, a

payment, subject to subsection (e), equal to the Federal medical assistance percentage of the costs of providing the services and activities described in subsection (b) in order to ensure that the timelines set forth in section 475(5), as added by the Adoption and Safe Families Act of 1997, can be honored and the goals of safety and permanence for children will be realized.

"(b) SERVICES AND ACTIVITIES DESCRIBED.—The services and activities described in this subsection are as follows:

"(1) PREVENTIVE, PROTECTIVE, AND CRISIS SERVICES.—

"(A) IN GENERAL.—Preventive, protective, and crisis services for children and parents who come to the attention of the State or a local agency and whose cases are referred for assessment or investigation because of a concern about the risk of abuse or neglect.

"(B) REQUIREMENTS.—In the case of services other than investigation and assessment—

"(i) the agency and the parents must have agreed to the provision of such services in the case plan for the family; and

"(ii) funding for such services under this part shall be provided for not more than 18 months within a 48 month period, consistent with the exception provided in subsection (c).

"(2) PERMANENCY SERVICES.—Permanency services for children and parents to help ensure that when a child is placed in foster care, prompt decisions can be made about the appropriate permanency plan for the child, but only if the agency and the parents have agreed to the provision of such services to the parents in the case plan for the family and funding for such services under this part (other than foster care maintenance payments under section 472) will be provided for not more than 18 months within a 48 month period, consistent with the exception provided in subsection (c).

"(3) POST-PERMANENCY SERVICES.—

"(A) IN GENERAL.—Post-permanency services for children and their parents or other caregivers when children have been in foster care funded under this part and are returned to their birth families, are in adoptive families, or are placed permanently with a legal guardian or a fit and willing relative, if the agency and the

child's caregivers have agreed to the provision of such services in the case plan for the family, but only to the extent that—

"(i) with respect to such services for children returned to their birth families, such services are provided for not more than 18 months within a 48 month period, consistent with the exception provided in subsection (c); and

"(ii) with respect to such services for children who are adopted from foster care or placed permanently with a legal guardian or a fit and willing relative, such services are provided on an as-needed basis consistent with the child and family service plan.

"(4) APPLICATION TO CERTAIN CHILDREN.—With respect to the services described in paragraph (1), (2), or (3) that are provided to children who have come to the attention of the State or a local agency before the date of enactment of the Leave No Child Behind Act of 2001, the 18-month time limit for such services for such children shall commence on a date de-

termined by the State that is not more than 180 days after such date of enactment.

"(5) INDEPENDENT LIVING SERVICES.—Independent living services to help children who are likely to remain in foster care until attaining 18 years of age and children who are former foster care recipients who have not attained 21 years of age make the transition to self-sufficiency by providing services such as assistance in obtaining a high school diploma, a General Equivalency Diploma, or post-secondary education or training, career exploration, vocational training, job placement and retention, training in daily living skills, budgeting and financial management skills, substance abuse prevention, preventive health activities, financial, housing, counseling, personal or emotional support (through interaction with dedicated adults), and other appropriate support services.

"(c) SAFETY EXCEPTION.—

"(1) IN GENERAL.—Subject to paragraph (2), beginning with fiscal year 2003, a State may exempt up to the number of children and parents receiving any of the services described in subsection (b) that equals 20 percent of the number of such children and parents who received such services during the

preceding fiscal year, from the time limits specified for such services in such subsection in order to help ensure that children will be served safely and appropriately in accordance with their individual needs.

"(2) BIENNIAL REVIEW.—

"(A) EXCEPTED CASES.—A State shall biennially review the cases excepted under paragraph (1), in accordance with guidelines developed by the Secretary, to ensure the continued appropriateness of the exceptions and to determine the circumstances under which such exceptions have been made, and shall report the findings of the review to the Secretary. Such report shall include a recommendation, if necessary, that the Secretary allow the State to adjust the maximum percentage for such exceptions to address changed circumstances. A State may proceed in accordance with the recommendation unless the Secretary disapproves the recommendation within 60 days of the receipt of the recommendation.

"(B) FOSTER CARE CHILDREN.—In addition to the review required under subparagraph (A), a State shall biennially review, in accordance with guidelines developed by the Secretary,

the cases of children who have remained in foster care and for which foster care maintenance payments (as defined in section 474(4)) have been made for more than 18 months and submit a report on such review to the Secretary. Such report shall describe, with respect to each such child, the child's age, special needs (if any), type of placement, and the length of time that the child has been in foster care.

"(C) REPORT.—Not later than January 1, 2006, and January 1 of every other year thereafter, the Secretary shall submit a report to Congress on the reviews and recommendations required under subparagraphs (A) and (B) for the preceding fiscal year. Such report shall include a summary of the Secretary's findings on the appropriateness of the safety exceptions and the States' progress in meeting the needs of the children who receive services or foster care for more than 18 months.

"(d) NO PAYMENT FOR SERVICES REIMBURSABLE UNDER TITLE XIX.—No payments may be made under this section for any services described in subsection (b) that the State is reimbursed for under title XIX.

"(e) MAINTENANCE OF EFFORT.—A State may not receive payments under this section unless, for fiscal year 2002 and each fiscal year thereafter, the total State and local expenditures for services and activities described in subsection (b) for that fiscal year equals or exceeds the total of such expenditures for fiscal year 2001.".

(b) STATE PLAN AMENDMENT.—Section 471(a) of such Act (42 U.S.C. 671(a)) is amended—

(1) in paragraph (23)(B), by striking "and" at the end;

(2) in paragraph (24), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(25) provides that the State shall describe—

"(A) prior to the beginning of a fiscal year, the types of preventive, protective, crisis, permanency, independent living, and post-permanency services that the State expects to be made available under the plan during that fiscal year;

"(B) the populations expected to be provided such services during the fiscal year;

"(C) notwithstanding paragraph (3), the geographic areas in the State in which the serv-

ices are likely to be available during the fiscal year;

"(D) the role of public and nonprofit private agencies and community-based organizations referred to in section 432(b)(1) in the planning and decisionmaking regarding which such services would be provided during the fiscal year and how the services to be provided would promote safety and permanence for children; and

"(E) prior to the beginning of the third fiscal year of implementation of such services, and prior to the beginning of each fiscal year thereafter, what the State proposes to do to reduce the length of time families need to receive services from the State agency.".

SEC. 8002. CHILD AND FAMILY SERVICE PLAN AND CASE REVIEWS.

(a) IN GENERAL.—Section 471(a)(16) of the Social Security Act (42 U.S.C. 671(a)(16)) is amended—

(1) by inserting "(A)" after "(16)";

(2) by adding "and" after the semicolon; and

(3) by adding at the end the following:

"(B)(i) provides for the development of a child and family service plan and for case reviews by a cit-

izen review board or an administrative review body no less frequently than once every 6 months for each child and family member receiving preventive, protective, crisis, permanency, independent living, or post-permanency services; and

''(ii) provides that each child and family service plan developed under clause (i) shall describe the steps taken to assure the safety of the child, provide the services that are needed and, where applicable, have been agreed to by the agency and the parent, the extent of progress that has been made toward meeting the service needs of the child and the family, and the continuing necessity for and appropriateness of the services being provided with respect to—

''(I) each child, parent, or caregiver who comes to the attention of the State agency and whose case is referred for assessment or investigation because of a concern about the risk of abuse or neglect, and who receives preventive, protective, crisis, permanency, independent living, or post-permanency services under this part; and

''(II) each child, parent, or caregiver who receives post-permanency services under this

part when a child is returned to the birth family, placed in an adoptive family, or placed permanently with a legal guardian or a fit and willing relative.''

(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2001.

SEC. 8003. KINSHIP GUARDIANSHIP ASSISTANCE PAYMENTS FOR CHILDREN.

(a) IN GENERAL.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by inserting after section 472 the following:

''SEC. 472A. KINSHIP GUARDIANSHIP ASSISTANCE PAYMENTS FOR CHILDREN.

''(a) IN GENERAL.—Each State with a plan approved under this part may, at State option, enter into kinship guardianship assistance agreements to provide kinship guardianship assistance payments on behalf of children to grandparents and other relatives who have assumed legal guardianship (as defined in section 475(7)) of the children for whom they have cared as foster parents and for whom they have committed to care for on a permanent basis.

''(b) KINSHIP GUARDIANSHIP ASSISTANCE AGREEMENT.—

''(1) IN GENERAL.—In order to receive payments under this section, a State shall—

"(A) negotiate and enter into a written, binding, kinship guardianship assistance agreement with the prospective relative guardian of a child that meets the requirements of this subsection; and

"(B) provide the prospective relative guardian with a copy of the agreement.

"(2) MINIMUM REQUIREMENTS.—The agreement shall specify, at a minimum—

"(A) the amount of, and manner in which, each kinship guardianship assistance payment will be provided under the agreement;

"(B) the additional services and assistance that the child and relative guardian will be eligible for under the agreement;

"(C) the procedure by which the relative guardian may apply for additional services as needed, provided the agency and relative guardian agree on the additional services as specified in the case plan; and

"(D) subject to paragraph (3), that the State will pay the total cost of nonrecurring expenses associated with obtaining legal guardianship of the child.

"(2) INTERSTATE APPLICATION.—The agreement shall provide—

"(A) that the agreement shall remain in effect without regard to the State residency of the kinship guardian; and

"(B) for the protection of the interests of the child in any case where the kinship guardian and the child move to another State while the agreement is in effect.

"(3) NO AFFECT ON FEDERAL REIMBURSEMENT.—Nothing in paragraph (1)(D) shall be construed as affecting the ability of the State to obtain reimbursement from the Federal Government for costs described in that paragraph.

"(c) KINSHIP GUARDIANSHIP ASSISTANCE PAYMENT.—

"(1) IN GENERAL.—The kinship guardianship assistance payment shall be based on consideration of the needs of the relative guardian and of the child and shall be at least equal to the amount of the foster care maintenance payment for which the child would have been eligible if the child remained in foster care. The payment may be readjusted periodically based on relevant changes in such needs.

"(2) LIMITATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no kinship guardianship assistance payment may be made to a relative guardian for any child who has attained age 18.

"(B) EXCEPTIONS.—A kinship guardianship assistance payment may be made to a relative guardian with respect to a child who—

"(i) is a full-time student in a secondary school or in the equivalent level of a vocational or technical training program and has not attained age 19; or

"(ii) with respect to a child who the State determines has a mental or physical disability that warrants the continuation of assistance to age 21.

"(d) CHILD'S ELIGIBILITY FOR A KINSHIP GUARDIANSHIP ASSISTANCE PAYMENT.—

"(1) IN GENERAL.—A child is eligible for a kinship guardianship assistance payment under this section if the State agency determines the following:

"(A) The child has been—

"(i) removed from his or her home pursuant to a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the

home would be contrary to the welfare of the child; and

"(ii) under the care of the State agency for the 12-month period ending on the date of such agency determination.

"(B) Being returned home or adopted are not appropriate permanency options for the child.

"(C) The child demonstrates a strong attachment to the prospective relative guardian and the relative guardian has a strong commitment to caring permanently for the child.

"(D) With respect to a child who has attained age 14, the child has been consulted regarding the kinship guardianship arrangement.

"(2) TREATMENT OF SIBLINGS.—With respect to a child who is described in paragraph (1) whose sibling or siblings are not so described—

"(A) the child and any sibling of the child may be placed in the same kinship guardianship arrangement if the State agency and the relative agree on the appropriateness of the arrangement for the siblings; and

"(B) kinship guardianship assistance payments may be paid for the child and each sibling so placed.".

(b) CONFORMING AMENDMENTS.—

(1) STATE PLAN REQUIREMENT.—Section 471(a)(20) of such Act (42 U.S.C. 671(a)(20) is amended by striking "before the foster or adoptive parent may be finally approved for placement of a child on whose behalf foster care maintenance payments or adoption assistance payments" and inserting "or relative guardian before the foster or adoptive parent or relative guardian may be finally approved for placement of a child on whose behalf foster care maintenance payments, adoption assistance payments, or kinship guardianship assistance payments".

(2) DEFINITIONS.—Section 475(1) of such Act (42 U.S.C. 675(1)) is amended by adding at the end the following:

"(F) In the case of a child with respect to whom the permanency plan is placement with a relative and receipt of kinship guardianship assistance payments under section 472A, a description of—

"(i) the steps that the agency has taken to determine that it is not appropriate for the child to be returned home or adopted;

"(ii) the reasons why a permanent placement with a fit and willing relative through a kinship guardianship assistance arrangement is in the child's best interests;

"(iii) the ways in which the child meets the eligibility requirements for a kinship guardianship assistance payment;

"(iv) the efforts the agency has made to discuss adoption by the child's relative foster parent as a more permanent alternative to legal guardianship and, in the case of a relative foster parent who has chosen not to pursue adoption, documentation of the reasons why; and

"(v) the efforts made by the State agency to secure the consent of the child's parent or parents to the kinship guardianship assistance arrangement, or the reasons why such efforts were not made.".

SEC. 8004. ELIMINATION OF FINANCIAL ELIGIBILITY REQUIREMENT FOR FOSTER CARE MAINTENANCE AND ADOPTION ASSISTANCE PAYMENTS.

(a) FOSTER CARE MAINTENANCE PAYMENTS.—Section 472(a) of the Social Security Act (42 U.S.C. 672(a)) is amended—

(1) in the matter preceding paragraph (1), by striking ''would have met the requirements of section 406(a) (as so in effect) or of section 407 (as such sections were in effect on July 16, 1996) but for his removal from the home of a relative (specified in section 406(a)),'' and inserting ''has been removed from his or her home'';

(2) in paragraph (2), by adding ''and'' at the end;

(3) in paragraph (3), by striking ''; and'' and inserting a period;

(4) by striking paragraph (4); and

(5) by striking the last 2 sentences of that section.

(b) ADOPTION ASSISTANCE PAYMENTS.—Section 473(a)(2) of the Social Security Act (42 U.S.C. 673(a)(2)) is amended—

(1) in subparagraph (A)(i)—

(A) by striking ''met the requirements of section 406(a) or section 407 (as such sections were in effect on July 16, 1996) or would have met such requirements except for his removal from the home of a relative (specified in section 406(a) (as so in effect))'' and inserting ''has been removed from his or her home''; and

(B) by striking ''(or 403 (as such section was in effect on July 16, 1996))'';

(2) in subparagraph (A)(iii), by adding ''and'' at the end;

(3) by striking subparagraph (B);

(4) by redesignating subparagraph (C) as subparagraph (B); and

(5) by striking ''The last sentence of section 472(a)'' and all that follows and inserting ''Any child who meets the requirements of subparagraph (B), who was determined eligible for adoption assistance payments under this part with respect to a prior adoption, who is available for adoption because the prior adoption has been dissolved and the parental rights of the adoptive parents have been terminated or because the child's adoptive parents have died, and who fails to meet the requirements of subparagraph (A) but would meet such requirements if

the child were treated as if the child were in the same circumstances the child was in the last time the child was determined eligible for adoption assistance payments under this part and the prior adoption were treated as never having occurred, shall be treated as meeting the requirements of this paragraph for purposes of paragraph (1)(B)(ii).''.

SEC. 8005. ESTABLISHMENT OF UNIFORM FEDERAL MATCHING RATE.

(a) IN GENERAL.—Section 474(a) of the Social Security Act (42 U.S.C. 674(a)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''of—'' and inserting ''of the following:'';

(B) by striking ''(1) an amount'' and all that follows through the end of paragraph (3) and inserting the following:

''(1) The Federal medical assistance percentage (as defined in section 1905(b)) of each of the following:

''(A) The total amount expended during such quarter as foster care maintenance payments under section 472 for children in foster family homes or child-care institutions.

"(B) The total amount expended during such quarter as kinship guardianship assistance payments under section 472A for children with a kinship guardianship assistance agreement.

"(C) The total amount expended during such quarter as adoption assistance payments under section 473 pursuant to adoption assistance agreements.

"(D) Subject to paragraph (3), the total amount expended during such quarter for preventive, protective, crisis, permanency, independent living, and post-permanency services and activities under section 474A.

"(E) The total amounts expended during such quarter as found necessary by the Secretary for the provision of child placement services and for the proper and efficient administration of the State plan.

"(F) The total amounts expended during such quarter as found necessary by the Secretary for the training of—

"(i) personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision (including short- and long-term

training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions);

''(ii) current or prospective foster or adoptive parents and the members of the staff of State-licensed or State-approved child care institutions providing care to foster and adopted children receiving assistance under this part, in ways that increase the ability of such current or prospective parents, staff members, and institutions to provide support and assistance to foster and adopted children, whether incurred directly by the State or by contract but only for such expenditures (including travel and per diem expenses) that are incurred for short-term training;

''(iii) the staff of private State licensed or State approved child welfare agencies that provide preventive, crisis, protective permanency, post-permanency, and independent living services or care to foster and adopted children and children with relative guardians who are eligible for assistance under this part (including joint training and cross training of such staff);

"(iv) court staff, including judges, judicial personnel, law enforcement personnel, agency attorneys, attorneys representing parents in proceedings conducted by or under the supervision of an abuse or neglect court, attorneys representing children in such proceedings, guardian ad litems, volunteers who participate in court-appointed special advocate (CASA) programs, and citizen review board members when under court auspices to keep children safe and provide permanent families for children, but only to the extent that any training offered to judges or any judicial personnel is offered by, or under contract with, the State or local agency in collaboration with the judicial conference or other appropriate judicial governing body operating in the State; and

"(v) staff employed by State, local, or private nonprofit substance abuse prevention and treatment agencies, mental health providers, domestic violence prevention and treatment providers, health agencies, child care agencies, schools, and community service agencies that are collaborating with the State or local agency administering the State plan under this part to

keep children safe and provide permanent families for children, including adoptive families.

"(G) The total amounts expended during such quarter as found necessary by the Secretary for the planning, design, development, installation, or operation of statewide mechanized data collection and information retrieval systems (including expenditures for hardware components for such systems) but only to the extent that such systems—

"(i) meet the requirements imposed by regulations promulgated pursuant to section 479(b)(2);

"(ii) to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect; and

"(iii) are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under part B or this part.";

(2) in paragraph (4)—

(A) by striking "the lesser" and inserting "The lesser"; and

(B) by redesignating such paragraph as paragraph (2); and

(3) by adding at the end the following new paragraph:

''(3) With respect to a State that elects to provide preventive, protective, crisis, permanency, independent living, and post-permanency services and activities under section 474A, that begins the process for accreditation of the State agency administering the program under this part within 3 years after the date of enactment of the Leave No Child Behind Act of 2001, and that has such State agency accredited by a nationally recognized accrediting agency approved by the Secretary to provide such accreditation, the Federal medical assistance percentage for the State shall be increased by 1 percentage point a year for each of the 4 consecutive years in which the agency is so accredited for purposes of making the payments described in paragraph (1)(D), beginning with the first fiscal year quarter that begins after the State submits to the Secretary evidence of such accreditation.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking ''474(a)(3)(E)'' and inserting ''474(a)(1)(E)''.

(2) Section 477(h) of such Act (42 U.S.C. 677(h)) is amended by striking ''474(a)(4)'' and inserting ''474(a)(2)''.

SEC. 8006. ELIMINATION OF DISINCENTIVE FOR FOSTER PARENTS TO ADOPT CHILDREN WITH SPECIAL NEEDS WHO HAVE BEEN IN THEIR FOSTER CARE.

The last sentence of section 473(a)(3) of the Social Security Act (42 U.S.C 673(a)(3)) is amended to read as follows: ''However, an adoptive parent shall be eligible to receive an adoption assistance payment under clause (ii) of paragraph (1)(B) that is at least equal to the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.''.

SEC. 8007. EXTENSION OF ADOPTION ASSISTANCE PAYMENTS.

Section 473(a)(4) of the Social Security Act (42 U.S.C. 673(a)(4)) is amended by striking ''(or,'' and inserting ''(or, in the case of a child who is a full-time student in a secondary school or in the equivalent educational

level of a vocational or technical training program, the age of nineteen, or''.

SEC. 8008. REIMBURSEMENT FOR ROOM AND BOARD IN FOSTER FAMILY HOMES, CHILD CARE INSTITUTIONS, OR SUPERVISED LIVING ARRANGEMENTS FOR YOUNG PEOPLE AGING OUT OF FOSTER CARE.

Section 472 of the Social Security Act (42 U.S.C. 672) is amended by adding at the end the following:

''(i)(1) Notwithstanding any other provision of this part, a State may make foster care maintenance payments (as defined in section 475(4)) under this section on behalf of eligible individuals described in paragraph (2) for reimbursement of room and board expenses incurred for such individuals in a foster family home, child care institution, or other supervised living arrangement as approved by the State agency, in order to assist such individuals to leave foster care and transition to self-sufficiency.

''(2) An eligible individual described in this paragraph is an individual who—

''(A) was in foster care on the date that the individual attained age 17 and had been in foster care for at least 1 year prior to that date;

''(B) has not attained age 22;

"(C) is in the process of completing secondary education, enrolled in an institution that provides postsecondary education or vocational training, or is employed for at least 80 hours per month;

"(D) is participating in independent living activities of the type that may be supported under the John H. Chafee Foster Care Independence Program under section 477; and

"(E) has a case plan that includes a specific plan for how the individual will achieve independent living and that provides for the individual to reside in a setting that promotes personal responsibility and encourages self-sufficiency.

"(3)(A) A State may not receive payments under section 474(a)(1)(A) for expenditures under this subsection unless with respect to fiscal year 2002 and each fiscal year thereafter, the total Federal, State, and local expenditures for reimbursements described in paragraph (1) in the State (or for related independent living services) equals or exceeds the total of such expenditures for fiscal year 2001.

"(B) The amount of total Federal, State, and local expenditures required under subparagraph (A) to be maintained for a fiscal year may be reduced appropriately if the total Federal expenditures for that fiscal year are less

than such the amount of such expenditures for fiscal year 2001.

"(4) With respect to a fiscal year, a State that makes foster care maintenance payments under this subsection shall submit to the Secretary an annual report that includes the following:

"(A) The number of eligible individuals described in paragraph (2) who received foster care maintenance payments under this subsection and the nature of the settings in which such individuals were housed.

"(B) A description of the steps being undertaken in the State to promote housing opportunities for individuals transitioning from foster care after attaining age 18 and for individuals that have already transitioned out of foster care as a result of age.

"(C) Recommendations regarding the types of Federal assistance that would assist the State to better meet the housing need of the individuals described in subparagraph (B).".

SEC. 8009. FUNDING FOR VOUCHERS TO ASSIST YOUNG PEOPLE AGING OUT OF FOSTER CARE MAKE THE TRANSITION TO SELF-SUFFICIENCY.

Section 477 of the Social Security Act (42 U.S.C. 677) is amended by adding at the end the following:

"(i) VOUCHERS TO ASSIST THE TRANSITION TO SELF-SUFFICIENCY.—

"(1) GRANTS TO STATES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this part, and in addition to payments made to a State under section 474(a)(2), the Secretary shall make grants to States for vouchers to help eligible individuals described in paragraph (2) make the transition to self-sufficiency.

"(B) APPLICATION.—A State that desires to receive a grant under this subsection shall submit an application to the Secretary at such time, and in such form and manner as the Secretary shall require.

"(C) COMPETITIVE GRANTS.—The Secretary shall award grants to States under this subsection on a competitive basis, based on criteria established by the Secretary.

"(2) ELIGIBLE INDIVIDUALS DESCRIBED.—An eligible individual described in this paragraph is an individual who—

"(A) is described in section 472(i)(2); or

"(B) has been adopted from foster care, or placed with a relative with a kinship guardianship assistance agreement, on or after the individual's 16th birthday and has not yet attained age 22.

"(3) VOUCHER REQUIREMENTS.—A State receiving a grant under this subsection shall use the funds provided under the grant to provide a voucher of up to $5000 per year for the costs incurred by an eligible individual described in paragraph (2) who applies for the voucher of obtaining—

"(A) a General Equivalency Diploma (and related supports provided to assist an eligible individual in obtaining such a degree);

"(B) a post-secondary education; or

"(C) vocational training.

"(4) MATCHING REQUIREMENT.—A State may not receive a grant under this subsection unless the State agrees to provide $1 for every $3 awarded under the grant.

"(5) MAINTENANCE OF EFFORT REQUIREMENT.—A State may not receive a grant under this subsection unless with respect to fiscal year 2002 and each fiscal year thereafter, the total State, and local expenditures for vouchers described in paragraph (3) in such State (or for similar expenditures) equals or exceeds the total of such expenditures for fiscal year 2001.

"(6) ANNUAL REPORT.—Each State that receives a grant under this subsection shall submit an annual report to the Secretary that includes the following:

"(A) The number of eligible individuals described in paragraph (2) who received vouchers during the year involved, the nature of the activities that were supported by the vouchers, and a description of the institutions where the vouchers were used.

"(B) The number of individuals who applied for a voucher funded under this section during such year, were determined to be eligible for a voucher, but did not receive a voucher because funding was not available.

"(C) A description of other steps being undertaken in the State to promote educational

and training opportunities for individuals who are in foster care and are about to age out of such care and for individuals who have aged out of foster care.

"(D) Recommendations regarding the types of Federal assistance that would assist the State to better meet the educational and training needs of individuals described in subparagraph (C).

"(7) AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Secretary $120,000,000 for each of fiscal years 2002 through 2006.".

SEC. 8010. ADDITIONAL ACCOUNTABILITY.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 8001(b), is amended—

(1) in paragraph (24), by striking "and" at the end;

(2) in paragraph (25)(E), by striking the period and inserting a semicolon;

(3) by adding at the end the following:

"(26) provides that, beginning with January 1, 2004, and each January 1 thereafter, the State agency shall prepare and submit to the Secretary, and make available to the public, including through

posting on the State agency's Internet website, a report that, with respect to the 2 preceding fiscal years that are the subject of the report, describes—

"(A) how the funding made available under section 474A has been used;

"(B) the impact that the services and activities undertaken with such funding has had on—

"(i) preventing the abuse and neglect and repeat abuse and neglect of children;

"(ii) preventing the entry and re-entry of children into foster care;

"(iii) decreasing the length of stay of children in foster care in the State; and

"(iv) promoting permanent placements for children;

"(C) efforts by the State agency to improve the quality and retention of supervisors and staff who are delivering services under the State plan approved under this part, directly or under contract, and to improve the workloads of staff;

"(D) efforts by the State agency or local agencies to use community partners to promote

safety and permanence for children, including a description of—

"(i) collaborative work with substance abuse, mental health, health, or domestic violence agencies or providers to address the needs of the families assisted under this part;

"(ii) the involvement of community-based organizations with the State agency;

"(iii) how parents are engaged in the delivery of services; and

"(iv) efforts to utilize family team meeting, family group decisionmaking, or other activities that build on family strengths and address what families need;

"(E) the procedures that are in place to ensure that children who are returned home or placed in other permanent settings receive the support they need to remain home or in such a setting; and

"(F) the status of the State's most recent child and family services review and its program improvement plan activities, if applicable; and

"(27) provides that, beginning on January 1, 2004, the independent body charged with reviewing cases of children (such as a court, citizen review board, or independent administrative review body) biannually shall submit a report to the Secretary, in such form and manner as the Secretary shall require, that describes—

"(A) the status of children in the State, as reflected in the reviews conducted by such body;

"(B) the barriers to moving children in the State in accordance with the permanency plans for such children; and

"(C) recommendations for the amount of resources, fiscal and otherwise, that are needed to better meet the goals of safety and permanence for children established in the Adoption and Safe Families Act of 1997.".

SEC. 8011. AUTHORITY OF INDIAN TRIBES TO RECEIVE FEDERAL FUNDS FOR FOSTER CARE AND ADOPTION ASSISTANCE.

(a) CHILDREN PLACED IN TRIBAL CUSTODY ELIGIBLE FOR FOSTER CARE FUNDING.—Section 472(a)(2) of the Social Security Act (42 U.S.C. 672(a)(2)) is amended—

(1) by striking ''or (B)'' and inserting ''(B)''; and

(2) by inserting before the semicolon the following: '', or (C) an Indian tribe (as defined in section 479B(e)) or an intertribal consortium if the Indian tribe or consortium is not operating a program pursuant to section 479B and (i) has a cooperative agreement with a State pursuant to section 479B(c) or (ii) submits to the Secretary a description of the arrangements (jointly developed or developed in consultation with the State) made by the Indian tribe or consortium for the payment of funds and the provision of the child welfare services and protections required by this title''.

(b) PROGRAMS OPERATED BY INDIAN TRIBAL ORGANIZATIONS.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by adding at the end the following:

''SEC. 479B. PROGRAMS OPERATED BY INDIAN TRIBAL ORGANIZATIONS.

''(a) APPLICATION.—Except as provided in subsection (b), this part shall apply to an Indian tribe that elects to operate a program under this part in the same manner as this part applies to a State.

''(b) MODIFICATION OF PLAN REQUIREMENTS.—

"(1) IN GENERAL.—In the case of an Indian tribe submitting a plan for approval under section 471, the plan shall—

"(A) in lieu of the requirement of section 471(a)(3), identify the service area or areas and population to be served by the Indian tribe; and

"(B) in lieu of the requirement of section 471(a)(10), provide for the approval of foster homes pursuant to tribal standards and in a manner that ensures the safety of, and accountability for, children placed in foster care.

"(2) DETERMINATION OF FEDERAL SHARE.—

"(A) PER CAPITA INCOME.—

"(i) IN GENERAL.—For purposes of determining the Federal medical assistance percentage applicable to an Indian tribe eligible for payments under section 474(a), the calculation of an Indian tribe's per capita income shall be based upon the service population of the Indian tribe as defined in its plan in accordance with paragraph (1)(A).

"(ii) CONSIDERATION OF OTHER INFORMATION.—An Indian tribe may submit to the Secretary such information as the

Indian tribe considers relevant to the calculation of the per capita income of the Indian tribe, and the Secretary shall consider such information before making the calculation.

"(B) SOURCES OF NON-FEDERAL SHARE.—An Indian tribe may use Federal or State funds to match payments for which the Indian tribe is eligible under section 474.

"(3) MODIFICATION OF OTHER REQUIREMENTS.—Upon the request of an Indian tribe or tribes, the Secretary may modify any requirement under this part if, after consulting with the Indian tribe or tribes, the Secretary determines that modification of the requirement would advance the best interests and the safety of children served by the Indian tribe or tribes.

"(4) CONSORTIUM.—The participating Indian tribes of an intertribal consortium may develop and submit a single plan under section 471 that meets the requirements of this section.

"(c) COOPERATIVE AGREEMENTS.—An Indian tribe or intertribal consortium and a State may enter into a cooperative agreement for the administration or payment of funds pursuant to this part. In any case where an In-

dian tribe or intertribal consortium and a State enter into a cooperative agreement that incorporates any of the provisions of this section, those provisions shall be valid and enforceable. Any such cooperative agreement that is in effect as of the date of enactment of this section, shall remain in full force and effect subject to the right of either party to the agreement to revoke or modify the agreement pursuant to the terms of the agreement.

''(d) REGULATIONS.—Not later than 1 year after the date of enactment of this section, the Secretary shall, in full consultation with Indian tribes and tribal organizations, promulgate regulations to carry out this section.

''(e) DEFINITIONS OF INDIAN TRIBE; TRIBAL ORGANIZATIONS.—In this section, the terms 'Indian tribe' and 'tribal organization' have the meanings given those terms in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b), respectively.''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act without regard to regulations to implement such amendments being promulgated by such date.

Subtitle B—Promoting Safe and Stable Families

SEC. 8101. EXPANSION OF THE PROMOTING SAFE AND STABLE FAMILIES PROGRAM.

(a) REAUTHORIZATION AND INCREASE IN FUNDING.—Section 430(b) of the Social Security Act (42 U.S.C. 629(b)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(9) for each of fiscal years 2002 through 2006, $705,000,000.''.

(b) CONTINUATION OF RESERVATION OF FUNDS FOR EVALUATION, RESEARCH, TRAINING, AND TECHNICAL ASSISTANCE.—Section 430(d)(1) of the Social Security Act (42 U.S.C. 629(d)(1)) is amended by striking '', 1996, 1997, 1998, 1999, 2000, and 2001'' and inserting ''through 2006''.

(c) INCREASE IN RESERVATION OF FUNDS FOR STATE COURT ASSESSMENTS.—Section 430(d)(2) of the Social Security Act (42 U.S.C. 629(d)(2)) is amended—

(1) by striking ''and'' after ''1995,''; and

(2) by striking ", 1997, 1998, 1999, 2000, and 2001," and inserting "through 2001, $15,000,000 of the amounts so described for each of fiscal years 2002 and 2003, and $20,000,000 of the amounts so described for each of fiscal years 2004 through 2006,".

(d) INCREASE IN RESERVATION OF FUNDS FOR INDIAN TRIBES.—Section 430(d)(3) of the Social Security Act (42 U.S.C. 629(d)(3)) is amended by striking "1 percent" and inserting "3 percent".

Subtitle C—Social Services Block Grant

SEC. 8201. SHORT TITLE.

This subtitle may be cited as the "Social Services Block Grant Restoration Act of 2001".

SEC. 8202. FINDINGS.

Congress makes the following findings:

(1) Since 1975, title XX of the Social Security Act (42 U.S.C. 1397 et seq.), commonly referred to as the Social Services Block Grant (in this section referred to as "SSBG"), has authorized funding for social services to ensure that at-risk children and families, the elderly, and physically and mentally disabled individuals remain stable, independent, and economically self sufficient. In 1981, Congress and

the Reagan Administration converted SSBG into a block grant designed to give maximum flexibility to States to serve these fundamental purposes.

(2) Funds provided under the SSBG focus cost-effective support at the community level that prevents the need for inappropriate institutional care which is more costly for Federal and State programs such as the medicaid, medicare, and the social security disability benefits programs.

(3) The SSBG helps to further the goals set forth in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) by supporting the Temporary Assistance to Needy Families program (TANF) and support-related programs such as on-the-job training, child care, transportation, counseling, and other services that facilitate long-term family stability and economic self-sufficiency.

(4) The SSBG provides essential funding to many States for child welfare services that support the goals of the Adoption and Safe Families Act of 1997 (Public Law 105–89; 111 Stat. 2115) to promote a safe family environment and encourage adoption to move children into stable and permanent families.

(5) The SSBG helps promote independent living for vulnerable and low-income elderly individuals by supporting home care services, including home-delivered meals, adult protective services, adult day care, and other essential case management services provided in every State.

(6) It is reported that 820,000 older Americans are abused and neglected in this country each year. There are additional concerns about the under reporting of elderly abuse and neglect. The SSBG supports adult protective services that prevent widespread abuse and neglect of older Americans and help more than 651,000 elderly individuals in 31 States.

(7) More than 570,000 disabled individuals receive a range of community-based services and supports nationwide. The SSBG provides significant resources to fill the funding gaps in the developmental disabilities system by supporting such services as early intervention and crisis intervention, adult day care, respite care, transportation, employment training, and independent living services in 38 States.

(8) The SSBG supports essential mental health and related services to ensure that vulnerable adults and children receive early intervention to prevent

more serious and costly mental health crises in the future. Such services include the provision of counseling to almost 400,000 adults and children, case management services for nearly 900,000 families, and the provision of information and referral assistance to more than 1,300,000 individuals.

(9) There are nearly 3,000,000 reports of child abuse and neglect each year. There are currently over 300,000 children in the American foster care system. The SSBG enables the provision of child protective services to 1,300,000 children, adoption services to over 150,000 children and families, and prevention and intervention services to more than 700,000 families.

(10) The SSBG has been eroded by more than $1,000,000,000 over the last 6 years resulting in cuts in services in many States and local communities.

(11) Temporary Assistance to Needy Families (TANF) block grants cannot be used to make up cuts to the SSBG because a large percentage of SSBG funds are used for the elderly, disabled, and other populations that are ineligible for TANF funds.

(12) The 104th Congress made a commitment to the SSBG in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) by authorizing the program at $2,380,000,000 through fiscal year 2002 and returning the authorization for the program to $2,800,000,000 in fiscal year 2003 and each succeeding fiscal year.

SEC 8203. RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERVICES BLOCK GRANT.

(a) IN GENERAL.—Section 404(d)(2) of the Social Security Act (42 U.S.C. 604(d)(2)) is amended to read as follows:

"(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to amounts made available for fiscal year 2002 and each fiscal year thereafter.

SEC. 8204. RESTORATION OF FUNDS FOR THE SOCIAL SERVICES BLOCK GRANT.

(a) IN GENERAL.—Section 2003(c) of the Social Security Act (42 U.S.C. 1397b(c)) is amended—

(1) in paragraph (10), by striking ''and'' at the end; and

(2) by striking paragraph (11) and inserting the following new paragraphs:

''(11) $1,725,000,000 for the fiscal year 2001; and

''(12) $2,380,000,000 for the fiscal year 2002 and each fiscal year thereafter.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2001 (as enacted into law by section 1(a)(1) of Public Law 106–554).

SEC. 8205. REQUIREMENT TO SUBMIT ANNUAL REPORT ON STATE ACTIVITIES.

(a) IN GENERAL.—Section 2006(c) of the Social Security Act (42 U.S.C. 1397e(c)) is amended by adding at the end the following new sentence: ''The Secretary shall compile the information submitted by the States and submit that information to Congress on an annual basis.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to information submitted by States under section 2006 of the Social Security Act (42 U.S.C. 1397e) with respect to fiscal year 2001 and each fiscal year thereafter.

Subtitle D—Child Protection and Alcohol and Drug Partnerships

SEC. 8301. SHORT TITLE.

This subtitle may be cited as the ''Child Protection/Alcohol and Drug Partnership Act of 2001''.

SEC. 8302. CHILD PROTECTION/ALCOHOL AND DRUG PARTNERSHIPS FOR CHILDREN.

Part B of title IV of the Social Security Act (42 U.S.C. 620 et seq.) is amended by adding at the end the following:

"Subpart 3—Child Protection/Alcohol and Drug Partnerships For Children

"SEC. 440. DEFINITIONS.

''In this subpart:

''(1) ALASKA NATIVE ORGANIZATION.—The term 'Alaska Native Organization' means any organized group of Alaska Natives eligible to operate a Federal program under the Indian Self-Determination Act (25 U.S.C. 450f et seq.) or such group's designee.

"(2) ADMINISTRATIVE COSTS.—

"(A) IN GENERAL.—The term 'administrative costs' means the costs for the general administration of administrative activities, including contract costs and all overhead costs.

"(B) EXCLUSION.—Such term does not include the direct costs of providing services and costs related to case management, training, technical assistance, evaluation, establishment, and operation of information systems, and such other similar costs that are also an integral part of service delivery.

"(3) ELIGIBLE STATE.—The term 'eligible State' means a State that submits a joint application from the State agencies that—

"(A) includes a plan that meets the requirements of section 442; and

"(B) is approved by the Secretary for a 5-year period after consultation with the Assistant Secretary for the Administration for Children and Families and the Administrator of the Substance Abuse and Mental Health Services Administration.

"(4) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, Nation or other orga-

nized group or community of Indians, including any Alaska Native Organization, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

"(5) STATE.—

"(A) IN GENERAL.—The term 'State' means each of the 50 States, the District of Columbia, and the territories described in subparagraph (B).

"(B) TERRITORIES.—

"(i) IN GENERAL.—The territories described in this subparagraph are Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Northern Mariana Islands.

"(ii) AUTHORITY TO MODIFY REQUIREMENTS.—The Secretary may modify the requirements of this subpart with respect to a territory described in clause (i) to the extent necessary to allow such a territory to conduct activities through funds provided under a grant made under this subpart.

"(6) STATE AGENCIES.—The term 'State agencies' means the State child welfare agency and the unit of State government responsible for the administration of the substance abuse prevention and treatment block grant provided under subpart II of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x–21 et seq.).

"(7) TRIBAL ORGANIZATION.—The term 'tribal organization' means the recognized governing body of an Indian tribe.

"SEC. 441. GRANTS TO PROMOTE CHILD PROTECTION/ALCOHOL AND DRUG PARTNERSHIPS FOR CHILDREN.

"(a) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to eligible States and directly to Indian tribes in accordance with the requirements of this subpart for the purpose of promoting joint activities among Federal, State, and local public child welfare and alcohol and drug abuse prevention and treatment agencies (and among child welfare and alcohol and drug abuse prevention and treatment agencies that are providing services to children in Indian tribes) that focus on families with alcohol or drug abuse problems who come to the attention of the child welfare system and are designed to—

"(1) increase the capacity of both the child welfare system and the alcohol and drug abuse prevention and treatment system to address comprehensively and in a timely manner the needs of such families to improve child safety, family stability, and permanence; and

"(2) promote recovery from alcohol and drug abuse problems.

"(b) NOTIFICATION.—Not later than 60 days after the date a joint application is submitted by the State agencies or an application is submitted by an Indian tribe, the Secretary shall notify a State or Indian tribe that the application has been approved or disapproved.

"SEC. 442. PLAN REQUIREMENTS.

"(a) CONTENTS.—Subject to subsection (c), the plan shall contain the following:

"(1) A detailed description of how the State agencies will work jointly to implement a range of activities to meet the alcohol and drug abuse prevention and treatment needs of families who come to the attention of the child welfare system and to promote child safety, permanence, and family stability.

"(2) An assurance that the heads of the State agencies shall jointly administer the grant program

funded under this subpart and a description of how they will do so.

"(3) A description of the nature and extent of the problem of alcohol and drug abuse among families who come to the attention of the child welfare system in the State, and of any plans being implemented to further identify and assess the extent of the problem.

"(4) A description of any joint activities already being undertaken by the State agencies in the State on behalf of families with alcohol and drug abuse problems who come to the attention of the child welfare system (including any existing data on the impact of such joint activities) such as activities relating to—

"(A) the appropriate screening and assessment of cases;

"(B) consultation on cases involving alcohol and drug abuse;

"(C) arrangements for addressing confidentiality and sharing of information;

"(D) cross training of staff;

"(E) co-location of services;

"(F) support for comprehensive treatment programs for parents and their children; and

"(G) establishing priority of child welfare families for assessment or treatment.

"(5)(A) A description of the joint activities to be funded in whole or in part with the funds provided under the grant, including the sequencing of the activities proposed to be conducted under the 5-year funding cycle and the goals to be achieved during such funding cycle. The activities and goals shall be designed to improve the capacity of the State agencies to work jointly to improve child safety, family stability, and permanence for children whose families come to the attention of the child welfare system and to promote their parents' recovery from alcohol and drug abuse.

"(B) The description shall include a statement as to why the State agencies chose the specified activities and goals.

"(6) A description as to whether and how the joint activities described in paragraph (5), and other related activities funded with Federal funds, will address some or all of the following practices and procedures:

"(A) Practices and procedures designed to appropriately—

"(i) identify alcohol and drug treatment needs;

"(ii) assess such needs;

"(iii) assess risks to the safety of a child and the need for permanency with respect to the placement of a child;

"(iv) enroll families in appropriate services and treatment in their communities; and

"(v) regularly assess the progress of families receiving such treatment.

"(B) Practices and procedures designed to provide comprehensive and timely individualized alcohol and drug abuse prevention and treatment services for families who come to the attention of the child welfare system that include a range of options that are available, accessible, and appropriate, and that may include the following components:

"(i) Preventive and early intervention services for children of parents with alcohol and drug abuse problems that integrate alcohol and drug abuse prevention services with mental health and domestic violence services, and that recognize the mental,

emotional, and developmental problems the children may experience.

"(ii) Prevention and early intervention services for parents at risk for alcohol and drug abuse problems.

"(iii) Comprehensive home-based, outpatient, and residential treatment options.

"(iv) After-care support (both formal and informal) for families in recovery that promotes child safety and family stability.

"(v) Services and supports that focus on parents, parents with their children, parents' children, other family members, and parent-child interaction.

"(C) Elimination of existing barriers to treatment and to child safety and permanence, such as difficulties in sharing information among agencies and differences between the values and treatment protocols of the different agencies.

"(D) Effective engagement and retention strategies.

"(E) Pre-service and in-service joint training of management and staff of child welfare and alcohol and drug abuse prevention and

treatment agencies, and, where appropriate, judges and other court staff, to—

"(i) increase such individuals' awareness and understanding of alcohol and drug abuse and related child abuse and neglect;

"(ii) more accurately identify and screen alcohol and drug abuse and child abuse in families;

"(iii) improve assessment skills of both child abuse and alcohol and drug abuse staff, including skills to assess risk to children's safety;

"(iv) increase staff knowledge of the services and resources that are available in such individuals' communities and appropriate for such families; and

"(v) increase awareness of the importance of permanence for children and the timelines for decisionmaking regarding permanence in the child welfare system.

"(F) Progress in enhancing the abilities of the State agencies to improve the data systems of such agencies in order to monitor the progress of families, evaluate service and treat-

ment outcomes, and determine which approaches and activities are most effective.

"(G) Evaluation strategies to demonstrate the effectiveness of treatment and identify the aspects of treatment that have the greatest impact on families in different circumstances.

"(H) Training and technical assistance to increase the capacity within the State to carry out 1 or more of the activities described in this paragraph or related activities that are designed to expand prevention and treatment services for, and staff training to assist families with alcohol and drug abuse problems who come to the attention of the child welfare system.

"(7) A description of the jurisdictions in the State (including whether such jurisdictions are urban, suburban, or rural) where the joint activities will be provided, and the plans for expanding such activities to other parts of the State during the 5-year funding cycle.

"(8) A description of the methods to be used in measuring progress toward the goals identified under paragraph (5), including how the State agencies will jointly measure their performance in accordance with section 445, and how remaining barriers

to meeting the needs of families with alcohol or drug abuse problems who come to the attention of the child welfare system will be assessed.

"(9) A description of what input was obtained in the development of the plan and the joint application from each of the following groups of individuals, and the manner in which each will continue to be involved in the proposed joint activities:

"(A) Staff who provide alcohol and drug abuse prevention and treatment and related services to families who come to the attention of the child welfare system.

"(B) Advocates for children and parents who come to the attention of the child welfare and alcohol and drug abuse prevention and treatment systems.

"(C) Consumers of both child welfare and alcohol and drug abuse prevention and treatment services.

"(D) Direct service staff and supervisors from public and private child welfare and alcohol and drug abuse prevention and treatment agencies.

"(E) Judges and court staff.

"(F) Representatives of the State agencies and private providers providing health, mental health, domestic violence, housing, education, and employment services.

"(G) A representative of the State agency in charge of administering the temporary assistance to needy families program funded under part A of this title.

"(10) An assurance of the coordination, to the extent feasible and appropriate, of the activities funded under a grant made under this subpart with the services or benefits provided under other Federal or federally assisted programs that serve families with alcohol and drug abuse problems who come to the attention of the child welfare system, including health, mental health, domestic violence, housing, and employment programs, the temporary assistance to needy families program funded under part A of this title, other child welfare and alcohol and drug abuse prevention and treatment programs, and the courts.

"(11) An assurance that not more than 10 percent of expenditures under the plan for any fiscal year shall be for administrative costs.

"(12) An assurance that alcohol and drug treatment services provided at least in part with funds provided under a grant made under this subpart shall be licensed, certified, or otherwise approved by the appropriate State alcohol and drug abuse agencies, or in the case of an Indian tribe, by a State alcohol and drug abuse agency, the Indian Health Service, or other designated licensing agency.

"(13) An assurance that Federal funds provided to the State under a grant made under this subpart will not be used to supplant Federal or non-Federal funds for services and activities provided as of the date of the submission of the plan that assist families with alcohol and drug abuse problems who come to the attention of the child welfare system.

"(b) AMENDMENTS.—

"(1) IN GENERAL.—An eligible State or Indian tribe may amend, in whole or in part, its plan at any time through transmittal of a plan amendment.

"(2) 60-DAY APPROVAL DEADLINE.—A plan amendment is considered approved unless the Secretary notifies an eligible State or Indian tribe in writing, within 60 days after receipt of the amendment, that the amendment is disapproved (and the

reasons for disapproval) or that specified additional information is needed.

"(c) REQUIREMENTS FOR APPLICATIONS BY INDIAN TRIBES.—

"(1) IN GENERAL.—In order to be eligible for a grant made under this subpart, an Indian tribe shall—

"(A) submit a plan to the Secretary that describes—

"(i) the activities the tribe will undertake with both child welfare and alcohol and drug agencies that serve the tribe's children to address the needs of families who come to the attention of the child welfare agencies and have alcohol and drug problems; and

"(ii) whether and how such activities address any of the practice and policy areas in subsection (a)(6); and

"(B) subject to paragraph (2), meet the other requirements of subsection (a) unless, with respect to a specific requirement of such subsection, the Secretary determines that it would be inappropriate to apply such requirement to an Indian tribe, taking into account the

resources, needs, and other circumstances of the Indian tribe.

"(2) ADMINISTRATIVE COSTS; USE OF FEDERAL FUNDS.—Paragraphs (11) and (13) of subsection (a) shall not apply to a plan submitted by an Indian tribe. The indirect cost rate agreement in effect for an Indian tribe shall apply with respect to administrative costs under the tribe's plan.

"(3) AUTHORITY FOR INTERTRIBAL CONSORTIUM.—The participating Indian tribes of an intertribal consortium may develop and submit a single plan that meets the applicable requirements of subsection (a) (as so determined by the Secretary) and paragraph (1) of this subsection.

"SEC. 443. APPROPRIATION OF FUNDS.

"(a) APPROPRIATIONS.—For the purpose of providing allotments to eligible States and Indian tribes under this subpart and research and training under subsection (b)(3), there is appropriated out of any money in the Treasury not otherwise appropriated—

"(1) for fiscal year 2002, $200,000,000;

"(2) for fiscal year 2003, $275,000,000;

"(3) for fiscal year 2004, $375,000,000;

"(4) for fiscal year 2005, $475,000,000; and

"(5) for fiscal year 2006, $575,000,000.

"(b) RESERVATION OF FUNDS.—With respect to a fiscal year:

"(1) TERRITORIES.—The Secretary shall reserve 2 percent of the amount appropriated under subsection (a) for such fiscal year for payments to Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Northern Mariana Islands.

"(2) INDIAN TRIBES.—The Secretary shall reserve not less than 3 nor more than 5 percent of the amount appropriated under subsection (a) for such fiscal year for direct payments to Indian tribes and Indian tribal organizations for activities intended to increase the capacity of the Indian tribes and tribal organizations to expand treatment, services, and training to assist families with alcohol and drug abuse problems who come to the attention of the child welfare agencies.

"(3) RESEARCH AND TRAINING.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall reserve 1 percent of the amount appropriated under subsection (a) for such fiscal year for practice-based research on the effectiveness of various approaches for the screening, assessment, engage-

ment, treatment, retention, and monitoring of families with alcohol and drug abuse problems who come to the attention of the child welfare system, and for training of staff in such areas and shall ensure that a portion of such amount is used for research on the effectiveness of these approaches for Indian children and for the training of staff serving children from the Indian tribes.

"(B) DETERMINATION OF USE OF FUNDS.—Funds reserved under subparagraph (A) may only be used to carry out a research agenda that addresses the areas described in such subparagraph and that is established by the Secretary, together with the Assistant Secretary for the Administration for Children and Families and the Administrator of Substance Abuse and Mental Health Services Administration, with input from public and private nonprofit providers, consumers, representatives of Indian tribes, and advocates, as well as others with expertise in research in such areas.

"SEC. 444. PAYMENTS TO ELIGIBLE STATES AND INDIAN TRIBES.

"(a) AMOUNT OF GRANT.—

"(1) ELIGIBLE STATES OTHER THAN TERRITORIES.—

"(A) IN GENERAL.—From the amount appropriated under subsection (a) of section 443 for a fiscal year, after the reservation of funds required under subsection (b) of that section for the fiscal year and subject to subparagraphs (B) and (C), the Secretary shall pay to each eligible State (after the Secretary has determined that the State has satisfied the matching requirement under subsection (b)) an amount that bears the same ratio to such amount for such fiscal year as the number of children under the age of 18 that reside in the eligible State bears to the total number of children under the age of 18 who reside in all such eligible States for such fiscal year.

"(B) MINIMUM ALLOTMENT.—In no case shall the amount of a payment to an eligible State for a fiscal year be less than an amount equal to 0.5 percent of the amount appropriated under subsection (a) of section 443 for the fiscal year, after the reservation of funds required under subsection (b) of that section.

"(C) PRO RATA REDUCTIONS.—The Secretary shall make pro rata reductions in the amounts of the allotments determined under subparagraph (A) for a fiscal year to the extent necessary to comply with subparagraph (B).

"(2) TERRITORIES.—From the amounts reserved under section 443(b)(1) for a fiscal year, the Secretary shall pay to each territory described in section 440(5)(B) with an approved plan that meets the requirements of section 442 (after the Secretary has determined that the territory has satisfied the matching requirement under subsection (b)) an amount that bears the same ratio to such amount for such fiscal year as the number of children under the age of 18 that reside in the territory bears to the total number of children under the age of 18 who reside in all such territories for such fiscal year.

"(3) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—From the amount reserved under section 443(b)(2) for a fiscal year, the Secretary shall pay to each Indian tribe with an approved plan that meets the requirements of section 442(c) (after the Secretary has determined that the Indian tribe has satisfied the matching requirement under subsection (b)) an amount that bears the same ratio to such re-

served amount for such fiscal year as the number of children under the age of 18 in the Indian tribe bears to the total number of children under the age of 18 in all Indian tribes with plans so approved for such fiscal year, as determined by the Secretary on the basis of the most current and reliable information available to the Secretary. For purposes of making the allocations required under the preceding sentence, an Indian tribe may submit data and other information that it has on the number of Indian children under the age of 18 for consideration by the Secretary.

''(b) MATCHING REQUIREMENT.—

''(1) IN GENERAL.—In order to receive a grant under this subpart for a fiscal year, an eligible State or Indian tribe shall provide through non-Federal contributions the applicable percentage determined under paragraph (2) for such fiscal year of the costs of conducting activities funded in whole or in part with funds provided under the grant. Such contributions shall be paid jointly by the State agencies, in the case of an eligible State, or by an Indian tribe.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for an eligible State or Indian tribe for a fiscal year is—

"(A) 15 percent, in the case of fiscal years 2002 and 2003;

"(B) 20 percent, in the case of fiscal years 2004 and 2005; and

"(C) 25 percent, in the case of fiscal year 2006.

"(3) SOURCE OF MATCH.—

"(A) ELIGIBLE STATES.—The non-Federal contributions required of an eligible State under this subsection may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The contributions may be made directly or through donations from public or private entities. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government may not be included in determining whether an eligible State has provided the applicable percentage of such contributions for a fiscal year.

"(B) INDIAN TRIBES.—With respect to an Indian tribe, such contributions may be made in cash, through donated funds, through non-public third party in kind contributions, or from Federal funds received under any of the following provisions of law:

"(i) The Indian Child Welfare Act of 1978 (25 U.S.C. 1901 et seq.).

"(ii) The Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b et seq.).

"(iii) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

"(4) WAIVER.—

"(A) ELIGIBLE STATES.—In the case of an eligible State, the Secretary, after consultation with the Assistant Secretary for the Administration for Children and Families and the Administrator of the Substance Abuse and Mental Health Services Administration, may modify the applicable percentage determined under paragraph (2) for matching funds if the Secretary determines that economic conditions in the eligible State justify making such modification.

"(B) INDIAN TRIBES.—In the case of an Indian tribe, the Secretary may modify the applicable percentage determined under such paragraph if the Secretary determines that it would be inappropriate to apply to the Indian tribe, taking into the resources and needs of the

tribe and the amount of funds the tribe would receive under a grant made under this section.

"(c) USE OF FUNDS.—Funds provided under a grant made under this subpart may only be used to carry out activities specified in the plan, as approved by the Secretary.

"(d) DEADLINE FOR REQUEST FOR PAYMENT.—An eligible State or Indian tribe shall apply to be paid funds under a grant made under this subpart not later than the beginning of the fourth quarter of a fiscal year or such funds shall be reallotted under subsection (f).

"(e) CARRYOVER OF FUNDS.—Funds paid to an eligible State or Indian tribe under a grant made under this subpart for a fiscal year may be expended in that fiscal year or the succeeding fiscal year.

"(f) REALLOTMENT OF FUNDS.—

"(1) ELIGIBLE STATES.—In the case of an eligible State that does not apply for funds allotted to the eligible State under a grant made under this subpart for a fiscal year within the time provided under subsection (d), or that does not expend such funds during the time provided under subsection (e), the funds which the eligible State would have been entitled to for such fiscal year shall be reallotted to 1 or more other eligible States on the basis of each

such State's relative need for additional payments, as determined by the Secretary, after consultation with the Assistant Secretary for the Administration for Children and Families and the Administrator of the Substance Abuse and Mental Health Services Administration.

"(2) INDIAN TRIBES.—In the case of an Indian tribe that does not expend funds allotted to the tribe during the time provided under subsection (e), the funds to which the Indian tribe would have been entitled to for such fiscal year shall be reallotted to the remaining Indian tribes that are implementing approved plans in amounts that are proportional to the percentage of Indian children under the age of 18 in each such tribe.

"SEC. 445. PERFORMANCE ACCOUNTABILITY; REPORTS AND EVALUATIONS.

"(a) PERFORMANCE MEASUREMENT.—

"(1) ESTABLISHMENT OF INDICATORS.—The Secretary, in consultation with the Assistant Secretary for the Administration for Children and Families, the Administrator of the Substance Abuse and Mental Health Services Administration, Chief Executive Officers of a State or Territory, State legislators, State and local public officials responsible for

administering child welfare and alcohol and drug abuse prevention and treatment programs, court staff, consumers of the services, and advocates for children and parents who come to the attention of the child welfare system, shall, within 12 months of the date of enactment of the Child Protection/Alcohol and Drug Partnership Act of 2001, establish indicators that will be used to assess periodically the performance of eligible States and Indian tribes in using grant funds provided under this subpart to promote child safety, permanence, and well-being and recovery in families who come to the attention of the child welfare system.

"(2) COORDINATION.—The indicators established under paragraph (1) shall be based on and coordinated with the performance outcomes established for the child welfare system pursuant to section 203(b) of the Adoption and Safe Families Act of 1997 and the performance measures developed under subpart II of part B of title XIX of the Public Health Service Act (relating to the substance abuse prevention and treatment block grant).

"(3) PURPOSE.—The indicators will be used to measure periodically the progress made by the State agencies and by child welfare and alcohol and drug

abuse prevention and treatment agencies serving children in Indian tribes in the activities that such agencies jointly engage in with such grant funds. An eligible State or Indian tribe will be measured against itself, assessing progress over time against a baseline established at the time the grant activities were undertaken.

"(4) ILLUSTRATIVE EXAMPLES.—The indicators developed should address the range of activities that eligible States and Indian tribes have the option of engaging in with such grant funds. Examples of the types of progress to be measured in the different areas of activity include the following:

"(A) Improving the screening and assessment of families who come to the attention of the child welfare system with alcohol and drug problems, so such families can be promptly referred for appropriate treatment when necessary.

"(B) Increasing the availability of comprehensive and timely individualized treatment for families with alcohol and drug problems who come to the attention of the child welfare system.

"(C) Increasing the number or proportion of families who, when they come to the attention of the child welfare system with alcohol and drug problems, promptly enter appropriate treatment.

"(D) Increasing the engagement and retention in treatment of families with alcohol and drug problems who come to the attention of the child welfare system.

"(E) Decreasing the number of children who re-enter foster care after being returned to families who had alcohol or drug problems when the children entered foster care.

"(F) Increasing the number or proportion of staff in both the public child welfare and alcohol and drug abuse prevention and treatment agencies who have received training on the needs of families that come to the attention of the child welfare and alcohol and drug abuse prevention and treatment systems for help, and the help that can be provided to such families.

"(G) Increasing the proportion of parents who complete treatment for alcohol or drug abuse and show improvement in their pre-employment or employment status.

"(5) DETERMINATION OF PROGRESS.—

"(A) INITIAL REPORT.—Not later than the end of the first fiscal year in which funds are received under a grant made under this subpart, the State agencies in each eligible State that receives such funds, and the Indian tribes that receive such funds, shall submit to the Secretary a report on the activities carried out during the fiscal year with such funds. The report shall contain such information as the Secretary determines is necessary to provide an accurate description of the activities conducted with such funds and of any changes in the use of such funds that are planned for the succeeding fiscal year.

"(B) USE OF INDICATORS.—As soon as possible after the establishment of indicators under paragraph (1), the State agencies and Indian tribes shall conduct evaluations, directly or under contract, of their progress with respect to such indicators that are directly related to activities the eligible State or Indian tribe is engaging in with such grant funds and include information on the evaluation in the reports to the Secretary required under subparagraphs

(C) and (D). After the third year in which such activities are conducted, an eligible State or Indian tribe shall include in the evaluation at least some indicators that address improvements in treatment for families with alcohol and drug problems who come to the attention of the child welfare system.

"(C) SUBSEQUENT REPORTS.—After the initial report is submitted under subparagraph (A), an eligible State or Indian tribe shall submit to the Secretary, not later than June 30 of each fiscal year thereafter in which the State or tribe carries out activities with grant funds provided under this subpart, a report on the application of the indicators established under paragraph (1) to such activities. The reports shall include an explanation regarding why the specific indicators used were chosen, how such indicators are expected to impact a child's safety, permanence, well-being, and parental recovery, and the results (as of the date of submission of the report) of the evaluation conducted under subparagraph (B).

"(D) FINAL REPORT.—Not later than September 30, 2006, each eligible State and Indian

tribe with an approved plan under this part shall submit a final report on the evaluations conducted under subparagraph (B) and the progress made in achieving the goals specified in the plan of the State or Indian tribe.

"(E) FAILURE TO REPORT.—

"(i) IN GENERAL.—Subject to clause (ii), an eligible State or Indian tribe that fails to submit the reports required under this paragraph or to conduct the evaluation required under subparagraph (B) shall not be eligible to receive grant funds provided under this subpart for the fiscal year following the fiscal year in which such State or Indian tribe failed to submit such report or conduct such evaluation.

"(ii) CORRECTIVE ACTION.—An eligible State or Indian tribe to which clause (i) applies may, notwithstanding such clause, receive grant funds under this subpart for a succeeding fiscal year if prior to September 30 of the fiscal year in which such failure occurred, the State agencies of the eligible State, or the Indian tribe, submit to the Secretary a plan to monitor and

evaluate in a timely manner the activities conducted with such funds, and such plan is approved in a timely manner by the Secretary, after consultation with the Administration for Children and Families and the Substance Abuse and Mental Health Services Administration.

"(b) SECRETARIAL REPORTS AND EVALUATIONS.—

"(1) ANNUAL REPORTS.—On the basis of reports submitted under subsection (a), the Secretary, in consultation with the Assistant Secretary for the Administration for Children and Families and the Administrator of the Substance Abuse and Mental Health Services Administration, shall report annually, beginning on October 1, 2003, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the joint activities conducted with funds provided under grants made under this subpart, the indicators that have been established, and the progress that has been made in addressing the needs of families with alcohol and drug abuse problems who come to the attention of the child welfare system and in achieving the goals of child safety, permanence, and family stability.

"(2) EVALUATIONS.—Not later than 6 months after the end of each 5-year funding cycle under this subpart, the Secretary shall submit a report to the committees described in paragraph (1) that summarizes the results of the evaluations conducted by eligible States and Indian tribes under subsection (a)(5)(B), as reported by such States and Indian tribes in accordance with subparagraphs (C) and (D) of subsection (a)(5). The Secretary shall include in the report required under this paragraph recommendations for further legislative or administrative actions that are designed to assist children and families with alcohol and drug abuse problems who come to the attention of the child welfare system.".

Subtitle E—Permanency Grants

SEC. 8401. ESTABLISHMENT OF PERMANENCY GRANTS PROGRAM.

Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.), as amended by section 8011(b), is amended by adding at the end the following:

"SEC. 479C. PERMANENCY GRANTS.

"(a) DEFINITIONS.—In this section:

"(1) QUALIFIED STATE AGENCY.—The term 'qualified State agency' means, with respect to a State, the State agency—

"(A) with responsibility for administering the program authorized by subpart 1 of part B and the program authorized under this part; and

"(B) that submits an application in accordance with the requirements of subsection (c).

"(2) WAITING CHILDREN.—The term 'waiting children' means the children described in subsection (b)(2).

"(b) AUTHORITY TO AWARD GRANTS.—The Secretary shall award a one-time grant to each qualified State agency for the purposes of—

"(1) promoting the permanency goals of the Adoption and Safe Families Act of 1997; and

"(2) enabling the agency to reduce existing backlogs of children with permanent placement plans pursuant to that Act who, as of the date of enactment of that Act, were waiting to be placed in permanent homes, through return to their families, placement in adoptive homes, or placement with a legal guardian or a fit or willing relative.

"(c) APPLICATION.—A State agency desiring a grant under this section shall submit an application for a grant,

in such form and manner as the Secretary shall require, that contains a description of the following:

"(1) The barriers to achieving the permanency goals established in the Adoption and Safe Families Act of 1997.

"(2) The results of the review of the permanency plans for children in foster care on November 19, 1997 (the date of enactment of that Act), including—

"(A) the number of children who have permanency plans;

"(B) a description of the permanency goals for such children;

"(C) the age of such children;

"(D) the current placements and special needs of such children; and

"(E) the number of such children who have and the number of such children who have not yet been placed in accordance with those plans.

"(3) The activities the agency proposes, including a specific plan and timetable, to—

"(A) move the waiting children to permanent homes; and

"(B) reduce the backlog of waiting children.

"(4) How the grant funds will be used to help secure permanent homes for waiting children.

"(5) Subject to subsection (e), the information described in that subsection.

"(c) USE OF FUNDS.—Funds provided under a grant made under this section may be used for any purpose that the Secretary determines will assist the State agency to secure permanent homes for waiting children.

"(d) AVAILABILITY OF FUNDS.—Funds awarded under a grant made under this section shall remain available for expenditure by a qualified State agency through the end of the second succeeding fiscal year.

"(e) COORDINATION WITH GRANTS TO COURTS TO REDUCE BACKLOGS.—If a qualified State agency receiving a grant under this section is in a State where the State or local courts are recipients of grants pursuant to the Strengthening Abuse and Neglect Courts Act of 2000 to reduce pending backlogs of abuse and neglect cases and promote permanency, the application submitted under subsection (b) shall include a description of how the proposed backlog reduction activities undertaken with funds provided under a grant under this section will be coordi-

nated with the activities undertaken by the State or local courts with funds provided under that Act.

"(f) PRIORITY OF AWARDS.—In awarding grants under this section, the Secretary shall give priority to qualified State agencies that can demonstrate that they already have taken steps to move waiting children to permanent homes.

"(g) REPORT.—Not later than 60 days after the end of each fiscal year for which a qualified State agency expends funds under a grant made under this section, and 90 days after the date of the final expenditure of such funds, the agency shall submit a report to the Secretary that includes any information that the Secretary determines would assist other jurisdictions in achieving the permanency goals of the Adoption and Safe Families Act of 1997, including the following:

"(1) The barriers to permanence that are being or were addressed with grant funds.

"(2) The most effective strategies used to reduce the backlog of waiting children.

"(3) The activities funded under the grant that helped to reduce such backlog.

"(4) The numbers of waiting children who were moved to permanent homes, including the ages of

such children, any special needs of such children, and a description of the children's placements.

"(5) The efforts being made to ensure that the placements continue to be permanent.

"(6) The number of waiting children who remain in care without permanent families.

"(h) FUNDING.—There is appropriated, out of any money in the Treasury not otherwise appropriated, $200,000,000 for each of fiscal years 2002 and 2003 for the purpose of making grants under this section.".

Subtitle F—Addressing the Needs of Children Exposed to Domestic Violence

SEC. 8501. PURPOSES.

The purposes of this subtitle are—

(1) to expand programs, and create new interventions, services, and treatment options, for children who are exposed to domestic violence that take into consideration the needs of both child and adult victims of domestic violence and emphasize accountability for the perpetrators of domestic violence;

(2) to improve training concerning domestic violence, and the impact of domestic violence on children, for child welfare and domestic violence professionals, other providers of services for children, child

educators and counselors, and law enforcement personnel and judges;

(3) to educate children in elementary schools and secondary schools about domestic violence and expand the interventions that are available to children who are exposed to domestic violence; and

(4) to expand research and data collection concerning the impact of domestic violence on children in order to better meet the service and therapeutic needs of children exposed to domestic violence.

SEC. 8502. DEFINITIONS.

In this subtitle:

(1) DOMESTIC VIOLENCE.—The term ''domestic violence'' includes—

(A) an act or threat of violence, not including an act of self defense, committed by—

(i) a current or former spouse of the victim;

(ii) a person with whom the victim shares a child in common;

(iii) a person who is cohabiting with or has cohabited with the victim;

(iv) a person who is or has been in a social relationship of a romantic or intimate nature with the victim;

(v) a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction of the victim; or

(vi) any other person against a victim who is protected from that person's act under the domestic or family violence laws of the jurisdiction; and

(B) sexual assault.

(2) EXPOSED TO DOMESTIC VIOLENCE.—

(A) IN GENERAL.—The term ''exposed to domestic violence'' means exposed to—

(i) an act of domestic violence that constitutes actual or attempted physical assault; or

(ii) a threat or other action that places the victim in fear of domestic violence.

(B) EXPOSED TO.—In subparagraph (A), the term ''exposed to'' means—

(i) directly observing an act, threat, or action described in subparagraph (A), or the aftermath of that act, threat, or action; or

(ii) being within earshot of an act, threat, or action described in subparagraph (A), or the aftermath of that act, threat, or action.''.

SEC. 8503. GRANTS TO ADDRESS THE NEEDS OF CHILDREN WHO ARE EXPOSED TO DOMESTIC VIOLENCE.

(a) IN GENERAL.—The Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.), as amended by section 1203 of the Violence Against Women Act of 2000, is further amended by adding at the end the following:

"SEC. 320. MULTISYSTEM INTERVENTIONS FOR CHILDREN WHO ARE EXPOSED TO DOMESTIC VIOLENCE.

''(a) GRANTS AUTHORIZED.—

''(1) AUTHORITY.—The Secretary, acting through the Director of Community Services, in the Administration for Children and Families, is authorized to award grants to eligible entities to conduct programs to encourage the use of domestic violence intervention models using multisystem partnerships to address the assessed needs of children who are exposed to domestic violence.

''(2) TERM AND AMOUNT.—Each grant awarded under this section shall be awarded for a term of

3 years and in an amount of not more than $500,000 for each such year.

"(3) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall—

"(A) be a nonprofit private organization;

"(B)(i) demonstrate recognized expertise in the area of domestic violence on children; or

"(ii) enter into a memorandum of understanding regarding the intervention program that—

"(I) is entered into with the State or tribal domestic violence coalition and entities carrying out domestic violence programs that provide shelter or related assistance in the locality in which the intervention program will be operated; and

"(II) demonstrates collaboration on the intervention program with the coalition and entities and the support of the coalition and entities for the intervention program; and

"(C) demonstrate a history of providing advocacy, health care, mental health, or other crisis-related services to children.

"(b) USE OF FUNDS.—An entity that receives a grant under this section shall use amounts provided through the grant to conduct a program to design or replicate, and implement, domestic violence intervention models that use multisystem partners to respond to the needs of children who are exposed to domestic violence. Such a program shall—

"(1)(A) involve collaborative partnerships with—

"(i) local entities carrying out domestic violence programs that provide shelter or related assistance; and

"(ii) partners that are courts, schools, social service providers, health care providers, police, early childhood agencies, entities carrying out Head Start programs under the Head Start Act (42 U.S.C. 9831 et seq.), or entities carrying out child protection, welfare, job training, housing, battered women's service, or children's mental health programs; and

"(B) be carried out to design and implement protocols and systems to identify, refer, and appropriately respond to the needs of, children who are exposed to domestic violence and who participate in programs administered by the partners;

"(2) include guidelines to evaluate the needs of a child and make appropriate intervention recommendations;

"(3) include guidelines that respond appropriately to the overlapping needs of children who are exposed to domestic violence and who are also being abused or neglected;

"(4) include institutionalized procedures to enhance or ensure the safety and security (including economic security) of a battered parent, and as a result, the child of the parent;

"(5) provide direct counseling and advocacy for adult victims of domestic violence and their children who are exposed to domestic violence, including providing an evaluation of the specific needs of each such child and of the nature of the treatment needed by the child;

"(6) include the development or replication of a mental health treatment model to meet the needs of children for whom such treatment has been identified as appropriate;

"(7) include policies and protocols for maintaining the confidentiality of the battered parent and child;

"(8) provide community outreach and training to enhance the capacity of professionals who work with children to appropriately identify and respond to the needs of children who are exposed to domestic violence;

"(9) include procedures for documenting interventions used for each child and family served under the program carried out under the grant; and

"(10) include plans to perform a systematic outcome evaluation to evaluate the effectiveness of the interventions.

"(c) APPLICATION.—To be eligible to receive a grant under this section, an entity shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

"(d) TECHNICAL ASSISTANCE.—Not later than 90 days after the date of enactment of this section, the Secretary shall identify successful programs providing multi-system and mental health interventions to address the needs of children who are exposed to domestic violence. Not later than 60 days before the Secretary solicits applications for grants under this section, the Secretary shall enter into an agreement with 1 or more entities carrying out the identified programs to provide technical assistance

to the applicants and recipients of the grants. The Secretary may use not more than 5 percent of the amount appropriated for a fiscal year under subsection (e) to provide the technical assistance.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2004 and $10,000,000 for each of fiscal years 2005 and 2006.

"(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available until expended.

"(f) DEFINITIONS.—In this section, the terms 'domestic violence' and 'exposed to domestic violence' have the meanings given the terms in section 8502 of the Leave No Child Behind Act of 2001.".

(b) ADMINISTRATION.—Section 305(a) of the Family Violence Prevention and Services Act (42 U.S.C. 10404(a)) is amended—

(1) by striking "an employee" and inserting "1 or more employees"; and

(2) by striking "The individual" and inserting "Each individual".

SEC. 8504. TRAINING AND COORDINATION OF CHILD WELFARE AGENCIES AND DOMESTIC VIOLENCE SERVICE PROVIDERS.

The Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.), as amended by section 8503, is further amended by adding at the end the following:

"SEC. 321. TRAINING AND COORDINATION OF CHILD WELFARE AGENCIES AND DOMESTIC VIOLENCE SERVICE PROVIDERS.

"(a) PURPOSE.—The purpose of this section is to encourage cross training and coordination between State and local child welfare agencies and domestic violence service providers—

"(1) to encourage the child welfare agencies, as part of their ongoing child welfare responsibilities, to recognize domestic violence and treat such violence as a serious problem threatening the safety and well-being of child and adult victims;

"(2) to educate the domestic violence service providers about child welfare policies that affect child and adult victims and the effects of domestic violence on children; and

"(3) to increase cooperation and collaboration between the domestic violence service providers and child welfare agencies.

"(b) DEFINITION.—In this section:

"(1) DOMESTIC VIOLENCE.—The term 'domestic violence' has the meaning given the term in section 8502 of the Leave No Child Behind Act of 2001.

"(2) EXPOSED TO DOMESTIC VIOLENCE.—The term 'exposed to domestic violence' has the meaning given the term in such section 8502.

"(c) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Attorney General and the Secretary shall jointly make grants to eligible entities to enable the entities to carry out initiatives to train staff and modify policies, procedures, programs, and practices so that the policies, procedures, programs, and practices are consistent with principles of—

"(A) protecting children;

"(B) increasing the safety and well-being of the children, by—

"(i) increasing the safety of parents of the children who are not the perpetrators of domestic violence; and

"(ii) supporting the autonomy and capacity of parents of the children who are victims of domestic violence (referred to in this section as 'adult victims'); and

"(C) holding adult perpetrators, not child and adult victims, accountable for stopping the domestic violence.

"(2) GRANT PERIODS.—The Attorney General and the Secretary shall make the grants for a period of 3 years.

"(d) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a partnership of—

"(1) a State child welfare agency, a tribal organization that serves as a child welfare agency, or a local child welfare agency; and

"(2) a domestic violence service provider, such as—

"(A) a State domestic violence coalition; or

"(B) another private nonprofit organization that is concerned with domestic violence and has a documented history of effective work concerning domestic violence and the impact of domestic violence on children.

"(e) USES OF FUNDS; GOALS.—An entity that receives a grant under this section shall use the funds made available through the grant to carry out goals consisting of—

"(1) recognizing—

"(A) the overlap between child abuse and neglect, including child sexual abuse, and domestic violence in families;

"(B) the dynamics of domestic violence;

"(C) the dangers posed to both child and adult victims of domestic violence;

"(D) the physical, emotional, and developmental impact of domestic violence on children;

"(E) the needs of adult victims of domestic violence and the need to hold adult perpetrators of domestic violence accountable for their actions,

in order to provide appropriate services to reduce risks to children;

"(2) increasing collaboration between child welfare agencies and domestic violence service providers, including the education of domestic violence service providers about child welfare practices and protocols that affect the child and adult victims;

"(3) developing and implementing policies, procedures, programs, and practice guidelines to—

"(A) reflect the principles stated in subsection (c);

"(B) identify and assess, and respond appropriately to, domestic violence in child protection cases; and

"(C) ensure the confidentiality of information on families that is shared between child welfare agencies and entities carrying out community-based domestic violence programs;

"(4) developing appropriate responses in cases of domestic violence, including developing a safety plan and providing other appropriate services and interventions that ensure the safety of both the child and adult victims of the domestic violence;

"(5) creating links between—

"(A) child welfare agencies;

"(B) entities carrying out community-based domestic violence programs;

"(C) rape crisis centers;

"(D) other entities addressing the safety, health, mental health, social service, housing, and economic needs of child and adult victims of domestic violence;

"(E) juvenile, family, and criminal courts; and

"(F) law enforcement agencies; and

"(6) collecting data indicating the number of child protection cases identified as involving domestic violence and the number of such cases that repeatedly return to the child welfare system, in order to evaluate and assess service and program improvements.

"(f) APPLICATIONS.—To be eligible to receive a grant under this section, an entity shall submit an application to the Attorney General and the Secretary at such time, in such manner, and containing such information as the Attorney General and the Secretary may require. The application shall contain the following information and assurances:

"(1) Information outlining the specific activities that will be undertaken to achieve the goals set forth in subsection (e).

"(2) An assurance that the entity will develop, during the period of the grant, in collaboration with other organizations, a range of training resources, policies, procedures, programs, and practices relating to child and adult victims of domestic violence that include at least the following:

"(A)(i) Relevant protocols for the investigation of and followup to reports of child abuse and neglect, and the screening, intake,

and assessment of, and provision of appropriate services for, victims of child abuse and neglect.

"(ii) A procedure and schedule for training child welfare staff about domestic violence, the impact of domestic violence on child and adult victims, and the appropriate use of protocols described in clause (i).

"(iii) A procedure and schedule for training domestic violence service providers about child welfare agency protocols and procedures for victims of child abuse and the impact of domestic violence on child victims.

"(iv) Policies that require that the training described in clause (ii)—

"(I) be provided to child welfare staff including line staff, supervisors, and administrators, and be provided first to staff responsible for the investigation, followup, screening, intake, assessment, and provision of services described in clause (i); and

"(II) be conducted in collaboration with domestic violence experts, staff from community-based domestic violence programs and rape crisis centers, and relevant representatives of law enforcement.

"(v) Policies that require that, at a minimum, the protocols and training described in clauses (ii) and (iii) shall address—

"(I) the dynamics of domestic violence, the impact of domestic violence on children exposed to domestic violence, and the relationship of domestic violence to child abuse and neglect;

"(II) screening for domestic violence and assessing danger to the child and adult victims of the domestic violence;

"(III) applicable Federal, State, and local laws pertaining to domestic violence;

"(IV) appropriate interventions for the child and adult victims that protect the safety of both types of victims and give appropriate consideration to preserving the safety of family members not responsible for the child abuse or neglect involved;

"(V) appropriate interventions for adult perpetrators of domestic violence to reduce the risk of further violence toward child and adult victims of domestic violence;

"(VI) appropriate supervision of child welfare staff working with families in which there has been domestic violence, including supervision relating to issues involving staff safety;

"(VII) protecting the safety and confidentiality of the child and adult victims, consistent with laws requiring mandatory reporting of child abuse and neglect; and

"(VIII) developing child protection case plans that recognize the need to hold adult perpetrators, not victims, responsible for stopping domestic violence.

"(B) Community-based networks of services and support that—

"(i) respond effectively to the comprehensive needs of child and adult victims of domestic violence;

"(ii) include new services and linkages to existing services; and

"(iii) include at least the following services:

"(I) Appropriate referrals to community-based domestic violence programs and rape crisis centers with

the capacities to support adult victims of domestic violence who are parents of abused or neglected children.

''(II) Emergency shelter and transitional housing for adult victims of domestic violence and their children.

''(III) Legal assistance and advocacy for victims of domestic violence, including, when appropriate, assistance in obtaining and entering orders of protection.

''(IV) Support and training to assist parents to help their children cope with the impact of domestic violence.

''(V) Programs to help children who have been exposed to domestic violence.

''(VI) Treatment for adult perpetrators of domestic violence whose children are the subjects of child protection cases to promote the safety and well-being of the children, and appropriate coordination of such treat-

ment with the juvenile, family, and criminal courts with which the perpetrators are involved.

"(VII) Health, mental health, and other necessary supportive services.

"(VIII) Assistance to obtain housing and necessary economic support.

"(3) Information that—

"(A) identifies the agencies and providers that will be responsible for carrying out the initiative for which the entity seeks the grant; and

"(B)(i) includes documentation from entities carrying out community-based domestic violence programs and rape crisis centers that the entities and centers have been involved in the development of the application; and

"(ii) describes the ongoing involvement of the entities and centers in the development of the training, policies, procedures, programs, and practices described in paragraph (2), including a description of their roles as subcontractors, if relevant.

"(g) PRIORITY.—In awarding grants under this section, the Attorney General and the Secretary shall give priority to applicants that have demonstrated a commitment to educate staff of child welfare agencies and domestic violence service providers about—

"(1) the impact of domestic violence on children;

"(2) the special risks of child abuse and neglect; and

"(3) appropriate services and interventions for protecting the child and adult victims of domestic violence.

"(h) EVALUATION, REPORTING, AND DISSEMINATION OF INFORMATION.—

"(1) EVALUATIONS AND REPORTS.—Each entity that receives a grant under this section shall annually—

"(A) evaluate the effectiveness of activities developed with the funds provided under this program; and

"(B) prepare and submit to the Attorney General and the Secretary a report containing the evaluation and such additional information as the Attorney General and the Secretary shall require.

"(2) DISSEMINATION OF INFORMATION.—Not later than 6 months after the end of the grant period for the grants made under this section, the Attorney General and the Secretary shall distribute to all State child welfare agencies, State domestic violence coalitions, and Congress summaries that contain information on—

"(A) the activities implemented by the recipients of the grants; and

"(B) related initiatives undertaken by the Attorney General and the Secretary to promote attention by the staff of child welfare agencies and of domestic violence service providers to domestic violence and the impact of domestic violence on child and adult victims.".

SEC. 8505. RESEARCH AND DATA COLLECTION ON THE IMPACT OF DOMESTIC VIOLENCE ON CHILDREN.

The Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.), as amended by section 8504, is further amended by adding at the end the following:

"SEC. 322. RESEARCH AND DATA COLLECTION.

"(a) GRANTS.—

"(1) IN GENERAL.—The Secretary, acting through the Assistant Secretary for Children and

Families, may make grants, on a competitive basis, to eligible entities to enable the entities to conduct research and data collection concerning the impact of domestic violence on children.

"(2) TERM AND AMOUNT.—The Secretary shall award grants under this section for terms of 3 years and in amounts of not more than $500,000 for each such year.

"(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be an institution of higher education or another nonprofit organization (such as a research entity, hospital, or mental health institution), with documented experience with research or data collection concerning the impact of domestic violence on children.

"(c) USE OF FUNDS.—An entity that receives a grant under this section shall use the amounts provided through the grant to conduct new or expand current research or data collection—

"(1) on the prevalence of childhood exposure to domestic violence and the effects of the exposure in child and adult victims;

"(2) on the co-occurrence of domestic violence, and child abuse or neglect;

"(3) on linkages between children's exposure to domestic violence and violent behavior in youth and adults;

"(4) that evaluates new or existing treatments aimed at children exposed to domestic violence;

"(5) on the role of children's resilience and other factors that help mitigate the effects of exposure to domestic violence; and

"(6) on related matters, if the research or data collection directly addresses the impact of domestic violence on children.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2002 through 2004 and $5,000,000 a year for each of fiscal years 2005 and 2006.".

SEC. 8506. GRANTS TO SCHOOLS AND EARLY EDUCATION AND CHILD CARE PROGRAMS FOR PREVENTION OF VIOLENCE AGAINST WOMEN.

(a) GRANTS AUTHORIZED.—From amounts made available under subsection (j), the Secretary of Education shall award grants to eligible entities to conduct programs—

(1) to reduce the impact of domestic violence, including sexual assault, and stalking in the lives of children and youth;

(2) to develop and implement education programs to prevent children and youth from becoming victims or perpetrators of domestic violence, including sexual assault, dating violence, or stalking, through programs and prevention strategies targeting children and youth at—

(A) State, local, and tribal elementary, middle, and secondary schools;

(B) early education programs and child care programs, including Early Head Start under section 645A of the Head Start Act (42 U.S.C. 9840a), Head Start programs under the Head Start Act (42 U.S.C. 9831 et seq.), preschool, prekindergarten, and child care programs; and

(C) other Federal, State, and locally funded youth education programs;

(3) to provide support services for children and youth experiencing or exposed to domestic violence, including sexual assault, dating violence, and stalking;

(4) to provide training and support services to school and program administrators, faculty, counselors, school social workers, and staff with respect to issues concerning domestic violence, including sexual assault, dating violence, and stalking, as well as the impact on children and youth of experiencing or exposure to the violence or stalking described in this paragraph; and

(5) to develop and implement school and program policies regarding identification and referral procedures for children and youth who are experiencing or exposed to domestic violence, including sexual assault, dating violence, or stalking with the goal of contributing to the safety and well-being of adult and child victims and children and youth impacted by the violence or stalking involved.

(b) ELIGIBLE ENTITIES.—

(1) IN GENERAL.—To be eligible to receive a grant under subsection (a), an entity shall be—

(A) a State, local, or tribal school or educational agency;

(B) an entity carrying out an early education program or child care program;

(C) a priority youth-serving organization working in collaboration with a State, local, or tribal school, or educational agency; or

(D) an entity carrying out a private, non-profit domestic violence or sexual assault program working in collaboration with a State, local, or tribal school, or educational agency, or an entity carrying out an early education program, or child care program.

(2) COLLABORATION.—To be eligible to receive a grant under subsection (a), an eligible entity described in subparagraphs (A), (B), or (C) of paragraph (1) shall collaborate with domestic violence or sexual assault experts from national, State, or tribal domestic violence or sexual assault programs.

(c) PUBLICATION.—The Secretary of Education shall publish information on the availability of grants under subsection (a) through announcements in professional publications for State, local, and tribal educational agencies, early education programs, and child care programs described in subsection (a)(2), and through notices in the Federal Register.

(d) EQUITABLE DISTRIBUTION.—In awarding grants under subsection (a), the Secretary of Education shall ensure an equitable geographic distribution of funds to

State, local, and tribal schools and educational agencies, entities carrying out early education programs or child care programs, priority youth-serving organizations, and entities carrying out domestic violence or sexual assault programs among areas throughout the United States, and among rural, urban, and suburban areas.

(e) APPLICATIONS.—

(1) IN GENERAL.—An eligible entity that desires to receive a grant under subsection (a) shall submit to the Secretary of Education an application at such time, in such manner, and containing such information as the Secretary of Education may require.

(2) CONTENTS.—An application submitted under this subsection shall—

(A) demonstrate that the education program proposed to be funded by a grant under subsection (a)—

(i) is comprehensive, engaging, and appropriate to the target areas;

(ii) is respectful and reflective of cultural diversity;

(iii) addresses the needs of underserved communities;

(iv) has the potential to change attitudes and behaviors;

(v) is based on research and experience in the areas of early childhood and youth education, domestic violence, including sexual assault, dating violence, and stalking;

(vi) collects data on changes in participants' attitudes or behavior;

(vii) is implemented in collaboration with domestic violence and sexual assault experts; and

(viii) includes an evaluation component;

(B) demonstrate that the proposed policy development process for the program includes consultation and collaboration with experts on violence against women and girls as described in subsection (g)(1);

(C) incorporate a plan for appropriate remuneration for collaborating partners; and

(D) contain such other information, agreements, and assurances as the Secretary of Education may require.

(f) USE OF FUNDS.—

(1) IN GENERAL.—An entity that receives a grant under subsection (a) may use the grant funds—

(A) to develop and implement developmentally and culturally appropriate education programs or prevention strategies for students and personnel in elementary schools, middle schools, secondary schools, early education programs, or child care programs, addressing domestic violence, including sexual assault, dating violence, and stalking;

(B) to provide the necessary human resources and intervention strategies to respond to the needs of students, school personnel, and early education program and child care program personnel when faced with the issues of domestic violence, including sexual assault, dating violence, and stalking, such as 1 or more resource persons who is either onsite or on-call, and who is an expert in domestic violence, sexual assault, dating violence, or stalking;

(C) to develop and implement policies regarding appropriate assessment, identification, reporting, and referral procedures for children and youth who may be experiencing or exposed

to domestic violence, including sexual assault, dating violence, or stalking, with the goal of contributing to the safety and well-being of adult and child victims and children and youth impacted by the violence or stalking involved;

(D) to develop and implement policies to help prevent students from becoming victims or perpetrators of domestic violence, including sexual assault, dating violence, or stalking;

(E) to provide training for school and program administrators, faculty, counselors, school social workers, and staff that addresses issues concerning children and youth who are experiencing or exposed to domestic violence, including sexual assault, dating violence, and stalking, and the impact of the violence or stalking described in this paragraph on children and youth;

(F) to provide media center materials and educational materials, to schools and programs, that address issues concerning children and youth who are experiencing or exposed to domestic violence, including sexual assault, dating violence, or stalking, and the impact of the vio-

lence or stalking described in this paragraph on children and youth;

(G) to conduct evaluations to assess the impact of programs assisted under this section in order to enhance the development of the programs;

(H) to modify the program materials of the model programs created under section 317 of the Family Violence Prevention and Services Act (42 U.S.C. 10417), if appropriate, in order to make the materials applicable to a particular age group; and

(I) to purchase the materials described in subparagraphs (F) and (H).

(2) CONFIDENTIALITY.—Policies and programs developed and implemented under paragraph (1) shall ensure the safety and confidentiality of child and adult victims in a manner that is consistent with applicable Federal and State laws.

(3) LIMITATION.—An entity that receives a grant under subsection (a) for a fiscal year shall use not more than 5 percent of the grant funds for administrative expenses.

(g) REQUIREMENTS.—In carrying out an educational program under a grant awarded under subsection (a), a

State, local, or tribal school or educational agency, an entity carrying out an early education program or child care program, or priority youth-serving organization shall—

(1) consult and collaborate with 1 or more nonprofit, nongovernmental experts on violence against women and girls that are:

(A) entities operating domestic violence shelters;

(B) entities carrying out domestic violence programs;

(C) national, State, or tribal domestic violence coalitions;

(D) national, State, or tribal sexual assault coalitions; or

(E) entities operating out of rape crisis centers;

(2) develop the program, or acquire model program materials if available; and

(3) report the results of the program to the Secretary of Education in a format provided by such Secretary.

(h) SECRETARY OF EDUCATION.—

(1) GUIDANCE.—The Secretary of Education shall disseminate any Department of Education pol-

icy guidance regarding preventing domestic violence, including sexual assault, dating violence, or stalking.

(2) MODEL PROGRAMS AND POLICIES.—

(A) IN GENERAL.—The Secretary of Education shall study existing policies and programs as well as new policies and programs funded by this section for the purpose of identifying model programs and policies that reduce the impact of domestic violence, including sexual assault, dating violence, and stalking in the lives of children and youth and that contribute to the safety and well-being of adult and child victims and children and youth impacted by the violence or stalking involved. The Secretary of Education shall widely disseminate information on the model programs and policies identified.

(B) CONFIDENTIALITY.—In disseminating the information under subparagraph (A), the Secretary of Education shall ensure the safety, and confidentiality of information concerning the identification, of individuals who are victims of or impacted by violence or stalking.

(3) STUDY AND REPORT.—

(A) STUDY.—The Secretary of Education shall study existing policies and programs as

well as new policies and programs funded by this section and shall develop recommendations for implementation of successful policies for referring students to services when the students may be experiencing or exposed to domestic violence, including sexual assault, dating violence, or stalking.

(B) REPORT.—

(i) IN GENERAL.—The Secretary of Education shall prepare and submit to Congress a report containing the recommendations developed under subparagraph (A).

(ii) CONFIDENTIALITY.—In preparing and submitting the report under clause (i), the Secretary of Education shall ensure the safety, and confidentiality of all information concerning the identification, of students.

(C) EVALUATION, MONITORING, AND ADMINISTRATION.—Of the amount appropriated under subsection (j) for each fiscal year, not more than 3 percent shall be used by the Secretary of Education for evaluation, monitoring, and administrative costs under this section.

(i) DEFINITIONS.—In this section:

(1) DATING VIOLENCE.—

(A) IN GENERAL.—The term ''dating violence'' means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim.

(B) RULE.—The existence of a relationship described in subparagraph (A) shall be determined based on a consideration of the following factors:

(i) The length of the relationship.

(ii) The type of relationship.

(iii) The frequency of interaction between the persons involved in the relationship.

(2) EXPOSED TO.—The term ''exposed to'' means—

(A) with regard to domestic violence, exposed to domestic violence as defined in section 8502;

(B) with regard to stalking—

(i) directly observing a course of conduct that constitutes stalking or the aftermath of that course of conduct; or

(ii) being within earshot of a course of conduct that constitutes stalking; and

(C) with regard to dating violence—

(i) directly observing an act or threat that constitutes dating violence or the aftermath of that act or threat; or

(ii) being within earshot of an act or threat that constitutes dating violence;

(3) PRIORITY YOUTH-SERVING ORGANIZATION.—The term ''priority youth-serving organization'' means a public or private organization with—

(A) a primary focus on providing youth development programs to youth ages 5 to 17;

(B) a history of providing violence awareness and prevention skills;

(C) a proven record, as measured by specific outcome objectives, of providing youth development and violence awareness and prevention programs, services, and activities through a comprehensive and coordinated system; and

(D) the ability to provide access to core resources consisting of—

(i) ongoing relationships with caring adults;

(ii) a safe environment and structured activities;

(iii) programs that promote positive well-being;

(iv) opportunities to acquire defined skills and competencies; and

(v) opportunities for community service and civic participation.

(4) SEXUAL ASSAULT.—The term ''sexual assault'' means any conduct proscribed by chapter 109A of title 18, United States Code, regardless of whether the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison, and includes both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known to the victim or related by blood or marriage to the victim.

(5) STALKING.—The term ''stalking'' means engaging in a course of conduct directed at a specific person that would cause a reasonable person to fear death, sexual assault, or bodily injury to such person or a member of such person's immediate family, if—

(A) the person engaging in such conduct has knowledge or should have knowledge that the specific person will be placed in reasonable fear of death, sexual assault, or bodily injury to such person or a member of such person's immediate family; or

(B) the conduct induces fear in the specific person of death, sexual assault, or bodily injury to such person or a member of such person's immediate family.

(j) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to carry out this section—

(A) $2,750,000 for fiscal year 2002;

(B) $3,000,000 for fiscal year 2003;

(C) $3,000,000 for fiscal year 2004;

(D) $3,000,000 for fiscal year 2005; and

(E) $3,000,000 for fiscal year 2006.

(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available until the earlier of—

(A) the date on which those amounts are expended; or

(B) December 31, 2006.

SEC. 8507. TRAINING OF LAW ENFORCEMENT AND COURT PERSONNEL.

(a) GRANTS AUTHORIZED.—The Attorney General shall award grants to nonprofit domestic violence programs, shelters, or organizations in collaboration with local police departments and local courts for purposes of training local police officers, judges, attorneys, and other court personnel, regarding appropriate treatment of children who have been exposed to domestic violence.

(b) USE OF FUNDS.—A domestic violence agency working in collaboration with a local police department and local courts may use amounts from a grant awarded under this section—

(1) to train police officers, judges, attorneys, and other court personnel in child development and issues related to children exposed to domestic violence so they may appropriately—

(A) apply child development principles to their work in domestic violence cases;

(B) recognize the needs of children who are exposed to domestic violence;

(C) meet the immediate needs of those children at the scene of domestic violence and during subsequent court proceedings;

(D) call for immediate and subsequent therapeutic attention to be provided to the child

by an advocate from the collaborating domestic violence program, shelter, or organization, or from a children's services program with expertise in serving children exposed to domestic violence; and

(E) refer children for follow-up services; and

(2) to establish a collaborative working relationship between police officers, the courts, and local domestic violence programs, shelters, and organizations.

(c) APPLICATION.—

(1) IN GENERAL.—To be eligible for a grant under this section for any fiscal year, a local domestic violence program, shelter, or organization, in collaboration with a local police department or local court, shall submit an application to the Attorney General at such time, and in such manner, as the Attorney General shall require.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) describe the need for amounts provided under the grant and the plan for implementation of the uses described in subsection (b);

(B) describe the manner in which the local domestic violence program, shelter, or organization shall work in collaboration with the local police department and local courts; and

(C) provide measurable goals and expected results from the use of amounts provided under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated from the Violent Crime Reduction Trust Fund established under section 310001 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) to carry out this section—

(A) $5,000,000 for each of fiscal years 2002 through 2004; and

(B) $10,000,000 for each of fiscal years 2005 and 2006.

(2) AVAILABILITY.—Amounts made available under paragraph (1) shall remain available until expended.

Subtitle G—Enhancing Healthy Emotional Development in Young Children

SEC. 8601. ENHANCING HEALTHY EMOTIONAL DEVELOPMENT.

(a) FINDINGS.—Congress finds the following:

(1) Researchers have identified external risk factors that, particularly when found in combination, can increase a young child's risk for experiencing problems in social or emotional development, including factors such as exposure to traumatic events, child abuse and neglect, parental mental health disorders, unsatisfactory relationships, and deprivation. Experiences involving these risk factors may occur at home or in the community.

(2) There is growing evidence that positive adaptation and social and emotional well-being in young children can be enhanced, and that the impact of risk factors for behavioral and emotional disorders can be reduced by intervening early in homes, child care and other early childhood programs, and other settings.

(3) The Surgeon General's Conference on Children's Mental Health has recommended the creation of tangible tools for early childhood service providers

to help the providers assess children's social and emotional needs, discuss issues relating to those needs with families, and make referrals.

(4) Experience demonstrates that mental health consultants can help staff, as well as children and families, in early childhood programs promote healthy social and emotional development in young children, including those children already exposed to violence and other damaging experiences.

(5) Success in school is dependent on social and emotional development, as well as the attainment of other competencies and skills, and investing early in the promotion of healthy development in young children will help children enter school ready to learn.

(b) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services, acting through the Assistant Secretary for Children and Families.

(2) STATE AGENCY.—The term ''State agency'' means—

(A) the State office that coordinates early childhood services in a State; or

(B) if an office described in subparagraph (A) does not exist in a State, the State office

that is responsible for early childhood programs in the State.

(3) YOUNG CHILDREN.—The term ''young children'' means individuals who are below the age of compulsory school attendance for the State involved.

(c) GRANTS TO STATE AGENCIES.—

(1) GRANTS.—The Secretary shall establish a program through which the Secretary may make grants to State agencies, to enable the State agencies to assist eligible entities to serve young children and the families of the children by addressing the mental health and developmental needs of the young children in order to promote the children's resilience, emotional wellness, and healthy emotional development.

(2) GRANT PERIODS.—The Secretary shall make the grants for periods of not more than 3 years.

(d) STATE APPLICATIONS.—To be eligible to receive a grant under subsection (c), a State agency shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. The application shall include the information and assurances described in subsection (g), with respect to the State.

(e) GRANTS TO ELIGIBLE ENTITIES.—A State agency that receives a grant under subsection (c) shall use the funds made available through the grant to make grants to eligible entities to carry out programs to serve young children and the families of the children as described in subsection (c).

(f) ELIGIBLE ENTITIES.—To be eligible to receive a grant under subsection (e), an entity shall—

(1) be an agency or organization that carries out a home or center-based early childhood program, child welfare program, substance abuse treatment program, or domestic violence service and treatment program, that serves or has regular contact with young children;

(2) be an established consortium of agencies or organizations described in paragraph (1); or

(3) be another entity (such as a child care resource and referral agency, an early childhood service coordinating body, or a community mental health center) that works with parents, agencies, or organizations that serve young children in a community in promoting the mental health and healthy emotional development of young children; and

(4) obtain the approval of the State agency for an application submitted in accordance with subsection (g).

(g) LOCAL APPLICATIONS.—

(1) IN GENERAL.—To be eligible to receive a grant under this section, an entity shall submit an application to the State agency at such time, in such manner, and containing such information as the State agency may require.

(2) CONTENTS.—At a minimum, the application shall contain—

(A) a description of the young children who are targeted to be served, or are most likely to be served, with the funds made available through the grant, and the problems the children are facing or affected by (such as exposure to parental depression, parental substance abuse, child abuse or neglect, domestic violence, community violence, homelessness, a parental transition to the workforce, or other risk factors);

(B) an assurance that the assistance provided with funds made available through the grant will be undertaken in a developmentally appropriate and culturally competent manner,

be child-centered, and, as applicable, family-focused, and consistent with the best knowledge available about effective prevention and intervention strategies to promote mental health and healthy emotional development in young children;

(C) the name of the entity that would administer the program carried out under the grant;

(D) a description of the types of assistance that will be provided with the funds to improve the mental health and healthy emotional development of young children;

(E) a description of how the program to be carried out under the grant will complement and be coordinated with the activities of, or carried out by, any early childhood service coordinating offices in the community in which the grant activities will be carried out;

(F) an assurance that the applicant will work collaboratively with mental health, early childhood development, early intervention, education, health, and other specialized violence prevention or treatment experts, and other experts in the applicant's community to coordi-

nate services provided under this subtitle with similar services and to better address the needs of the young children the applicant serves;

(G) documentation that the applicant has explored the extent to which funding under part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.) and from other related Federal and State sources is available to address the needs of the young children; and

(H) an assurance that the funds made available through the grant will not be used for activities that the State pays for with funds made available under the medicaid program carried out under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), under the State children's health insurance program carried out under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.), or from State and local funds for mental health programs.

(h) USE OF FUNDS.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), an entity that receives a grant under this section may use the funds made available through the grant to promote the mental health and

healthy emotional development of young children by—

(A) providing screening and assessments of the mental health and developmental needs of the young children to be served under the grant and, as appropriate, their families;

(B) providing for consultations with staff of programs described in subsection (f)(1) by mental health and other early childhood development experts, such as speech and language therapists and special education consultants, who can provide programmatic and individual child-centered and family-focused assistance to help the staff respond in the manner most conducive to promoting the mental health and healthy emotional development of young children;

(C) providing professional development, including specialized training and supervision, for staff of programs described in subsection (f)(1) and other early childhood service providers and, as appropriate, for families of young children, about the mental health and developmental needs of young children, to enable the staff and families to develop the skills and competencies

necessary to respond to the needs of, and provide needed assistance to, the young children and their families to promote the children's mental health and healthy emotional development;

(D) providing prevention and early intervention services, including home visitation, parenting education, and other activities, parent-child groups, and other individualized supports for families of young children (including parents, grandparents, other relative caregivers, foster parents, and other individuals responsible for raising young children), that are designed to promote mental health and healthy emotional development of young children;

(E) providing crisis services;

(F) facilitating access to treatment and services to enable staff of programs described in subsection (f)(1) to promote mental health and healthy emotional development by attending appropriately to the emotional and behavioral concerns facing young children and their families;

(G) providing increased collaboration between staff of programs providing early childhood, child development, and children's mental

health services, and, as appropriate, staff from other service delivery systems such as—

(i) the courts; and

(ii) service delivery systems for substance abuse treatment, domestic violence service and treatment, health, and adult and child mental health programs; and

(H) providing case management services for young children and, as appropriate, their families, to help link the children and families who need more specialized interventions to appropriate services and treatment.

(2) PLANNING AND COLLABORATION.—

(A) IN GENERAL.—An entity that requests authority to use grant funds made available under this section for planning and collaboration activities, and receives a grant under this section, may use a portion of the grant funds as described in subparagraph (B).

(B) ACTIVITIES.—The entity may use not more than 50 percent of the grant funds for a period of not more than 6 months at the beginning of the grant period to carry out planning and collaboration activities that will help ensure that the needs of young children will be ad-

dressed appropriately through the activities carried out under the grant. The planning and collaboration activities shall build on the work of and, to the extent possible, be carried out by early childhood service coordinating offices in the community in which the grant activities will be carried out.

(3) DESIGNATED ACTIVITIES.—The Secretary may, during the 3-year period beginning on the date of the establishment of the program described in subsection (c), award grants to State agencies under subsection (c), to enable the State agencies to assist eligible entities specifically to promote the training of early childhood mental health specialists, in conjunction with entities such as community colleges, schools of social work, and institutions offering psychology programs, through degree programs or internships or fellowships in early childhood mental health.

(i) STATE COLLABORATION.—The State agency shall review applications submitted under subsection (g), make grants under subsection (e), and carry out the administration and oversight of the programs described in subsection (e) in collaboration with—

(1) the State mental health agency;

(2) the State entity designated to receive collaboration grants under section 640(a)(5) of the Head Start Act (42 U.S.C. 9835(a)(5)); and

(3) other State offices responsible for child welfare programs, substance abuse treatment programs, or domestic violence service programs, serving young children within the State.

(j) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to the authority of this section shall be used to supplement and not supplant other public funds expended to promote the mental health and healthy emotional development of young children.

(k) COLLABORATION.—In carrying out this section, the Secretary shall collaborate with the Administrator of the Substance Abuse and Mental Health Services Administration, the Administrator of the Health Care Financing Administration, and the heads of relevant offices of the Department of Education that address the concerns of young children.

(l) REPORT.—A State that receives a grant under this section shall, not later than 90 days after the end of the grant period, prepare and submit to the Secretary a report that includes—

(1) information on the needs of the young children, and their families, who were assisted with the grant funds;

(2) information on the strategies for which the grant funds were used, and how the funds were combined with other funds to expand the strategies;

(3) documentation that the activities provided were developmentally appropriate, child-centered, and, as appropriate, family-focused, and directed toward preventing emotional problems, and involved collaboration with mental health and other developmental experts;

(4) a discussion of—

(A) the extent to which entities in the State increased the number of activities (similar to activities carried out under this section) carried out in the State that were funded from sources other than funds made available under this section during the grant period; and

(B) the barriers to increasing the number of those activities that were so funded; and

(5) a discussion of how the funds made available through the grant helped to improve outcomes for the young children and families served, particularly with regard to the goal of school readiness.

(m) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $25,000,000 for fiscal year 2002;

(2) $40,000,000 for fiscal year 2003;

(3) $55,000,000 for fiscal year 2004;

(4) $70,000,000 for fiscal year 2005; and

(5) $85,000,000 for fiscal year 2006.

TITLE IX—SUCCESSFUL TRANSITION TO ADULTHOOD

Subtitle A—21st Century Community Learning Centers

SEC. 9001. CENTERS.

Part I of title X (20 U.S.C. 8241 et seq.) is amended to read as follows:

"PART I—21ST CENTURY COMMUNITY LEARNING CENTERS

"SEC. 10901. SHORT TITLE.

''This part may be cited as the '21st Century Community Learning Centers Act'.

"SEC. 10902. PURPOSE.

''The purpose of this part is to provide opportunities to communities to establish or expand activities in community learning centers that—

"(1) provide opportunities for academic enrichment, including providing tutorial services to help students, particularly students who attend low-performing schools, to meet State and local student performance standards in core academic subjects, such as reading and mathematics;

"(2) offer students a broad array of additional services, programs, and activities, such as youth development activities, drug and violence prevention programs, art, music, and recreation programs, technology education programs, and character education programs, that are designed to reinforce and complement the regular academic program of participating students; and

"(3) offer families of students enrolled in community learning centers opportunities for lifelong learning and literacy development.

"SEC. 10903. DEFINITIONS.

"In this part:

"(1) COMMUNITY LEARNING CENTER.—The term 'community learning center' is an entity that—

"(A)(i) assists students to meet State content and student performance standards in core academic subjects, such as reading and mathematics, by primarily providing to the students,

during non-school hours or periods when school is not in session, tutorial and other academic enrichment services in addition to other activities (such as youth development activities, drug and violence prevention programs, art, music, and recreation programs, technology education programs, and character education programs) that reinforce and complement the regular academic program of the students; and

''(ii) offers families of students enrolled in such center opportunities for lifelong learning and literacy development; and

''(B) is operated by 1 or more local educational agencies, community-based organizations, units of general purpose local government, or other public or private entities.

''(2) COVERED PROGRAM.—The term 'covered program' means a program for which—

''(A) the Secretary made a grant under this part (as in effect on the day before the date of enactment of the Leave No Child Behind Act of 2001); and

''(B) the grant period had not ended on that date of enactment.

"(3) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means—

"(A) a local educational agency, a community-based organization, a unit of general purpose local government, or another public or private entity; or

"(B) a consortium of entities described in subparagraph (A).

"(4) STATE.—The term 'State' means the State educational agency of a State (as defined in section 14101).

"(5) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term 'unit of general purpose local government' means any city, town, township, parish, village, or other general purpose political subdivision.

"SEC. 10904. PROGRAM AUTHORIZED.

"The Secretary is authorized to award grants to States to make awards to eligible organizations to plan, implement, or expand community learning centers that serve—

"(1) students who primarily attend—

"(A) schools eligible for schoolwide programs under section 1114; or

"(B) schools that serve a high percentage of students from low-income families; and

"(2) the families of students described in paragraph (1).

"SEC. 10905. ALLOTMENTS TO STATES.

"(a) RESERVATION.—From the funds appropriated under section 10910 for any fiscal year, the Secretary shall reserve—

"(1) such amount as may be necessary to make continuation awards for covered programs to grant recipients under this part (under the terms of those grants), as in effect on the day before the date of enactment of the Leave No Child Behind Act of 2001;

"(2) not more than 1 percent for national activities, which the Secretary may carry out directly or through grants and contracts, such as providing technical assistance to organizations carrying out programs under this part or conducting a national evaluation; and

"(3) not more than 1 percent for payments to the outlying areas and the Bureau of Indian Affairs, to be allotted in accordance with their respective needs for assistance under this part, as determined by the Secretary, to enable the areas and the Bureau to carry out the objectives of this part.

"(b) STATE ALLOTMENTS.—

"(1) DETERMINATION.—

"(A) BASIS.—From the funds appropriated under section 10910 for any fiscal year and remaining after the Secretary makes reservations under subsection (a), the Secretary shall allot to each State for the fiscal year an amount that bears the same relationship to the remainder as the amount the State received under subpart 2 of part A of title I for the preceding fiscal year bears to the amount all States received under that subpart for the preceding fiscal year, except as provided in subparagraph (B).

"(B) EXCEPTION.—No State receiving an allotment under subparagraph (A) may receive less than ½ of 1 percent of the total amount allotted under subparagraph (A) for a fiscal year.

"(2) DEFINITION.—In this subsection, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 10906. STATE PLANS.

"Each State seeking a grant under this part shall submit to the Secretary a plan, which may be submitted as part of a State's consolidated plan under section 14302,

at such time, in such manner, and containing such information as the Secretary may reasonably require. At a minimum, the plan shall—

"(1) describe how the State will use funds received under this part, including funds reserved for State-level activities;

"(2) contain an assurance that the State will make awards under this part for eligible organizations only to eligible organizations that propose to serve—

"(A) students who primarily attend—

"(i) schools eligible for schoolwide programs under section 1114; or

"(ii) schools that serve a high percentage of students from low-income families; and

"(B) the families of students described in subparagraph (A);

"(3) describe the procedures and criteria the State will use for reviewing applications and awarding funds to eligible organizations on a competitive basis, which shall include procedures and criteria that take into consideration the likelihood that a proposed center will help participating students meet

local content and performance standards by increasing their academic performance and achievement;

"(4) describe how the State will ensure that awards made under this part are—

"(A) of sufficient size and scope to support high-quality, effective programs that are consistent with the purpose of this part; and

"(B) in amounts that are consistent with section 10908(b);

"(5) contain an assurance that the State—

"(A) will not make awards for programs that exceed 4 years;

"(B) will ensure an equitable distribution of awards among urban and rural areas of the State; and

"(C) will require each eligible organization seeking such an award to submit a plan describing how the center to be funded through the award will continue after funding under this part ends;

"(6) describe the State's performance measures for programs carried out under this part, including measures relating to increased academic performance and achievement, and how the State will evaluate the effectiveness of those programs;

"(7) contain an assurance that funds appropriated to carry out this part will be used to supplement, and not supplant, other Federal, State, and local public funds expended to provide programs and activities authorized under this part; and

"(8) contain an assurance that the State will require eligible organizations to describe in their applications under section 10909 how the transportation needs of participating students will be addressed.

"SEC. 10907. STATE-LEVEL ACTIVITIES.

"(a) IN GENERAL.—A State that receives an allotment under section 10905 for a fiscal year shall use not more than 6 percent of the funds made available through the allotment for State-level activities described in paragraphs (1) and (2) of subsection (b).

"(b) ACTIVITIES.—

"(1) PLANNING, PEER REVIEW, AND SUPERVISION.—The State may use not more than 3 percent of the funds made available through the allotment to pay for the costs of—

"(A) establishing and implementing a peer review process for applications described in section 10909 (including consultation with the Governor and other State agencies responsible

for administering youth development programs and adult learning activities);

"(B) supervising the awarding of funds to eligible organizations (in consultation with the Governor and other State agencies responsible for administering youth development programs and adult learning activities);

"(C) planning and supervising the use of funds made available under this part, and processing the funds; and

"(D) monitoring activities.

"(2) EVALUATION, TRAINING, AND TECHNICAL ASSISTANCE.—The State may use not more than 3 percent of the funds made available through the allotment to pay for the costs of—

"(A) comprehensive evaluation (directly, or through a grant or contract) of the effectiveness of programs and activities provided under this part; and

"(B) providing training and technical assistance to eligible organizations who are applicants or recipients of awards under this part.

"SEC. 10908. AWARDS TO ELIGIBLE ORGANIZATIONS.

"(a) AWARDS.—A State that receives an allotment under section 10905 for a fiscal year shall use not less

than 94 percent of the funds made available through the allotment to make awards on a competitive basis to eligible organizations.

"(b) AMOUNTS.—The State shall make the awards in amounts of not less than $50,000.

"SEC. 10909. LOCAL APPLICATION.

"(a) APPLICATION.—To be eligible to receive an award under this part, an eligible organization shall submit an application to the State at such time, in such manner, and including such information as the State may reasonably require. Each such application shall include—

"(1) an evaluation of the needs, available resources, and goals and objectives for the proposed community learning center and a description of how the program proposed to be carried out in the center will address those needs (including the needs of working families); and

"(2) a description of the proposed community learning center, including—

"(A) a description of how the eligible organization will ensure that the program proposed to be carried out at the center will reinforce and complement the instructional programs of the schools that students served by the program attend;

"(B) an identification of Federal, State, and local programs that will be combined or coordinated with the proposed program in order to make the most effective use of public resources;

"(C) an assurance that the proposed program was developed, and will be carried out, in active collaboration with the schools the students attend;

"(D) evidence that the eligible organization has experience, or demonstrates promise of success, in providing educational and related activities that will complement and enhance the students' academic performance and achievement and positive youth development;

"(E) an assurance that the program will take place in a safe and easily accessible school or other facility;

"(F) a description of how students participating in the program carried out by the center will travel safely to and from the center and home;

"(G) a description of how the eligible organization will disseminate information about the

program to the community in a manner that is understandable and accessible; and

"(H) a description of a preliminary plan for how the center will continue after funding under this part ends.

"(b) PRIORITY.—In making awards under this part, the State shall give equal priority to applications—

"(1) submitted jointly by schools receiving funding under part A of title I and community-based organizations or other eligible organizations;

"(2) submitted by such schools or consortia of such schools; and

"(3) submitted by community-based organizations or other eligible organizations serving communities in which such schools are located.

"(c) APPROVAL OF CERTAIN APPLICATIONS.—The State may approve an application under this part for a program to be located in a facility other than an elementary school or secondary school, only if the program—

"(1) will be accessible to the students proposed in the application to be served; and

"(2) will be as effective as the program would be if the program were located in such a school.

"SEC. 10910. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $1,500,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 6 succeeding fiscal years.

Subtitle B—Youth Development

CHAPTER 1—SHORT TITLE; POLICY; FINDINGS; DEFINITIONS

SEC. 9101. SHORT TITLE.

This subtitle may be cited as the ''Younger Americans Act''.

SEC. 9102. A NATIONAL YOUTH POLICY.

It is the policy of the United States, in keeping with the traditional United States concept that youth are the Nation's most valuable resource, that youth of the Nation need, and it is the joint and several duty and responsibility of governments of the United States, of the several States and political subdivisions, and of Indian tribes, to assure that all youth have access to, the full array of core resources, including—

(1) ongoing relationships with caring adults;

(2) safe places with structured activities;

(3) services that promote healthy lifestyles, including services designed to improve physical and mental health;

(4) opportunities to acquire marketable skills and competencies; and

(5) opportunities for community service and civic participation.

SEC. 9103. FINDINGS.

Congress finds that—

(1) young people under 18 years of age are now the most impoverished age group, with 1 of every 5 of the young people living in poverty, a greater proportion than in 1968, with the proportion of minority children who are living in poverty being about twice as great;

(2) more than 1 of 4 families is headed by a single parent and the percentage of families headed by single parents has risen steadily over the past few decades, and has risen 13 percent since 1990;

(3) approximately 8,000,000 school-age children under 14 years of age spend time without adult supervision on a regular basis;

(4) an estimated 11,000,000 United States children have no health insurance and 9 out of 10 of such children have parents who work;

(5) there is a need to address the developmental needs of all youth while providing more intensive

support for youth in communities where need is greatest;

(6) there is a need to engage youth as active participants in decisionmaking that affects their lives, including the design, development, implementation, and evaluation of youth development programs at the Federal, State, and community levels;

(7) existing outcome driven youth development strategies, pioneered by community-based organizations, hold real promise for promoting positive behaviors and preventing youth problems;

(8) formal evaluations of youth development programs have documented significant improvements in interpersonal skills, quality of peer and adult relationships, self-control, cognitive competencies, commitment to schooling, and academic achievement;

(9) formal evaluations of youth development programs have documented significant reductions in drug and alcohol use, school misbehavior, aggressive behavior, violence, truancy, high-risk sexual behavior, and smoking;

(10) compared to United States youth generally, youth participating in activities provided by community-based organizations are more than 26 percent more likely to report having received rec-

ognition for good grades than United States youth generally and nearly 20 percent more likely to rate the likelihood of their going to college as ''very high'' than United States youth generally;

(11) a partnership between the public and private sector is necessary to promote access to the full array of core resources for youth who need such resources because the private sector alone does not have the capacity to promote such access; and

(12) the availability and use of Federal resources can be effective incentives to leverage broader community support to enable entities carrying out or providing local programs, activities, and services to provide the full array of core resources, remove barriers to access, promote program effectiveness, and facilitate coordination of activities and collaboration within the community.

SEC. 9104. DEFINITIONS.

In this subtitle:

(1) AREA AGENCY ON YOUTH.—The term ''area agency on youth'' means an area agency on youth designated under section 9124(a)(2)(A).

(2) ASSOCIATE COMMISSIONER.—The term ''Associate Commissioner'' means the Associate Commissioner of the Family and Youth Services Bureau of

the Administration on Children, Youth, and Families of the Department of Health and Human Services.

(3) COMMUNITY-BASED.—The term ''community-based'', used with respect to an organization, means an organization that—

(A) is representative of a community or significant segment of a community; and

(B) is engaged in providing services to the community.

(4) COMMUNITY BOARD.—The term ''community board'' means a community board established in accordance with section 9127(a).

(5) DIRECTOR.—The term ''Director'' means the Director of the Office on National Youth Policy.

(6) FUNDING AND COORDINATING AGENCY.—The term ''funding and coordinating agency'' means an organization that is directed by a board with wide representation from a community, that generates and distributes charitable funds for diverse health and human service programs and coordinates the efforts of multiple agencies as needed or requested, but that does not itself provide direct services to children, youth, or their families.

(7) INDIAN.—The term ''Indian'' has the meaning given the term in section 4(d) of the Indian Self-

Determination and Education Assistance Act (25 U.S.C. 450b(d)).

(8) NATIVE AMERICAN ORGANIZATION.—The term ''Native American organization'' means—

(A) a tribal organization, as defined in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(l));

(B) a Native Hawaiian Organization, as defined in section 4009(4) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (20 U.S.C. 4909(4)) (as in effect on the day before the date of enactment of the Improving America's Schools Act of 1994);

(C) an Alaska Native Village Corporation or Regional Corporation as defined in or established pursuant to the Alaskan Native Claims Settlement Act (43 U.S.C. 1601 et seq.); or

(D) a private nonprofit organization established for the purpose of serving youth who are Indians or Native Hawaiians.

(9) NATIVE HAWAIIAN.—The term ''Native Hawaiian'' has the meaning given the term in section 4009(1) of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improve-

ment Amendments of 1988 (20 U.S.C. 4909(1)) (as in effect on the day before the date of enactment of the Improving America's Schools Act of 1994).

(10) OFFICE.—The term ''Office'' means the Office of National Youth Policy.

(11) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(12) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(13) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term ''unit of general purpose local government'' means—

(A) a political subdivision of a State whose authority is general and not limited to only 1 function or combination of related functions; or

(B) a Native American organization.

(14) YOUTH.—The term ''youth'' means an individual who is not younger than age 10 and not older than age 19.

(15) YOUTH DEVELOPMENT ORGANIZATION.—The term ''youth development'', used with respect to an organization, means a public or private youth-serving organization with a major emphasis on providing youth development programs.

(16) YOUTH DEVELOPMENT PROGRAMS.—The term ''youth development programs'' means programs that prepare youth to contribute to their communities and to meet the challenges of adolescence and adulthood through a structured, progressive series of activities and experiences that (in contrast to deficit-based approaches that focus solely on youth problems) that—

(A) help the youth obtain social, emotional, ethical, physical, and cognitive competencies; and

(B) address the broader developmental resources all children and youth need, such as the core resources described in section 9102.

(17) YOUTH-SERVING ORGANIZATION.—The term ''youth-serving'', used with respect to an organization, means a public or private organization with a primary focus on providing youth development programs, or health, mental health, fitness, education, workforce preparation, substance abuse prevention, child welfare, psychological, parenting, recreation, teen pregnancy prevention, rehabilitative, or residential services, to youth.

CHAPTER 2—COORDINATION OF NATIONAL YOUTH POLICY

SEC. 9111. OFFICE ON NATIONAL YOUTH POLICY.

(a) ESTABLISHMENT.—There is established in the Executive Office of the President an Office of National Youth Policy.

(b) ADMINISTRATION.—The Office of National Youth Policy established under subsection (a) shall be administered by a Director who shall be appointed by the President with the advice and consent of the Senate.

(c) RESPONSIBILITIES.—The Director appointed under subsection (b) shall—

(1) establish, in cooperation with the Associate Commissioner, policies, objectives, and priorities for programs funded under this subtitle;

(2) serve as an effective and visible advocate for youth in the Federal Government, and with other departments, agencies, and instrumentalities of the Federal Government, by actively reviewing and commenting on all Federal policies affecting youth;

(3) develop mechanisms to resolve administrative and programmatic conflicts between Federal programs that would be barriers to parents, community-based, youth-serving, and youth development organizations, local government entities, education en-

tities, older adult organizations, faith-based organizations, and organizations supporting youth involved in community service and civic participation, related to the coordination of services and funding for programs promoting access to the full array of core resources described in section 9102; and

(4) consult with and assist State and local governments with respect to barriers the governments encounter related to the coordination of services and funding for programs under this subtitle.

(d) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of carrying out this chapter, there are authorized to be appropriated $500,000 for fiscal year 2002 and such sums as may be necessary for each of the 4 succeeding fiscal years, to remain available until expended.

SEC. 9112. COUNCIL ON NATIONAL YOUTH POLICY.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established in the Office a Council on National Youth Policy (referred to in this section as the ''Council'').

(2) COMPOSITION.—

(A) NUMBER.—The Council shall be composed of 12 members.

(B) QUALIFICATIONS.—The President shall appoint the 12 members of the Council from among—

(i) individuals who have expertise or experience with youth development or youth-serving programs, especially programs serving rural and inner-city urban youth;

(ii) representatives of national organizations with an interest in youth development programs;

(iii) representatives of business;

(iv) representatives of minorities; and

(v) parents.

(C) AGE.—At least ⅓ of the individuals appointed shall be younger than age 21 at the time of appointment.

(D) LIMITATIONS.—No full-time officer or employee of the Federal Government may be appointed to be a member of the Council.

(b) APPOINTMENT AND TERMS.—

(1) TERMS.—

(A) IN GENERAL.—Except as otherwise provided in this section, a member of the Council shall serve for a term of 3 years.

(B) END OF TERM.—The term shall end on March 31 regardless of the actual date of the appointment of the member.

(2) SERVICE.—Members of the Council shall serve without regard to the provisions of title 5, United States Code.

(c) SERVICE DURING VACANCIES.—Any member appointed to fill a vacancy occurring prior to the expiration of the term for which such member's predecessor was appointed shall be appointed for the remainder of such term. Members shall be eligible for reappointment and may continue to serve after the expiration of their terms until their successors have taken office.

(d) VACANCIES.—Any vacancy in the Council shall not affect the powers of the Council, but shall be filled in the same manner as the original appointment was made.

(e) CHAIRPERSON.—The President shall designate a Chairperson for the Council from among the members appointed to the Council.

(f) MEETINGS.—The Council shall meet at the call of the Chairperson at least twice a year.

(g) DUTIES.—The Council shall—

(1) advise and assist the President on matters regarding the core resources youth need and the ca-

pacity of youth to contribute to the Nation and their communities;

(2) directly advise the Director and the Associate Commissioner on matters affecting the youth development needs of youth for services and assistance under this subtitle;

(3) make recommendations to the President, to the Director, to the Secretary, to the Associate Commissioner, and to Congress with respect to Federal policies regarding youth; and

(4) provide public forums for discussion, publicize the core resources youth need, and obtain information relating to assuring all youth access to the full array of core resources described in section 9102, by conducting public hearings, and by conducting or sponsoring conferences, workshops, and other similar meetings.

(h) TRAVEL EXPENSES.—Members of the Council shall not receive compensation for the performance of services for the Council, but shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Council. Notwithstanding sec-

tion 1342 of title 31, United States Code, the Director may accept the voluntary and uncompensated services of members of the Council.

(i) REPORTS.—Not later than March 31 of 2003 and each subsequent year, the Council shall prepare and submit to the President an annual report of the findings and recommendations of the Council. The President shall transmit each such report to Congress together with comments and recommendations.

(j) PERMANENT COMMITTEE.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Council.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $250,000 for fiscal year 2002 and such sums as may be necessary for fiscal years 2003 through 2006.

CHAPTER 3—GRANTS FOR STATE AND COMMUNITY PROGRAMS

SEC. 9121. PURPOSE.

The purpose of this chapter is to encourage and assist State agencies, community boards, and area agencies on youth to mobilize and support communities in planning, implementing, and being accountable for strategies that link community-based organizations, local government, volunteer centers, schools, faith-based organizations, busi-

ness, and other segments of the community to assure that all youth have access to the full array of core resources consisting of—

(1) ongoing relationships with caring adults;

(2) safe places with structured activities;

(3) services that promote healthy lifestyles, including services designed to improve physical and mental health;

(4) opportunities to acquire marketable skills and competencies; and

(5) opportunities for community service and civic participation.

SEC. 9122. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $500,000,000 for fiscal year 2002, $750,000,000 for fiscal year 2003, $1,000,000,000 for fiscal year 2004, $1,500,000,000 for fiscal year 2005, and $2,000,000,000 for fiscal year 2006.

SEC. 9123. ALLOTMENTS TO STATES.

(a) RESERVATIONS.—From sums appropriated under section 9122 for each fiscal year, the Associate Commissioner shall reserve—

(1) 95 percent of the sums for allotments to States to enable the States to make allocations to area agencies on youth;

(2) 1 percent of the sums for grants to Native American organizations to carry out activities consistent with the objectives of this chapter;

(3) 1 percent of the sums for grants to outlying areas to carry out activities consistent with the objectives of this chapter; and

(4) 3 percent of the sums for Federal discretionary grant programs aimed at demonstrating ways to respond to the special developmental needs of youth—

(A) in correctional facilities and other out-of-home residential settings;

(B) in areas with high concentrations of poverty;

(C) in rural areas; and

(D) in situations where youth are at higher risk due to abuse, neglect, disconnection from family, disconnection from school, or another community risk factor.

(b) USE OF FUNDS.—For each fiscal year for which a State receives a State allotment, the State shall ensure that funds made available through the allotment shall be used for the purpose of conducting community-based youth development programs that—

(1) recognize the primary role of the family in positive youth development in order to strengthen families;

(2) promote the involvement of youth (including program participants), parents, and other community members in the planning and implementation of the programs;

(3) coordinate services with other entities providing youth and family services in the community;

(4) eliminate barriers, such as transportation, cost, and service delivery location, to the accessibility of core youth development services;

(5) provide, directly or through a written contract, a broad variety of accessible programs, activities, and services for youth that are designed to assist youth in acquiring skills and competencies that are necessary to make a successful transition from childhood to adulthood;

(6) incorporate activities that foster relationships between positive adult role models and youth, provide age-appropriate activities, and provide activities that engage youth in, and promote, positive youth development, including activities such as—

(A) youth clubs, character development activities, mentoring, community service, leader-

ship development, recreation, and literacy and educational tutoring;

(B) sports, workforce readiness activities, peer counseling, and fine and performing arts; and

(C) camping and environmental education, cultural enrichment, risk avoidance programs, academic enrichment, and participant-defined special interest group activities, courses, or club; and

(7) employ strong outreach efforts to engage the participation of a wide range of youth, families, and service providers.

(c) ALLOTMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), from sums reserved under subsection (a)(1), the Associate Commissioner shall allot to each State the sum (referred to in this chapter as the ''State allotment'') of—

(A) an amount that bears the same relation to ½ of the reserved sums as the number of individuals who are not younger than age 10 and not older than age 19 in the State bears to the number of such individuals in all the States; and

(B) an amount that bears the same relation to ½ of the reserved sums as the number of youth who are receiving free or reduced price lunches under the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) in the State bears to the number of such youth in all the States.

(2) STATE MINIMUM.—No State shall be allotted less than 0.40 percent of the reserved sums for a fiscal year.

(3) DETERMINATIONS.—For purposes of this subsection, the number of individuals who are not younger than age 10 and not older than age 19 in any State and in all the States, and the number of youth who are receiving free or reduced price lunches under the school lunch program established under the Richard B. Russell National School Lunch Act in any State and in all the States, shall be determined by the Associate Commissioner on the basis of the most recent data available from the Bureau of the Census, and other reliable demographic data satisfactory to the Associate Commissioner.

(d) REALLOTMENTS.—Whenever the Associate Commissioner determines that any amount allotted to a State

for a fiscal year under this section will not be used by such State for carrying out the purpose for which the allotment was made, the Associate Commissioner shall make such amount available for carrying out such purpose to 1 or more other States to the extent the Associate Commissioner determines that such other States will be able to use such amount for carrying out such purpose.

(e) WITHHOLDING.—

(1) IN GENERAL.—If the Associate Commissioner finds that any State has failed to meet the State plan requirements of section 9125 or the allocation requirements of section 9126(b), the Associate Commissioner shall withhold the State allotment from such State.

(2) DISBURSAL.—The Associate Commissioner shall disburse the funds withheld directly to any entity that is a public or private institution, organization, or agency, or unit of general purpose local government of such State that submits an approved plan described in section 9128, if the plan includes an agreement that the entity will—

(A) make available (directly or through donations from public or private entities) non-Federal contributions, in cash or in kind, in an

amount equal to a percentage determined for the State of the funds; and

(B) comply with the requirements of this subtitle that apply to States receiving State allotments under this section.

SEC. 9124. STATE AGENCIES AND PLANNING AND MOBILIZATION AREAS.

(a) STATE AGENCIES.—In order for a State to be eligible to receive a State allotment under this chapter—

(1) the State shall, in accordance with regulations issued by the Associate Commissioner, designate a State agency as the sole State agency to—

(A) develop a State plan to be submitted to the Associate Commissioner for approval pursuant to section 9125;

(B) administer the plan in the State;

(C) be primarily responsible for the planning, policy development, administration, coordination, priority setting, and evaluation of all State activities related to the objectives of this subtitle;

(D) serve as an effective and visible advocate for youth by reviewing and commenting on all State plans, budgets, and policies that affect youth; and

(E) divide the State into distinct planning and mobilization areas, after considering the views offered by units of general purpose local government and appropriate public or private agencies and organizations in the State, in accordance with regulations issued by the Associate Commissioner; and

(2) the State agency shall—

(A) designate for each such area, after consideration of the views offered by the units of general purpose local government and by agencies and organizations in such areas, a public or private nonprofit agency or organization to serve as the area agency on youth for such area;

(B) provide assurances that the State agency will solicit and take into account, with regard to general policy related to the development and the administration of the State plan for any fiscal year, the views of youth who are the recipients of services provided for in the plan;

(C) in accordance with guidelines issued by the Associate Commissioner, make allocations

to area agencies on youth pursuant to section 9126(b);

(D) provide reasonable assurances that Federal funds made available under this chapter for the State for any period will be used to supplement, and not supplant, the State, local, and other funds that would in the absence of such Federal funds be made available for the programs, services, and activities described in this chapter;

(E) coordinate the activities of the State agency with other State agencies and offices, including—

(i) State Commissions on National and Community Service established under section 178 of the National and Community Service Act of 1990 (42 U.S.C. 12638);

(ii) entities carrying out programs under the Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.) and other programs under the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.);

(iii) entities carrying out independent living programs;

(iv) entities carrying out foster care programs;

(v) youth councils established under section 117(h) of the Workforce Investment Act of 1998 (29 U.S.C. 2832(h)); and

(vi) entities carrying out activities through 21st Century Community Learning Centers under part I of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8241 et seq.); and

(F) compile reports from area agencies on youth, including outcome data and evaluation information regarding programs funded under this chapter, provide an annual report based on the compilation to the Associate Commissioner, and provide a copy of such report to the Director.

(b) PLANNING AND MOBILIZATION AREAS.—

(1) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—

(A) CRITERIA.—In carrying out subsection (a)(1), the State agency may designate as a

planning and mobilization area any unit of general purpose local government that has a population of 100,000 or more. In particular, the State agency may designate such a unit as a planning and mobilization area if the unit has been engaged in youth development program planning and mobilization, such as a community of promise coordinated by America's Promise: the Alliance for Youth.

(B) HEARING.—In any case in which a unit of general purpose local government applies to the State agency to be designated as a planning and mobilization area under this paragraph, the State agency shall, upon request, provide an opportunity for a hearing to such unit of general purpose local government.

(2) REGION.—The State agency may designate as a planning and mobilization area under subsection (a)(1) any region in the State that includes 1 or more units of general purpose local government if the State agency determines that the designation of such a regional planning and mobilization area is necessary for, and will enhance, the effective administration of the programs authorized by this chapter.

(3) ADDITIONAL AREAS.—The State agency may include in any planning and mobilization area designated under subsection (a)(1) such additional areas, adjacent to a unit of general purpose local government, as the State agency determines to be necessary for, and will enhance, the effective administration of the programs authorized by this chapter.

(4) INDIAN RESERVATIONS.—The State agency, in carrying out subsection (a)(1), shall to the extent practicable include all portions of an Indian reservation in a single planning and mobilization area.

SEC. 9125. STATE PLANS.

(a) IN GENERAL.—To be eligible to receive a State allotment under this chapter, a State shall prepare and submit to the Associate Commissioner a State plan, for a 2-, 3-, or 4-year period determined by the State agency, at such time, in such manner, and meeting such criteria as the Associate Commissioner may by regulation prescribe, and shall make such annual revisions as may be necessary to the plan.

(b) CONTENTS.—Each such State plan shall contain assurances that the plan is based on area plans developed under section 9128 by area agencies on youth in the State and that the State has prepared and distributed a uniform

format for use by area agencies on youth in developing the area plans.

SEC. 9126. DISTRIBUTION OF FUNDS FOR STATE ACTIVITIES AND LOCAL ALLOCATIONS.

(a) IN GENERAL.—From a State allotment made under this chapter for any fiscal year—

(1)(A) the State agency may use such amount as the State agency determines to be appropriate, but not more than 7 percent, for the purposes of subparagraphs (B) and (C);

(B) the State agency may use such amount as the State agency determines to be appropriate, but not more than 4 percent of the State allotment, for paying the cost of—

(i) reviewing area plans and distributing funds to area agencies on youth; and

(ii) assisting community boards and area agencies on youth in carrying out activities under this chapter; and

(C) the State agency may use such amount as the State agency determines to be appropriate, but not less than 3 percent and not more than 7 percent of the State allotment, for making State discretionary grants to respond to the special developmental needs of youth—

(i) in correctional facilities and other out-of-home residential settings;

(ii) in areas with high concentrations of poverty;

(iii) in rural areas; and

(iv) in situations where youth are at greater risk due to abuse, neglect, disconnection from family, disconnection from school, or another community risk factor; and

(2) the State agency shall use the remainder of such allotment to make allocations under subsection (b) to area agencies on youth associated with planning and mobilization areas, to pay for the cost of programs under this chapter that are specified in area plans that—

(A) are developed through a comprehensive and coordinated system of planning;

(B) have been approved by the community board; and

(C) have been approved by the State agency.

(b) ALLOCATIONS.—From the remainder of the State allotment described in subsection (a)(2), the State agency, using the best available data, shall allocate for each planning and mobilization area in the State the sum of—

(1) an amount that bears the same relation to ½ of the remainder as the number of individuals who are not younger than age 10 and not older than age 19 in the planning and mobilization area bears to the number of such individuals in the State; and

(2) an amount that bears the same relation to ½ of the remainder as the number of youth who are receiving free or reduced price lunches under the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) in the planning and mobilization area bears to the number of such youth in the State.

(c) NON-FEDERAL SHARE.—A State that uses Federal funds provided under this chapter to carry out the activities described in section 9126(a)(1)(B) shall make available (directly or through donations from public or private entities) non-Federal contributions in cash in an amount equal to not less than $1 for every $1 of the Federal funds.

SEC. 9127. COMMUNITY BOARDS AND AREA AGENCIES ON YOUTH.

(a) COMMUNITY BOARD.—

(1) SELECTION.—

(A) LOCAL GOVERNMENTS AND FUNDING AND COORDINATING AGENCIES.—Except as oth-

erwise provided in this paragraph, in order to receive funds from a State pursuant to this chapter, a planning and mobilization area shall have a community board appointed and convened jointly by the chief executive officer of a local funding and coordinating agency in the area and the chief executive officers of units of general purpose local government in the area.

(B) PRIVATE AGENCIES AND LOCAL GOVERNMENTS.—In the event that a local funding and coordinating agency is not represented in the planning and mobilization area, or the chief executive officer of a local funding and coordinating agency in the area is unwilling or unable to participate in jointly appointing and convening the community board, the State agency, after consideration of the views offered by the units of general purpose local government and by nonprofit agencies and organizations in such area, shall designate a private nonprofit agency or organization in the area to appoint and convene the community board jointly with the chief executive officers of units of general purpose local government in the area.

(C) LOCAL FUNDING AND COORDINATING AGENCIES AND PUBLIC ENTITIES.—In the event that a chief executive officer of a unit of general purpose local government in the planning and mobilization area is unwilling or unable to participate in jointly appointing and convening the community board, the State agency, after consideration of the views offered by the units of general purpose local government and by youth-serving organizations in such area, shall designate an executive official of a public entity in the area to appoint and convene the community board jointly with the chief executive officer of a local funding and coordinating agency and any other chief executive officers of units of general purpose local government.

(D) EXISTING ENTITY.—An existing entity in the planning and mobilization area may serve as the community board if—

(i) such entity's membership meets the requirements for a community board or is adapted to meet such requirements;

(ii) such entity's membership was appointed by the chief executive officer of a

unit of general purpose local government in the area;

(iii) such entity is approved by the State agency; and

(iv) such entity is approved by the chief executive officer of a local funding and coordinating agency, or by the chief executive officer of a private nonprofit agency or organization designated according to subparagraph (B) in the event that a local funding and coordinating agency is not represented in the area or the chief executive officer of the agency is unwilling or unable to consider the approval of the entity.

(2) COMPOSITION.—A community board shall consist of an equal number of local representatives from each of the following 3 groups:

(A) A group comprised of individuals, including minority individuals, under age 21 at the time of their appointment.

(B) A group comprised of representatives of—

(i) private youth-serving and youth development organizations (in existence as

of the date of appointment of the representatives to the board);

(ii) public youth-serving and youth development organizations; and

(iii) organizations supporting youth involved in community service and civic participation.

(C) A group comprised of representatives of—

(i) local elected officials;

(ii) educational entities, including local elementary, middle, and secondary schools, community colleges, colleges, and universities;

(iii) volunteer centers;

(iv) philanthropic organizations, including community foundations;

(v) businesses and employee organizations;

(vi) faith-based organizations;

(vii) health and mental health agencies; and

(viii) parents and grandparents.

(3) CHAIRPERSON.—After being appointed and convened, the community board shall elect a chairperson from among its membership.

(4) RESPONSIBILITIES.—Each community board in each planning and mobilization area shall have responsibility for supervising the preparation, submission, and implementation of the area plan described in section 9128, including the approval of grants and contracts funded pursuant to this chapter within the planning and mobilization area.

(b) AREA AGENCY ON YOUTH.—An area agency on youth—

(1) shall serve as the fiscal agent for a planning and mobilization area;

(2) shall be under the supervision of the community board for the planning and mobilization area with regard to activities conducted pursuant to this chapter;

(3) shall provide an assurance to the State agency, that is determined to be adequate by the State agency, that such area agency on youth will have the ability to develop an area plan for the planning and mobilization area and to carry out, either directly or indirectly through contractual or other

arrangements, a youth development program in accordance with such plan; and

(4) shall compile reports from entities carrying out programs, services, and activities approved by the community board for funding under this subtitle, including outcome data and evaluation information regarding program accomplishments, and provide an annual report based on the compilation to the State agency.

(c) COMMUNITY MOBILIZATION EXPENSES.—An area agency on youth may use not more than 10 percent of the allocation made to the agency under this chapter for expenses related to community mobilization, including expenses related to generating additional commitments of cash and in-kind resources, administration, planning, monitoring, and evaluation.

SEC. 9128. AREA PLANS.

(a) IN GENERAL.—Each area agency on youth for a planning and mobilization area shall, in order to be approved by the State agency and receive an allocation under this chapter, develop, prepare, and submit to the State agency an area plan, approved by the community board, for the planning and mobilization area at such time, in such manner, and containing such information as the State agency may require. Such plan shall be for a 2-,

3-, or 4-year period determined by the State agency, with such annual revisions as may be necessary. Each such plan shall be based upon a uniform format for area plans in the State prepared in accordance with section 9125(b).

(b) CONTENTS.—Each such plan shall—

(1) provide specific outcome objectives for youth development programs, services, and activities to be carried out in the planning and mobilization area, based on an assessment of needs and resources, sufficient to assure that all youth in the area have access through a comprehensive and coordinated system to the full array of core resources that consist of—

(A) ongoing relationships with caring adults;

(B) safe places with structured activities;

(C) services that promote healthy lifestyles, including services designed to improve physical and mental health;

(D) opportunities to acquire marketable skills and competencies; and

(E) opportunities for community service and civic participation;

(2) provide an assurance that, in awarding grants and contracts to entities to implement the

area plan to provide youth with access to core resources described in paragraph (1) through youth development programs, the agency will give priority to entities as described in section 9130(b);

(3) provide that not less than 30 percent of the funds allocated under this chapter for the planning and mobilization area will be used for youth development programs that respond to the special developmental needs of youth—

(A) in correctional facilities and other out-of-home residential settings;

(B) in areas with high concentrations of poverty;

(C) in rural areas; and

(D) in situations where youth are at higher risk due to abuse, neglect, disconnection from family, disconnection from school, or another community risk factor;

(4) provide assurances that youth engaged in programs carried out under the area plan will be treated equitably;

(5) contain strategies for mobilizing and coordinating community resources to meet the outcome objectives;

(6) describe activities for which funds made available through the allocation will be used to fill gaps between unmet needs and available resources;

(7) describe the inclusive process used by the area agency on youth to engage all segments of the communities in the planning and mobilization area in developing the area plan;

(8) provide measures of program effectiveness to be used in evaluating the progress of the programs, services, and activities approved by the community board in the area in assuring access for all youth to the full array of core resources described in paragraph (1), including specific measures for providing access to such resources for youth living in areas with high concentrations of poverty;

(9) describe how local requirements for providing matching funds will be met, how resources will be leveraged, and the uses to which matching funds and leveraged resources will be applied, in carrying out the area plan;

(10) provide for the establishment and maintenance of outreach sufficient to ensure that youth and their families in the planning and mobilization area are aware of programs providing access to the core resources described in paragraph (1);

(11) provide that the area agency on youth, under the supervision of the community board, will—

(A) conduct periodic evaluations of, and public hearings on, activities carried out under the area plan;

(B) furnish technical assistance to entities carrying out programs under this chapter within the planning and mobilization area;

(C) establish effective and efficient procedures for the coordination of—

(i) entities carrying out programs under this chapter within the planning and mobilization area; and

(ii) entities carrying out other Federal programs for youth within the planning and mobilization area;

(D) conduct outreach, to identify youth in the area and inform the youth of the availability of resources under this subtitle; and

(E) take into account in connection with matters of general policy arising in the development and administration of the area plan, the views of youth who have participated in programs pursuant to the plan; and

(12) provide for the utilization of entities carrying out volunteer service centers and organizations supporting youth involved in community service and civic participation in the area to—

(A) encourage and enlist the services of local volunteer groups to provide assistance and services appropriate to the unique developmental needs of youth in the planning and mobilization area;

(B) encourage, organize, and promote youth to serve as volunteers to communities in the area; and

(C) promote recognition of the contribution made by youth volunteers to programs administered in the planning and mobilization area.

SEC. 9129. GRANTS AND CONTRACTS TO ELIGIBLE ENTITIES.

(a) REQUEST FOR PROPOSALS.—In implementing an area plan, once the plan has been submitted to and approved by the State agency, an area agency on youth, under the supervision of a community board, shall issue a request for proposals, to award grants and contracts to eligible entities to carry out youth development programs under the plan.

(b) GRANTS AND CONTRACTS.—The area agency on youth, under the supervision of the community board, shall use the funds made available through the allocation made to the agency under this chapter to award grants on a competitive basis and contracts to eligible entities to pay for the Federal share of the cost of carrying out the youth development programs. Not more than 50 percent of the funds made available through the allocation made to the agency may be awarded to a single recipient of a grant or contract unless the recipient is a consortium as described in section 9130(a)(1) or approved by the Associate Commissioner.

(c) PERIOD.—The area agency on youth may award such a grant or contract for a period of not more than 4 years. The area agency on youth, under the supervision of the community board and after reviewing the reports (including outcome data and evaluation information) compiled pursuant to section 9127(b)(4), may terminate the funding made available through such grant or contract during such grant or contract period for a program if the program fails to comply with the requirements of this subtitle or if insufficient Federal funds are appropriated under section 9122 to permit continuation of funding of the program.

(d) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost of carrying out a program described in this section shall be—

(A) 80 percent for the first and second year for which the program receives funding under this section;

(B) 70 percent for the third such year;

(C) 60 percent for the fourth such year; and

(D) 50 percent for any subsequent year.

(2) NON-FEDERAL SHARE.—An entity that receives a grant or contract under this section may provide for the non-Federal share of the cost from non-Federal sources (which may include State or local public sources) in cash or in kind, fairly evaluated, including facilities, equipment, or services.

(3) ADJUSTMENTS.—A State agency and the Associate Commissioner may jointly adjust the Federal share of the cost that applies to an entity that receives a grant or contract under this section from an area agency on youth, in the event that the agency demonstrates significant economic need sufficient to cause difficulties in area plan implementation.

SEC. 9130. ELIGIBLE ENTITIES.

(a) IN GENERAL.—To be eligible to receive a grant or contract under section 9129, an entity shall be—

(1) a consortium of community-based youth-serving or youth development organizations, public agencies, health and mental health agencies, education entities including community colleges, colleges, and universities, volunteer centers, faith-based organizations, older adult organizations, or organizations supporting youth involved in community service and civic participation; or

(2) a community-based public or private youth-serving or youth development organization.

(b) PRIORITY.—In awarding grants and contracts under section 9129, an area agency on youth shall give priority to—

(1) entities that carry out health and human service programs (as of the date of submission of the area plan) that use proven methods and materials supported by evaluation and have proven records of effective service delivery and sustainability; and

(2) entities that submit applications under section 9131 that—

(A) evidence collaboration among community agencies in providing services under an area plan; and

(B) are outcome driven.

(c) ADMINISTRATIVE EXPENSES.—An entity that receives a grant or contract under section 9129 may use up to 5 percent of the funds received through the grant or contract for the cost of administrative expenses.

(d) LIMITATION.—A for-profit entity that receives a grant or contract under section 9129 may not use funds made available through the grant or contract for the purposes of generating additional profits.

SEC. 9131. APPLICATIONS.

To be eligible to receive a grant or contract under section 9129 to carry out youth development programs under an area plan, an entity shall submit an application to the area agency on youth for the area at such time, in such manner, and containing such information as the area agency on youth, under the direction of the community board, and the appropriate State agency, may reasonably require.

SEC. 9132. YOUTH DEVELOPMENT PROGRAMS.

(a) ACCESS.—An entity that receives a grant or contract under section 9129 to carry out a program shall implement a program that promotes, either directly, through a contract, or indirectly through collaboration with other community entities, access to the full array of core resources specified in section 9102.

(b) ACTIVITIES.—An entity that receives a grant or contract under section 9129 to carry out a program may include among activities provided through the program, which are part of an effort to provide access to the full array of core resources specified in section 9102—

(1) character development and ethical enrichment activities;

(2) mentoring activities, including one-to-one relationship building and tutoring;

(3) provision and support of community youth centers and clubs;

(4) nonschool hours, weekend, and summer programs and camps;

(5) sports, recreation, and other activities promoting physical fitness and teamwork;

(6) services that promote health and healthy development and behavior on the part of youth, including risk avoidance programs;

(7) academic enrichment, peer counseling and teaching, and literacy activities;

(8) camping and environmental education;

(9) cultural enrichment, including enrichment through music, and fine and performing arts;

(10) workforce preparation, youth entrepreneurship, and technological and vocational skill building, including skill building involving computer skills;

(11) opportunities for community service aimed at involving youth in providing the full array of core resources described in section 9102 to other youth, including opportunities provided in conjunction with activities being performed by entities under the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.);

(12) opportunities that engage youth in civic participation and as partners in decisionmaking, especially opportunities with respect to programs and strategies that seek to offer access to the full array of core resources described in section 9102;

(13) special interest group activities or courses, including activities or courses regarding video production, cooking, gardening, pet care, photography, and other youth-identified interests;

(14) efforts focused on building the capacity of community-based youth workers, utilizing community colleges, colleges, and universities;

(15) public and private youth led programs, including such programs provided by youth-serving or youth development organizations;

(16) transportation services to foster the participation of youth in youth development programs in the community involved;

(17) subsidies for youth from families that meet the income eligibility guidelines for a free or reduced price lunch under section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)), if the provision of the subsidy allows a youth to fully participate in a youth development program that is part of a strategy to promote access to the full array of core resources described in section 9102;

(18) training or group counseling to assist youth, by State certified counselors, psychologists, social workers, or other State licensed or certified mental health professionals who are qualified under State law to provide such training or counseling to youth; and

(19) referrals to State certified counselors, psychologists, social workers, or other State licensed or certified mental health professionals or health professionals qualified under State law to provide such training or counseling to youth.

CHAPTER 4—TRAINING, RESEARCH, AND EVALUATION

SEC. 9141. PURPOSE.

The purpose of this chapter is to expand the Nation's knowledge and understanding of youth, youth development programs, and community mobilization aimed at providing all youth with access to the full array of core resources described in section 9102 by—

(1) assisting States in evaluating the effectiveness of activities implemented under this subtitle, including evaluating the outcomes resulting from the activities;

(2) placing priority on the education and training of personnel, with respect to youth development programs, to work with youth, with a special emphasis on youth who are minority individuals and youth who are low-income individuals;

(3) conducting research and identifying effective practices directly related to the field of youth development; and

(4) disseminating information acquired through such research.

SEC. 9142. GRANTS AND CONTRACTS.

(a) IN GENERAL.—The Associate Commissioner may award grants and contracts to eligible entities to carry out

evaluation, education and training, research, and dissemination activities described in this section.

(b) EVALUATION.—

(1) SYSTEM.—The Associate Commissioner shall develop and establish a system for evaluating the effectiveness of activities implemented under this subtitle, including mechanisms for determining and measuring programmatic outcomes resulting from those activities.

(2) DISTRIBUTION.—In awarding grants and contracts under subsection (a), the Associate Commissioner shall use 50 percent of the funds appropriated to carry out this chapter for an equitable distribution among the States to allow State agencies to be responsible for evaluating the effectiveness of the activities implemented in the State under this subtitle.

(c) EDUCATION AND TRAINING.—The Associate Commissioner shall develop and establish a system for providing education and training of personnel of States, area agencies on youth, and community boards to increase their capacity to work with youth, with a special emphasis on youth who are minority individuals and youth who are low-income individuals, in carrying out quality youth development programs under this subtitle.

(d) IMPACT EVALUATION.—

(1) BIENNIAL EVALUATION.—The Associate Commissioner, in consultation with the Director and the National Council on Youth Policy, shall conduct an independent biennial evaluation of the impact of programs assisted under this subtitle and of other recent and new initiatives (as of the date of the evaluation) to promote positive youth development. The evaluation shall report on—

(A) whether the entities carrying out the programs and initiatives—

(i) provided a thorough assessment of local resources and barriers to access to the full array of core resources;

(ii) used objective data and the knowledge of a wide range of community members;

(iii) developed measurable goals and objectives;

(iv) implemented research-based programs and initiatives that have been shown to be effective and meet identified needs; and

(v) conducted periodic evaluations to assess progress made towards achieving

goals and objectives and used evaluations to improve goals, objectives, and activities;

(B) whether the programs and initiatives have been designed and implemented in a manner that specifically targets, if relevant to the program or initiative involved—

(i) research-based variables that are predictive of healthy youth development;

(ii) risk factors that are predictive of an increased likelihood that youth will use drugs, alcohol, or tobacco, or engage in violence or drop out of school; or

(iii) protective factors, buffers, or assets that are known to protect youth from exposure to risk, either by reducing the exposure to risk factors or by changing the way a youth responds to risk, and to increase the likelihood of positive youth development;

(C) whether the programs and initiatives have appreciably reduced individual risk-taking behavior and community risk factors and increased either individual or community protective factors; and

(D) whether the entities carrying out the programs and initiatives have incorporated effective youth and parent involvement.

(2) BIENNIAL REPORT.—Not later than January 1, 2004, and every 2 years thereafter, the Associate Commissioner shall submit to the President and Congress a report on the findings of the evaluation conducted under paragraph (1) together with the data available from other sources on the well-being of youth.

(e) DISSEMINATION.—The Associate Commissioner shall develop a system to facilitate the dissemination of information acquired through the research to States, area agencies on youth, community boards, and the public about successful and promising strategies for providing all youth with the full array of core resources specified in section 9102.

SEC. 9143. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter $7,000,000 for fiscal year 2002 and such sums as may be necessary for each of fiscal years 2003, 2004, 2005, and 2006.

Subtitle C—Youth Programs

SEC. 9201. AMERICORPS.

Section 501(a)(2)(A) of the National and Community Service Act of 1990 (42 U.S.C. 12681(a)(2)(A)) is amended by striking ''$300,000,000'' and all that follows and inserting ''$500,000,000 for fiscal year 2002.''.

SEC. 9202. YOUTHBUILD PROGRAM.

Section 402 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12870) is amended by adding at the end the following:

''(d) FISCAL YEAR 2002.—There is authorized to be appropriated for grants under subtitle D, $75,000,000 for fiscal year 2002.''.

SEC. 9203. YOUTH WORKFORCE INVESTMENT ACTIVITIES.

(a) YOUTH OPPORTUNITIES GRANTS.—Section 127(b)(1)(A)(ii)(II) of the Workforce Investment Act of 1998 (29 U.S.C. 2852(b)(1)(A)(ii)(II)) is amended by striking ''$1,250,000,000 or greater, $250,000,000.'' and inserting ''$1,391,000,000 or greater, $391,000,000.''

(b) YOUTH ACTIVITIES FORMULA GRANTS.—Section 137(a) of the Workforce Investment Act of 1998 (29 U.S.C. 2872(a)) is amended by striking ''such sums'' and all that follows and inserting ''$2,427,000,000 for fiscal year 2002.''.

(c) JOB CORPS.—Section 161 of the Workforce Investment Act of 1998 (29 U.S.C. 2901) is amended by striking ''such sums'' and all that follows and inserting ''$1,400,000,000 for fiscal year 2002.''.

SEC. 9204. TRANSITION TRAINING FOR REINTEGRATING YOUTH OFFENDERS.

Section 821(j) of the Higher Education Amendments of 1998 (20 U.S.C. 1151(j)) is amended by striking ''$17,000,000'' and all that follows and inserting ''$75,000,000 for fiscal year 2002.''.

TITLE X—SAFE START—JUVENILE JUSTICE

Subtitle A—Juvenile Delinquency Prevention and Protection

SEC. 10001. DEFINITION OF JUVENILE.

Section 103 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5603) is amended by adding at the end the following:

''(24) the term 'juvenile' means an individual who is less than 18 years of age.''.

SEC. 10002. STATE PLAN ALLOCATION.

Section 222(a)(2) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5632(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by striking ''$325,000'' and inserting ''$600,000''; and

(B) by striking ''$400,000'' and inserting $750,000; and

(2) in subparagraph (B)—

(A) by striking ''$400,000'' and inserting ''$600,000''; and

(B) by striking ''$600,000'' and inserting $750,000''.

SEC. 10003. STATE PLAN REQUIREMENTS.

Section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5633(a)) is amended—

(1) by redesignating paragraphs (24) and (25) as paragraphs (30) and (31), respectively; and

(2) by inserting after paragraph (23) the following:

''(24) provide an assurance that the State shall address the disparate treatment of members of minority groups at all stages of the juvenile justice system, including intake, arrest, detention, adjudication, disposition, and transfer;

''(25) provide an assurance that the State shall make the amended plan submitted annually under this section available to the public and shall include

in the amended plan a report of the State's progress in addressing the disparate treatment of members of minority groups at all stages of the juvenile justice system, including data on any disproportionate representation of African American, Latino, Native American, and Asian juveniles;

''(26) contain satisfactory evidence that the State has held a public hearing on the plan;

''(27) provide an assurance that the State shall provide every accused or adjudicated juvenile with reasonable safety and security, adequate food, heat, light, sanitary facilities, bedding, clothing, recreation, counseling, education, training, and medical care, including, if necessary, mental health services;

''(28) provide that not more than 3 percent of funds received by the State under section 222 shall be expended to establish a State juvenile justice coalition, which coalition shall include the participation of juveniles;

''(29) provide that 3 percent of funds received by the State under section 222 shall be expended to carry out paragraph (24);''.

SEC. 10004. REPEAL OF PART H.

Part H of title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5667f, 5667f–1, 5667f–2, and 5667f–3) is repealed.

SEC. 10005. FUNDING OF FEDERAL ASSISTANCE FOR STATE AND LOCAL PROGRAMS.

Section 299 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671) is amended by adding at the end the following:

''(f) AUTHORIZATION FOR 2002.—There is authorized to be appropriated $150,000,000 to carry out part B of this title for fiscal year 2002.''.

SEC. 10006. FUNDING OF GRANTS FOR PREVENTION PROGRAMS.

Section 505 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5784) is amended by adding at the end the following:

''(d) FUNDING.—Not less than 75 percent of funds made available under this title shall be used to carry out this section.''.

SEC. 10007. AUTHORIZATION OF APPROPRIATIONS.

Section 506 of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5785) is amended by striking ''appropriated'' and all that follows and inserting the following: ''appropriated $250,000,000 for fiscal year 2002.''.

Subtitle B—Mental Health Juvenile Justice

SEC. 10101. SHORT TITLE.

This subtitle may be cited as the ''Mental Health Juvenile Justice Act''.

SEC. 10102. TRAINING OF JUSTICE SYSTEM PERSONNEL.

Title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611 et seq.) is amended by adding at the end the following:

''PART K—ACCESS TO MENTAL HEALTH AND SUBSTANCE ABUSE TREATMENT

''SEC. 299AA. GRANTS FOR TRAINING OF JUSTICE SYSTEM PERSONNEL.

''(a) IN GENERAL.—The Administrator shall make grants to State and local juvenile justice agencies in collaboration with State and local mental health agencies, for purposes of training the officers and employees of the State juvenile justice system (including employees of facilities that are contracted for operation by State and local juvenile authorities) regarding appropriate access to mental health and substance abuse treatment programs and services in the State for juveniles who come into contact with the State juvenile justice system who have mental health or substance abuse problems.

"(b) USE OF FUNDS.—A State or local juvenile justice agency that receives a grant under this section may use the grant for purposes of—

"(1) providing cross-training, jointly with the public mental health system, for State juvenile court judges, public defenders, and mental health and substance abuse agency representatives with respect to the appropriate use of effective, community-based alternatives to juvenile justice or mental health system institutional placements; or

"(2) providing training for State juvenile probation officers and community mental health and substance abuse program representatives on appropriate linkages between probation programs and mental health community programs, specifically focusing on the identification of mental disorders and substance abuse addiction in juveniles on probation, effective treatment interventions for those disorders, and making appropriate contact with mental health and substance abuse case managers and programs in the community, in order to ensure that juveniles on probation receive appropriate access to mental health and substance abuse treatment programs and services.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated from the Violent Crime Reduction Trust Fund, $50,000,000 for fiscal years 2002, 2003, 2004, 2005, and 2006 to carry out this section.".

SEC. 10103. BLOCK GRANT FUNDING FOR TREATMENT AND DIVERSION PROGRAMS.

Part K of title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611 et seq.) is amended by adding at the end the following:

"SEC. 299BB. GRANTS FOR STATE PARTNERSHIPS.

"(a) IN GENERAL.—The Attorney General and the Secretary of Health and Human Services shall make grants to partnerships between State and local/county juvenile justice agencies and State and local mental health authorities (or appropriate children service agencies) in accordance with this section.

"(b) USE OF FUNDS.—A partnership described in subsection (a) that receives a grant under this section shall use such amounts for the establishment and implementation of programs that address the service needs of juveniles who come into contact with the justice system (including facilities contracted for operation by State or local juvenile authorities) who have mental health or substance abuse problems, by requiring the following:

"(1) DIVERSION.—Appropriate diversion of those juveniles from incarceration—

"(A) at imminent risk of being taken into custody;

"(B) at the time they are initially taken into custody;

"(C) after they are charged with an offense or act of juvenile delinquency;

"(D) after they are adjudicated delinquent but prior to case disposition; and

"(E) after they are released from a juvenile facility, for the purposes of attending aftercare programs.

"(2) TREATMENT.—

"(A) SCREENING AND ASSESSMENT OF JUVENILES.—

"(i) IN GENERAL.—Initial mental health screening shall be completed for all juveniles immediately upon entering the juvenile justice system or a juvenile facility. Screening shall be conducted by qualified health and mental health professionals or by staff who have been trained by qualified health, mental health, and substance abuse professionals. In the case of a screening by

staff, the screening results should be reviewed by qualified health, mental health professionals not later than 24 hours after the screening.

"(ii) ACUTE MENTAL ILLNESS.—Juveniles who suffer from acute mental disorders, who are suicidal, or in need of detoxification shall be placed in or immediately transferred to an appropriate medical or mental health facility. They shall be admitted to a secure correctional facility only with written medical clearance.

"(iii) COMPREHENSIVE ASSESSMENT.—All juveniles entering the juvenile justice system shall have a comprehensive assessment conducted and an individualized treatment plan written and implemented within 2 weeks. This assessment shall be conducted within 1 week for juveniles incarcerated in secure facilities. Assessments shall be completed by qualified health, mental health, and substance abuse professionals.

"(B) TREATMENT.—

"(i) IN GENERAL.—If the need for treatment is indicated by the assessment of a juvenile, the juvenile shall be referred to or treated by a qualified professional. A juvenile who is currently receiving treatment for a mental or emotional disorder shall have treatment continued.

"(ii) PERIOD.—Treatment shall continue until additional mental health assessment determines that the juvenile is no longer in need of treatment. Treatment plans shall be reevaluated at least every 30 days.

"(iii) DISCHARGE PLAN.—An incarcerated juvenile shall have a discharge plan prepared when the juvenile enters the correctional facility in order to integrate the juvenile back into the family or the community. This plan shall be updated in consultation with the juvenile's family or guardian before the juvenile leaves the facility. Discharge plans shall address the provision of aftercare services.

"(iv) MEDICATION.—Any juvenile receiving psychotropic medications shall be

under the care of a licensed psychiatrist. Psychotropic medications shall be monitored regularly by trained staff for their efficacy and side effects.

"(v) SPECIALIZED TREATMENT.—Specialized treatment and services shall be continually available to a juvenile who—

"(I) has a history of mental health problems or treatment;

"(II) has a documented history of sexual abuse or offenses, as victim or as perpetrator;

"(III) has substance abuse problems, health problems, learning disabilities, or histories of family abuse or violence; or

"(IV) has developmental disabilities.

"(C) MEDICAL AND MENTAL HEALTH EMERGENCIES.—All correctional facilities shall have written policies and procedures on suicide prevention. All staff working in correctional facilities shall be trained and certified annually in suicide prevention. Facilities shall have written arrangements with a hospital or other facility

for providing emergency medical and mental health care. Physical and mental health services shall be available to an incarcerated juvenile 24 hours per day, 7 days per week.

"(D) CLASSIFICATION OF JUVENILES.—

"(i) IN GENERAL.—Juvenile facilities shall classify and house juveniles in living units according to a plan that includes age, gender, offense, special medical or mental health condition, size, and vulnerability to victimization. Younger, smaller, weaker, and more vulnerable juveniles shall not be placed in housing units with older, more aggressive juveniles.

"(ii) BOOT CAMPS.—juveniles who are under 13 years old or who have serious medical conditions or mental illness shall not be placed in paramilitary boot camps.

"(E) CONFIDENTIALITY OF RECORDS.—Mental health and substance abuse treatment records of juveniles shall be treated as confidential and shall be excluded from the records that States require to be routinely released to other correctional authorities and school officials.

"(F) MANDATORY REPORTING.—States shall keep records of the incidence and types of mental health and substance abuse disorders in their juvenile justice populations, the range and scope of services provided, and barriers to service. The State shall submit an analysis of this information yearly to the Department of Justice.

"(G) STAFF RATIOS FOR CORRECTIONAL FACILITIES.—Each secure correctional facility shall have a minimum ratio of no fewer than 1 mental health counselor to every 50 juveniles. Mental health counselors shall be professionally trained and certified or licensed. Each secure correctional facility shall have a minimum ratio of 1 clinical psychologist for every 100 juveniles. Each secure correctional facility shall have a minimum ratio of 1 licensed psychiatrist for every 100 juveniles receiving psychiatric care.

"(H) USE OF FORCE.—

"(i) WRITTEN GUIDELINES.—All juvenile facilities shall have a written behavioral management system based on incentives and rewards to reduce misconduct

and to decrease the use of restraints and seclusion by staff.

"(ii) LIMITATIONS ON RESTRAINT.—Control techniques such as restraint, seclusion, chemical sprays, and room confinement shall be used only in response to extreme threats to life or safety. Use of these techniques shall be approved by the facility superintendent or chief medical officer and documented in the juvenile's file along with the justification for use and the failure of less restrictive alternatives.

"(iii) LIMITATION ON ISOLATION.—Isolation and seclusion shall be used only for immediate and short-term security or safety reasons. No juvenile shall be placed in isolation without approval of the facility superintendent or chief medical officer or their official staff designee. All cases shall be documented in the juvenile's file along with the justification. A juvenile shall be in isolation only the amount of time necessary to achieve security and safety of the juvenile and staff. Staff shall monitor each juvenile in isolation once every 15 minutes

and conduct a professional review of the need for isolation at least every 4 hours. Any juvenile held in seclusion for 24 hours shall be examined by a physician or licensed psychologist.

"(I) IDEA AND REHABILITATION ACT.—All juvenile facilities shall abide by all mandatory requirements and time lines set forth under the Individuals with Disabilities Education Act and section 504 of the Rehabilitation Act of 1973.

"(J) ADVOCACY ASSISTANCE.—

"(i) IN GENERAL.—The Secretary of Health and Human Services shall make grants to the systems established under part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) to monitor the mental health and special education services provided by grantees to juveniles under paragraph (2) (A), (B), (C), (H), and (I) of this section, and to advocate on behalf of juveniles to assure that such services are properly provided.

"(ii) APPROPRIATION.—The Secretary of Health and Human Services will reserve no less than 3 percent of the funds appropriated under this section for the purposes set forth in paragraph (2)(J)(i).

"(c) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated from the Violent Crime Reduction Trust Fund, $500,000,000 for fiscal years 2002, 2003, 2004, 2005, and 2006 to carry out this section.

"(2) ALLOCATION.—Of amounts appropriated under paragraph (1)—

"(A) 35 percent shall be used for diversion programs under subsection (b)(1); and

"(B) 65 percent shall be used for treatment programs under subsection (b)(2).

"(3) INCENTIVES.—The Attorney General and the Secretary of Health and Human Services shall give preference under subsection (b)(2) to partnerships that integrate treatment programs to serve juveniles with co-occurring mental health and substance abuse disorders.

"(4) WAIVERS.—The Attorney General and the Secretary of Health and Human Services may grant

a waiver of requirements under subsection (b)(2) for good cause.

"SEC. 299CC. GRANTS FOR PARTNERSHIPS.

"(a) IN GENERAL.—Any partnership desiring to receive a grant under this part shall submit an application at such time, in such manner, and containing such information as the Attorney General and the Secretary of Health and Human Services may prescribe.

"(b) CONTENTS.—In accordance with guidelines established by the Attorney General and the Secretary of Health and Human Services, each application submitted under subsection (a) shall—

"(1) set forth a program or activity for carrying out one or more of the purposes specified in section 299BB(b) and specifically identify each such purpose such program or activity is designed to carry out;

"(2) provide that such program or activity shall be administered by or under the supervision of the applicant;

"(3) provide for the proper and efficient administration of such program or activity;

"(4) provide for regular evaluation of such program or activity;

"(5) provide an assurance that the proposed program or activity will supplement, not supplant, similar programs and activities already available in the community; and

"(6) provide for such fiscal control and fund accounting procedures as may be necessary to ensure prudent use, proper disbursement, and accurate accounting of funds receiving under this part.".

SEC. 10104. INITIATIVE FOR COMPREHENSIVE, INTER-SYSTEM PROGRAMS.

Subpart 3 of part B of title V of the Public Health Service Act (42 U.S.C. 290bb–31 et seq.) is amended by adding at the end the following:

"SEC. 520K. INITIATIVE FOR COMPREHENSIVE, INTER-SYSTEM PROGRAMS.

"(a) IN GENERAL.—The Attorney General and the Secretary, acting through the Director of the Center for Mental Health Services, shall award competitive grants to eligible entities for programs that address the service needs of juveniles and juveniles with serious mental illnesses by requiring the State or local juvenile justice system, the mental health system, and the substance abuse treatment system to work collaboratively to ensure—

"(1) the appropriate diversion of such juveniles and juveniles from incarceration;

"(2) the provision of appropriate mental health and substance abuse services as an alternative to incarceration and for those juveniles on probation or parole; and

"(3) the provision of followup services for juveniles who are discharged from the juvenile justice system.

"(b) ELIGIBILITY.—To be eligible to receive a grant under this section an entity shall—

"(1) be a State or local juvenile justice agency, mental health agency, or substance abuse agency (including community diversion programs);

"(2) prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including—

"(A) an assurance that the applicant has the consent of all entities described in paragraph (1) in carrying out and coordinating activities under the grant; and

"(B) with respect to services for juveniles, an assurance that the applicant has collaborated with the State or local educational agency and the State or local welfare agency in car-

rying out and coordinating activities under the grant;

"(3) be given priority if it is a joint application between juvenile justice and substance abuse or mental health agencies; and

"(4) ensure that funds from non-Federal sources are available to match amounts provided under the grant in an amount that is not less than—

"(A) with respect to the first 3 years under the grant, 25 percent of the amount provided under the grant; and

"(B) with respect to the fourth and fifth years under the grant, 50 percent of the amount provided under the grant.

"(c) USE OF FUNDS.—

"(1) INITIAL YEAR.—An entity that receives a grant under this section shall, in the first fiscal year in which amounts are provided under the grant, use such amounts to develop a collaborative plan—

"(A) for how the guarantee will institute a system to provide intensive community services—

"(i) to prevent high-risk juveniles from coming in contact with the justice system; and

"(ii) to meet the mental health and substance abuse treatment needs of juveniles on probation or recently discharged from the justice system; and

"(B) providing for the exchange by agencies of information to enhance the provision of mental health or substance abuse services to juveniles.

"(2) 2–5TH YEARS.—With respect to the second through fifth fiscal years in which amounts are provided under the grant, the grantee shall use amounts provided under the grant—

"(A) to furnish services, such as assertive community treatment, wrap-around services for juveniles, multisystemic therapy, outreach, integrated mental health and substance abuse treatment, case management, health care, education and job training, assistance in securing stable housing, finding a job or obtaining income support, other benefits, access to appropriate school-based services, transitional and independent living services, mentoring pro-

grams, home-based services, and provision of appropriate after school and summer programing;

"(B) to establish a network of boundary spanners to conduct regular meetings with judges, provide liaison with mental health and substance abuse workers, share and distribute information, and coordinate with mental health and substance abuse treatment providers, and probation or parole officers concerning provision of appropriate mental health and drug and alcohol addiction services for individuals on probation or parole;

"(C) to provide cross-system training among police, corrections, and mental health and substance abuse providers with the purpose of enhancing collaboration and the effectiveness of all systems;

"(D) to provide coordinated and effective aftercare programs for juveniles with emotional or mental disorders who are discharged from jail, prison, or juvenile facilities;

"(E) to purchase technical assistance to achieve the grant project's goals; and

"(F) to furnish services, to train personnel in collaborative approaches, and to enhance intersystem collaboration.

"(3) DEFINITION.—In paragraph (2)(B), the term 'boundary spanners' means professionals who act as case managers for juveniles with mental disorders and substance abuse addictions, within both justice agency facilities and community mental health programs and who have full authority from both systems to act as problem-solvers and advocates on behalf of individuals targeted for service under this program.

"(d) AREA SERVED BY THE PROJECT.—An entity receiving a grant under this section shall conduct activities under the grant to serve at least a single political jurisdiction.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There shall be made available to carry out the section, not less than 10 percent of the amount appropriated under section 1935(a) for each of the fiscal years 2002 through 2006.".

SEC. 10105. FEDERAL COORDINATING COUNCIL ON THE CRIMINALIZATION OF JUVENILES WITH MENTAL DISORDERS.

(a) ESTABLISHMENT.—There is established a Federal Coordinating Council on Criminalization of Juveniles

With Mental Disorders as an interdepartmental council to study and coordinate the criminal and juvenile justice and mental health and substance abuse activities of the Federal Government and to report to Congress on proposed new legislation to improve the treatment of mentally ill juveniles who come in contact with the juvenile justice system.

(b) MEMBERSHIP.—The Council shall include representatives from—

(1) the appropriate Federal agencies, as determined by the President, including, at a minimum—

(A) the Office of the Secretary of Health and Human Services;

(B) the Office for Juvenile Justice and Delinquency Prevention;

(C) the National Institute of Mental Health;

(D) the Social Security Administration;

(E) the Department of Education; and

(F) the Substance Abuse and Mental Health Services Administration; and

(2) children's mental health advocacy groups.

(c) DUTIES.—The Council shall—

(1) review Federal policies that hinder or facilitate coordination at the State and local level between

the mental health and substance abuse systems on the one hand and the juvenile justice and corrections system on the other;

(2) study the possibilities for improving collaboration at the Federal, State, and local level among these systems; and

(3) recommend to Congress any appropriate new initiatives which require legislative action.

(d) FINAL REPORT.—The Council shall submit—

(1) an interim report on current coordination and collaboration, or lack thereof, 18 months after the Council is established; and

(2) recommendations for new initiatives in improving coordination and collaboration in a final report to Congress 2 years after the Council is established.

(e) EXPIRATION.—The Council shall expire 2 years after the Council is established.

SEC. 10106. MENTAL HEALTH SCREENING AND TREATMENT FOR PRISONERS.

(a) ADDITIONAL REQUIREMENTS FOR THE USE OF FUNDS UNDER THE VIOLENT OFFENDER INCARCERATION AND TRUTH-IN-SENTENCING GRANTS PROGRAM.—Section 20105(b) of the Violent Crime Control and Law Enforcement Act of 1994 is amended to read as follows:

"(b) ADDITIONAL REQUIREMENTS.—

"(1) ELIGIBILITY FOR GRANT.—To be eligible to receive a grant under section 20103 or 20104, a State shall, not later than January 1, 2001, have a program of mental health screening and treatment for appropriate categories of juvenile and other offenders during periods of incarceration and juvenile and criminal justice supervision, that is consistent with guidelines issued by the Attorney General.

"(2) USE OF FUNDS.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subtitle, amounts made available to a State under section 20103 or 20104, may be applied to the costs of programs described in paragraph (1), consistent with guidelines issued by the Attorney General.

"(B) ADDITIONAL USE.—In addition to being used as specified in subparagraph (A), the funds referred to in that subparagraph may be used by a State to pay the costs of providing to the Attorney General a baseline study on the mental health problems of juvenile offenders and prisoners in the State, which study shall be consistent with guidelines issued by the Attorney General.".

SEC. 10107. INAPPLICABILITY OF AMENDMENTS.

Section 3626 of title 18 is amended by adding at the end the following:

''(h) INAPPLICABILITY OF AMENDMENTS.—A civil action brought pursuant to section 1983 of title 42, United States Code, that seeks to remedy conditions of confinement for individuals who are under the age of 18 shall be governed by the terms of this section, as in effect on the day before the date of enactment of the Prison Litigation Reform Act of 1995 and the amendments made by that Act (18 U.S.C. 3601 note).''.

Subtitle C—Juvenile Justice and Accountability

SEC. 10201. SHORT TITLE.

This subtitle may be cited as the ''Juvenile Justice and Accountability Act''.

SEC. 10202. GRANT PROGRAM.

Title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5611 et seq.) is amended by adding at the end the following:

''PART L—JUVENILE ACCOUNTABILITY BLOCK GRANTS

''SEC. 299AAA. PROGRAM AUTHORIZED.

''(a) IN GENERAL.—The Administrator is authorized to provide grants to States, for use by States and units

of local government, and in certain cases directly to specially qualified units.

"(b) AUTHORIZED ACTIVITIES.—Amounts paid to a State or a unit of local government under this part shall be used by the State or unit of local government for the purpose of strengthening the juvenile justice system, which includes—

"(1) developing, implementing, and administering graduated sanctions for juvenile offenders;

"(2) building, expanding, renovating, or operating temporary or permanent juvenile correction, detention, or community corrections facilities;

"(3) hiring juvenile court judges, probation officers, and court-appointed defenders and special advocates, and funding pretrial services for juvenile offenders, to promote the effective and expeditious administration of the juvenile justice system;

"(4) hiring additional prosecutors, so that more cases involving violent juvenile offenders can be prosecuted and case backlogs reduced;

"(5) providing funding to enable prosecutors to address drug, gang, and youth violence problems more effectively and for technology, equipment, and training to assist prosecutors in identifying and expediting the prosecution of violent juvenile offenders;

"(6) establishing and maintaining training programs for law enforcement and other court personnel with respect to preventing and controlling juvenile crime;

"(7) establishing juvenile gun courts for the prosecution and adjudication of juvenile firearms offenders;

"(8) establishing drug court programs for juvenile offenders that provide continuing judicial supervision over juvenile offenders with substance abuse problems and the integrated administration of other sanctions and services for such offenders;

"(9) establishing and maintaining a system of juvenile records designed to promote public safety;

"(10) establishing and maintaining interagency information-sharing programs that enable the juvenile and criminal justice system, schools, and social services agencies to make more informed decisions regarding the early identification, control, supervision, and treatment of juveniles who repeatedly commit serious delinquent or criminal acts;

"(11) establishing and maintaining accountability-based programs designed to reduce recidivism among juveniles who are referred by law enforcement personnel or agencies, including development

of a plan for administering after care services and treatment for juvenile offenders when they are released.

''(12) establishing and maintaining programs to conduct risk and need assessments of juvenile offenders that facilitate the effective early intervention and the provision of comprehensive services, including mental health screening and treatment and substance abuse testing and treatment to such offenders;

''(13) establishing and maintaining accountability-based programs that are designed to enhance school safety;

''(14) enacting Child Access Prevention (CAP) laws;

''(15) establishing and maintaining programs to enable juvenile courts and juvenile probation officers to be more effective and efficient in holding juvenile offenders accountable and reducing recidivism;

''(16) building and maintaining smaller juvenile facilities, including separate units for juveniles tried as adults;

''(17) requiring all correctional staff who are responsible for supervising juvenile offenders be pro-

vided with orientation and on-going training regarding the unique needs of juveniles; and

"(18) developing and utilizing accountable community-based alternatives to incarceration.

"SEC. 299BBB. GRANT ELIGIBILITY.

"(a) STATE ELIGIBILITY.—To be eligible to receive a grant under this section, a State shall submit to the Administrator an application at such time, in such form, and containing such assurances and information as the Administrator may require by rule, including assurances that the State and any unit of local government to which the State provides funding under section 1803(b), has in effect (or shall have in effect, not later than 1 year after the date that the State submits such application) laws, or has implemented (or shall implement, not later than 1 year after the date that the State submits such application) policies and programs that—

"(1) provide for a system of graduated sanctions described in subsection (c); and

"(2) prohibit the application of the death penalty for juveniles.

"(b) LOCAL ELIGIBILITY.—

"(1) SUBGRANT ELIGIBILITY.—To be eligible to receive a subgrant, a unit of local government, other than a specially qualified unit, shall provide such as-

surances to the State as the State shall require, that, to the maximum extent applicable, the unit of local government has in effect (or shall have in effect, not later than 1 year after the date that the unit submits such application) laws, or has implemented (or shall implement, not later than 1 year after the date that the unit submits such application) policies and programs, that provide for a system of graduated sanctions described in subsection (c).

"(2) SPECIAL RULE.—The requirements of paragraph (1) shall apply to a specially qualified unit that receives funds from the Administrator under section 1803(e), except that information that is otherwise required to be submitted to the State shall be submitted to the Administrator.

"(c) GRADUATED SANCTIONS.—A system of graduated sanctions, which may be discretionary as provided in subsection (d), shall ensure, at a minimum, that—

"(1) sanctions are imposed on juvenile offenders for every offense;

"(2) sanctions escalate in intensity with each subsequent, more serious delinquent or criminal offense;

"(3) there is sufficient flexibility to allow for individualized sanctions and services suited to the individual juvenile offender; and

"(4) appropriate consideration is given to public safety and victims of crime.

"(d) DISCRETIONARY USE OF SANCTIONS.—

"(1) VOLUNTARY PARTICIPATION.—A State or unit of local government may be eligible to receive a grant under this part if—

"(A) its system of graduated sanctions is discretionary; and

"(B) it demonstrates that it has promoted the use of a system of graduated sanctions by taking steps to encourage implementation of such a system by juvenile courts.

"(2) REPORTING REQUIREMENT IF GRADUATED SANCTIONS NOT USED.—

"(A) JUVENILE COURTS.—A State or unit of local government in which the imposition of graduated sanctions is discretionary shall require each juvenile court within its jurisdiction—

"(i) which has not implemented a system of graduated sanctions, to submit an annual report that explains why such court

did not implement graduated sanctions; and

"(ii) which has implemented a system of graduated sanctions but has not imposed graduated sanctions in 1 or more specific cases, to submit an annual report that explains why such court did not impose graduated sanctions.

"(B) UNITS OF LOCAL GOVERNMENT.—Each unit of local government, other than a specially qualified unit, that has 1 or more juvenile courts that use a discretionary system of graduated sanctions shall collect the information reported under subparagraph (A) for submission to the State each year.

"(C) STATES.—Each State and specially qualified unit that has 1 or more juvenile courts that use a discretionary system of graduated sanctions shall collect the information reported under subparagraph (A) for submission to the Administrator each year. A State shall also collect and submit to the Administrator the information collected under subparagraph (B).

"(e) DEFINITIONS.—For purposes of this section:

"(1) The term 'discretionary' means that a system of graduated sanctions is not required to be imposed by each and every juvenile court in a State or unit of local government.

"(2) The term 'sanctions' means tangible, proportional consequences that hold the juvenile offender accountable for the offense committed. A sanction may include counseling, restitution, community service, a fine, supervised probation, or confinement.

"SEC. 299CCC. ALLOCATION AND DISTRIBUTION OF FUNDS.

"(a) STATE ALLOCATION.—

"(1) IN GENERAL.—In accordance with regulations promulgated pursuant to this part and except as provided in paragraph (3), the Administrator shall allocate—

"(A) 0.5 percent for each State; and

"(B) of the total funds remaining after the allocation under subparagraph (A), to each State, an amount which bears the same ratio to the amount of remaining funds described in this subparagraph as the population of people under the age of 18 living in such State for the most recent calendar year in which such data is available bears to the population of people

under the age of 18 of all the States for such fiscal year.

"(2) PROHIBITION.—No funds allocated to a State under this subsection or received by a State for distribution under subsection (b) may be distributed by the Administrator or by the State involved for any program other than a program contained in an approved application.

"(3) INCREASE FOR STATE RESERVE.—

"(A) IN GENERAL.—Subject to subparagraph (B), if a State demonstrates and certifies to the Administrator that the State's law enforcement expenditures in the fiscal year preceding the date in which an application is submitted under this part is more than 25 percent of the aggregate amount of law enforcement expenditures by the State and its eligible units of local government, the percentage referred to in paragraph (1)(A) shall equal the percentage determined by dividing the State's law enforcement expenditures by such aggregate.

"(B) LAW ENFORCEMENT EXPENDITURES OVER 50 PERCENT.—If the law enforcement expenditures of a State exceed 50 percent of the aggregate amount described in subparagraph

(A), the Administrator shall consult with as many units of local government in such State as practicable regarding the State's proposed uses of funds.

"(b) LOCAL DISTRIBUTION.—

"(1) IN GENERAL.—Except as provided in subsection (a)(3), each State which receives funds under subsection (a)(1) in a fiscal year shall distribute not less than 75 percent of such amounts received among units of local government, for the purposes specified in section 1801. In making such distribution the State shall allocate to such units of local government an amount which bears the same ratio to the aggregate amount of such funds as—

"(A) the sum of—

"(i) the product of—

"(I) three-quarters; multiplied by

"(II) the average law enforcement expenditure for such unit of local government for the 3 most recent calendar years for which such data is available; plus

"(ii) the product of—

"(I) one-quarter; multiplied by

"(II) the average annual number of part 1 violent crimes in such unit of local government for the 3 most recent calendar years for which such data is available, bears to—

"(B) the sum of the products determined under subparagraph (A) for all such units of local government in the State.

"(2) EXPENDITURES.—The allocation any unit of local government shall receive under paragraph (1) for a payment period shall not exceed 100 percent of law enforcement expenditures of the unit for such payment period.

"(3) REALLOCATION.—The amount of any unit of local government's allocation that is not available to such unit by operation of paragraph (2) shall be available to other units of local government that are not affected by such operation in accordance with this subsection.

"(c) UNAVAILABILITY OF DATA FOR UNITS OF LOCAL GOVERNMENT.—If the State has reason to believe that the reported rate of part 1 violent crimes or law enforcement expenditures for a unit of local government is insufficient or inaccurate, the State shall—

"(1) investigate the methodology used by the unit to determine the accuracy of the submitted data; and

"(2) if necessary, use the best available comparable data regarding the number of violent crimes or law enforcement expenditures for the relevant years for the unit of local government.

"(d) LOCAL GOVERNMENT WITH ALLOCATIONS LESS THAN $5,000.—If under this section a unit of local government is allocated less than $5,000 for a payment period, the amount allotted shall be expended by the State on services to units of local government whose allotment is less than such amount in a manner consistent with this part.

"(e) DIRECT GRANTS TO SPECIALLY QUALIFIED UNITS.—

"(1) IN GENERAL.—If a State does not qualify or apply for funds reserved for allocation under subsection (a) by the application deadline established by the Administrator, the Administrator shall reserve not more than 75 percent of the allocation that the State would have received under subsection (a) for such fiscal year to provide grants to specially qualified units which meet the requirements for funding under section 1802.

"(2) AWARD BASIS.—In addition to the qualification requirements for direct grants for specially qualified units the Administrator may use the average amount allocated by the States to units of local government as a basis for awarding grants under this section.

"SEC. 299DDD. GUIDELINES.

"(a) IN GENERAL.—The Attorney General shall issue guidelines establishing procedures under which a State or unit of local government that receives funds under section 1803 is required to provide notice to the Administrator regarding the proposed use of funds made available under this part.

"(b) ADVISORY BOARD.—The guidelines referred to in subsection (a) shall include a requirement that such eligible State or unit of local government establish and convene an advisory board to review the proposed uses of such funds. The board shall include representation from, if appropriate—

"(1) the State or local police department;

"(2) the local sheriff's department;

"(3) the State or local prosecutor's office;

"(4) the State or local juvenile court;

"(5) the State or local probation officer;

"(6) the State or local educational agency;

"(7) a State or local social service agency; and

"(8) a nonprofit, religious, or community group.

"SEC. 299EEE. PAYMENT REQUIREMENTS.

"(a) TIMING OF PAYMENTS.—The Administrator shall pay to each State or unit of local government that receives funds under section 1803 that has submitted an application under this part not later than—

"(1) 90 days after the date that the amount is available, or

"(2) the first day of the payment period if the State has provided the Administrator with the assurances required by subsection (c),

whichever is later.

"(b) REPAYMENT OF UNEXPENDED AMOUNTS.—

"(1) REPAYMENT REQUIRED.—From amounts awarded under this part, a State or specially qualified unit shall repay to the Administrator, or a unit of local government shall repay to the State by not later than 39 months after receipt of funds from the Administrator, any amount that is not expended by the State within 3 years after receipt of such funds from the Administrator.

"(2) PENALTY FOR FAILURE TO REPAY.—If the amount required to be repaid is not repaid, the Ad-

ministrator shall reduce payment in future payment periods accordingly.

"(3) DEPOSIT OF AMOUNTS REPAID.—Amounts received by the Administrator as repayments under this subsection shall be deposited in a designated fund for future payments to States and specially qualified units.

"(c) ADMINISTRATIVE COSTS.—A State or unit of local government that receives funds under this part may use not more than 5 percent of such funds to pay for administrative costs.

"(d) NONSUPPLANTING REQUIREMENT.—Funds made available under this part to States and units of local government shall not be used to supplant State or local funds as the case may be, but shall be used to increase the amount of funds that would, in the absence of funds made available under this part, be made available from State or local sources, as the case may be.

"(e) MATCHING FUNDS.—The Federal share of a grant received under this part may not exceed 90 percent of the costs of a program or proposal funded under this part.

"SEC. 299FFF. UTILIZATION OF PRIVATE SECTOR.

"Funds or a portion of funds allocated under this part may be utilized to contract with private, nonprofit

entities, or community-based organizations to carry out the purposes specified under section 1801(a)(2).

"SEC. 299GGG. ADMINISTRATIVE PROVISIONS.

"(a) IN GENERAL.—A State or specially qualified unit that receives funds under this part shall—

"(1) establish a trust fund in which the government will deposit all payments received under this part;

"(2) use amounts in the trust fund (including interest) during a period not to exceed 3 years from the date the grant award is made to the State or specially qualified unit;

"(3) designate an official of the State or specially qualified unit to submit reports as the Attorney General reasonably requires, in addition to the annual reports required under this part; and

"(4) spend the funds only for the purposes under section 1801(b).

"(b) TITLE I PROVISIONS.—Except as otherwise provided, the administrative provisions of part H shall apply to this part and for purposes of this section any reference in such provisions to title I shall be deemed to include a reference to this part.

"SEC. 299HHH. DEFINITIONS.

"For purposes of this part:

"(1) The term 'unit of local government' means—

"(A) a county, township, city, or political subdivision of a county, township, or city, that is a unit of local government as determined by the Secretary of Commerce for general statistical purposes; and

"(B) the District of Columbia and the recognized governing body of an Indian tribe or Alaskan Native village that carries out substantial governmental duties and powers.

"(2) The term 'specially qualified unit' means a unit of local government which may receive funds under this part only in accordance with section 1803(e).

"(3) The term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands, except that American Samoa, Guam, and the Northern Mariana Islands shall be considered as 1 State and that, for purposes of section 1803(a), 33 percent of the amounts allocated shall be allocated to American Samoa, 50 percent to Guam, and 17 percent to the Northern Mariana Islands.

"(4) The term 'juvenile' means an individual who is 17 years of age or younger.

"(5) The term 'law enforcement expenditures' means the expenditures associated with prosecutorial, legal, and judicial services, and corrections as reported to the Bureau of the Census for the fiscal year preceding the fiscal year for which a determination is made under this part.

"(6) The term 'part 1 violent crimes' means murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault as reported to the Federal Bureau of Investigation for purposes of the Uniform Crime Reports.

"SEC. 299III. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part—

"(1) $500,000,000 for fiscal year 2002;

"(2) $500,000,000 for fiscal year 2003; and

"(3) $500,000,000 for fiscal year 2004.

"(b) OVERSIGHT ACCOUNTABILITY AND ADMINISTRATION.—Not more than 3 percent of the amount authorized to be appropriated under subsection (a), with such amounts to remain available until expended, for each of the fiscal years 2002 through 2004 shall be available to the Administrator for evaluation and research regard-

ing the overall effectiveness and efficiency of the provisions of this part, assuring compliance with the provisions of this part, and for administrative costs to carry out the purposes of this part. The Administrator shall establish and execute an oversight plan for monitoring the activities of grant recipients.

"(c) FUNDING SOURCE.—Appropriations for activities authorized in this part may be made from the Violent Crime Reduction Trust Fund.".

SEC. 10203. INCREASE IN FUNDING FOR TITLE III OF THE JJDPA.

There are authorized to be appropriated $120,000,000 for fiscal year 2002 to carry out the Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.) of which $100,000,000 shall be for the Basic Centers and Transitional Living Program and $20,000,000 shall be for the Sexual Abuse Prevention Program.

SEC. 10204. FUNDING FOR THE SERVICES FOR YOUTHFUL OFFENDERS.

There is authorized to be appropriated $40,000,000 for fiscal year 2002 to carry out section 520D of title V of the Public Health Service Act (42 U.S.C. 290bb–35).

SEC. 10205. AUTHORIZATION FOR THE JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974.

Title I of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.) is amended by adding at the end the following:

"SEC. 104. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this Act such sums as necessary for each of fiscal years 2002 through 2006.''.

TITLE XI—SAFE START—GUN SAFETY

Subtitle A—Closing the Gun Show Loophole

SEC. 11001. EXTENSION OF BRADY BACKGROUND CHECKS TO GUN SHOWS.

(a) FINDINGS.—Congress finds that—

(1) more than 4,400 traditional gun shows are held annually across the United States, attracting thousands of attendees per show and hundreds of Federal firearms licensees and nonlicensed firearms sellers;

(2) traditional gun shows, as well as flea markets and other organized events, at which a large number of firearms are offered for sale by Federal firearms licensees and nonlicensed firearms sellers,

form a significant part of the national firearms market;

(3) firearms and ammunition that are exhibited or offered for sale or exchange at gun shows, flea markets, and other organized events move easily in and substantially affect interstate commerce;

(4) even before a firearm is exhibited or offered for sale or exchange at a gun show, flea market, or other organized event, the gun, its component parts, ammunition, and the raw materials from which it is manufactured have moved in interstate commerce;

(5) gun shows, flea markets, and other organized events at which firearms are exhibited or offered for sale or exchange, provide a convenient and centralized commercial location at which firearms may be bought and sold anonymously, often without background checks and without records that enable gun tracing;

(6) at gun shows, flea markets, and other organized events at which guns are exhibited or offered for sale or exchange, criminals and other prohibited persons obtain guns without background checks and frequently use guns that cannot be traced to later commit crimes;

(7) many persons who buy and sell firearms at gun shows, flea markets, and other organized events cross State lines to attend these events and engage in the interstate transportation of firearms obtained at these events;

(8) gun violence is a pervasive, national problem that is exacerbated by the availability of guns at gun shows, flea markets, and other organized events;

(9) firearms associated with gun shows have been transferred illegally to residents of other States by Federal firearms licensees and nonlicensed firearms sellers, and have been involved in subsequent crimes including drug offenses, crimes of violence, property crimes, and illegal possession of firearms by felons and other prohibited persons; and

(10) Congress has the power, under the interstate commerce clause and other provisions of the Constitution of the United States, to ensure that criminals and other prohibited persons do not obtain firearms at gun shows, flea markets, and other organized events.

(b) DEFINITIONS.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

"(35) GUN SHOW.—The term 'gun show' means any event at which 50 or more firearms are offered or exhibited for sale, transfer, or exchange, if 1 or more of the firearms has been shipped or transported in, or otherwise affects, interstate or foreign commerce.

"(36) GUN SHOW PROMOTER.—The term 'gun show promoter' means any person who organizes, plans, promotes, or operates a gun show.

"(37) GUN SHOW VENDOR.—The term 'gun show vendor' means any person who exhibits, sells, offers for sale, transfers, or exchanges 1 or more firearms at a gun show, regardless of whether or not the person arranges with the gun show promoter for a fixed location from which to exhibit, sell, offer for sale, transfer, or exchange 1 or more firearms.".

(c) REGULATION OF FIREARMS TRANSFERS AT GUN SHOWS.—

(1) IN GENERAL.—Chapter 44 of title 18, United States Code, is amended by adding at the end the following:

"§ 931. Regulation of firearms transfers at gun shows

"(a) REGISTRATION OF GUN SHOW PROMOTERS.—It shall be unlawful for any person to organize, plan, promote, or operate a gun show unless that person—

"(1) registers with the Secretary in accordance with regulations promulgated by the Secretary; and

"(2) pays a registration fee, in an amount determined by the Secretary.

"(b) RESPONSIBILITIES OF GUN SHOW PROMOTERS.—It shall be unlawful for any person to organize, plan, promote, or operate a gun show unless that person—

"(1) before commencement of the gun show, verifies the identity of each gun show vendor participating in the gun show by examining a valid identification document (as defined in section 1028(d)(2)) of the vendor containing a photograph of the vendor;

"(2) before commencement of the gun show, requires each gun show vendor to sign—

"(A) a ledger with identifying information concerning the vendor; and

"(B) a notice advising the vendor of the obligations of the vendor under this chapter;

"(3) notifies each person who attends the gun show of the requirements of this chapter, in accordance with such regulations as the Secretary shall prescribe; and

"(4) maintains a copy of the records described in paragraphs (1) and (2) at the permanent place of business of the gun show promoter for such period

of time and in such form as the Secretary shall require by regulation.

"(c) RESPONSIBILITIES OF TRANSFERORS OTHER THAN LICENSEES.—

"(1) IN GENERAL.—If any part of a firearm transaction takes place at a gun show, it shall be unlawful for any person who is not licensed under this chapter to transfer a firearm to another person who is not licensed under this chapter, unless the firearm is transferred through a licensed importer, licensed manufacturer, or licensed dealer in accordance with subsection (e).

"(2) CRIMINAL BACKGROUND CHECKS.—A person who is subject to the requirement of paragraph (1)—

"(A) shall not transfer the firearm to the transferee until the licensed importer, licensed manufacturer, or licensed dealer through which the transfer is made under subsection (e) makes the notification described in subsection (e)(3)(A); and

"(B) notwithstanding subparagraph (A), shall not transfer the firearm to the transferee if the licensed importer, licensed manufacturer, or licensed dealer through which the transfer is

made under subsection (e) makes the notification described in subsection (e)(3)(B).

"(3) ABSENCE OF RECORDKEEPING REQUIREMENTS.—Nothing in this section shall permit or authorize the Secretary to impose recordkeeping requirements on any nonlicensed vendor.

"(d) RESPONSIBILITIES OF TRANSFEREES OTHER THAN LICENSEES.—

"(1) IN GENERAL.—If any part of a firearm transaction takes place at a gun show, it shall be unlawful for any person who is not licensed under this chapter to receive a firearm from another person who is not licensed under this chapter, unless the firearm is transferred through a licensed importer, licensed manufacturer, or licensed dealer in accordance with subsection (e).

"(2) CRIMINAL BACKGROUND CHECKS.—A person who is subject to the requirement of paragraph (1)—

"(A) shall not receive the firearm from the transferor until the licensed importer, licensed manufacturer, or licensed dealer through which the transfer is made under subsection (e) makes the notification described in subsection (e)(3)(A); and

"(B) notwithstanding subparagraph (A), shall not receive the firearm from the transferor if the licensed importer, licensed manufacturer, or licensed dealer through which the transfer is made under subsection (e) makes the notification described in subsection (e)(3)(B).

"(e) RESPONSIBILITIES OF LICENSEES.—A licensed importer, licensed manufacturer, or licensed dealer who agrees to assist a person who is not licensed under this chapter in carrying out the responsibilities of that person under subsection (c) or (d) with respect to the transfer of a firearm shall—

"(1) enter such information about the firearm as the Secretary may require by regulation into a separate bound record;

"(2) record the transfer on a form specified by the Secretary;

"(3) comply with section 922(t) as if transferring the firearm from the inventory of the licensed importer, licensed manufacturer, or licensed dealer to the designated transferee (although a licensed importer, licensed manufacturer, or licensed dealer complying with this subsection shall not be required to comply again with the requirements of section 922(t) in delivering the firearm to the nonlicensed

transferor), and notify the nonlicensed transferor and the nonlicensed transferee—

"(A) of such compliance; and

"(B) if the transfer is subject to the requirements of section 922(t)(1), of any receipt by the licensed importer, licensed manufacturer, or licensed dealer of a notification from the national instant criminal background check system that the transfer would violate section 922 or would violate State law;

"(4) not later than 10 days after the date on which the transfer occurs, submit to the Secretary a report of the transfer, which report—

"(A) shall be on a form specified by the Secretary by regulation; and

"(B) shall not include the name of or other identifying information relating to any person involved in the transfer who is not licensed under this chapter;

"(5) if the licensed importer, licensed manufacturer, or licensed dealer assists a person other than a licensee in transferring, at 1 time or during any 5 consecutive business days, 2 or more pistols or revolvers, or any combination of pistols and revolvers totaling 2 or more, to the same nonlicensed person,

in addition to the reports required under paragraph (4), prepare a report of the multiple transfers, which report shall be—

"(A) prepared on a form specified by the Secretary; and

"(B) not later than the close of business on the date on which the transfer occurs, forwarded to—

"(i) the office specified on the form described in subparagraph (A); and

"(ii) the appropriate State law enforcement agency of the jurisdiction in which the transfer occurs; and

"(6) retain a record of the transfer as part of the permanent business records of the licensed importer, licensed manufacturer, or licensed dealer.

"(f) RECORDS OF LICENSEE TRANSFERS.—If any part of a firearm transaction takes place at a gun show, each licensed importer, licensed manufacturer, and licensed dealer who transfers 1 or more firearms to a person who is not licensed under this chapter shall, not later than 10 days after the date on which the transfer occurs, submit to the Secretary a report of the transfer, which report—

"(1) shall be in a form specified by the Secretary by regulation;

"(2) shall not include the name of or other identifying information relating to the transferee; and

"(3) shall not duplicate information provided in any report required under subsection (e)(4).

"(g) FIREARM TRANSACTION DEFINED.—In this section, the term 'firearm transaction'—

"(1) includes the offer for sale, sale, transfer, or exchange of a firearm; and

"(2) does not include the mere exhibition of a firearm.".

(2) PENALTIES.—Section 924(a) of title 18, United States Code, is amended by adding at the end the following:

"(7)(A) Whoever knowingly violates section 931(a) shall be fined under this title, imprisoned not more than 5 years, or both.

"(B) Whoever knowingly violates subsection (b) or (c) of section 931, shall be—

"(i) fined under this title, imprisoned not more than 2 years, or both; and

"(ii) in the case of a second or subsequent conviction, fined under this title, imprisoned not more than 5 years, or both.

"(C) Whoever willfully violates section 931(d), shall be—

"(i) fined under this title, imprisoned not more than 2 years, or both; and

"(ii) in the case of a second or subsequent conviction, fined under this title, imprisoned not more than 5 years, or both.

"(D) Whoever knowingly violates subsection (e) or (f) of section 931 shall be fined under this title, imprisoned not more than 5 years, or both.

"(E) In addition to any other penalties imposed under this paragraph, the Secretary may, with respect to any person who knowingly violates any provision of section 931—

"(i) if the person is registered pursuant to section 931(a), after notice and opportunity for a hearing, suspend for not more than 6 months or revoke the registration of that person under section 931(a); and

"(ii) impose a civil fine in an amount equal to not more than $10,000.".

(3) TECHNICAL AND CONFORMING AMENDMENTS.—Chapter 44 of title 18, United States Code, is amended—

(A) in the chapter analysis, by adding at the end the following:

"931. Regulation of firearms transfers at gun shows.";

and

(B) in the first sentence of section 923(j), by striking "a gun show or event" and inserting "an event".

(d) INSPECTION AUTHORITY.—Section 923(g)(1) is amended by adding at the end the following:

"(E) Notwithstanding subparagraph (B), the Secretary may enter during business hours the place of business of any gun show promoter and any place where a gun show is held for the purposes of examining the records required by sections 923 and 931 and the inventory of licensees conducting business at the gun show. Such entry and examination shall be conducted for the purposes of determining compliance with this chapter by gun show promoters and licensees conducting business at the gun show and shall not require a showing of reasonable cause or a warrant.".

(e) INCREASED PENALTIES FOR SERIOUS RECORDKEEPING VIOLATIONS BY LICENSEES.—Section 924(a) of

title 18, United States Code, is amended by striking paragraph (3) and inserting the following:

"(3)(A) Except as provided in subparagraph (B), any licensed dealer, licensed importer, licensed manufacturer, or licensed collector who knowingly makes any false statement or representation with respect to the information required by this chapter to be kept in the records of a person licensed under this chapter, or violates section 922(m) shall be fined under this title, imprisoned not more than 5 years, or both.

"(B) If the violation described in subparagraph (A) is in relation to an offense—

"(i) under paragraph (1) or (3) of section 922(b), such person shall be fined under this title, imprisoned not more than 5 years, or both; or

"(ii) under subsection (a)(6) or (d) of section 922, such person shall be fined under this title, imprisoned not more than 10 years, or both.".

(f) INCREASED PENALTIES FOR VIOLATIONS OF CRIMINAL BACKGROUND CHECK REQUIREMENTS.—

(1) PENALTIES.—Section 924(a) of title 18, United States Code (as amended by subsection (c)), is amended—

(A) in paragraph (5), by striking ''subsection (s) or (t) of section 922'' and inserting ''section 922(s)''; and

(B) by adding at the end the following:

''(8) Whoever knowingly violates section 922(t) shall be fined under this title, imprisoned not more than 5 years, or both.''.

(2) ELIMINATION OF CERTAIN ELEMENTS OF OFFENSE.—Section 922(t)(5) of title 18, United States Code, is amended by striking ''and, at the time'' and all that follows through ''State law''.

(g) GUN OWNER PRIVACY AND PREVENTION OF FRAUD AND ABUSE OF SYSTEM INFORMATION.—Section 922(t)(2)(C) of title 18, United States Code, is amended by inserting before the period at the end '', as soon as possible, consistent with the responsibility of the Attorney General under section 103(h) of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note) to ensure the privacy and security of the system and to prevent system fraud and abuse, but in no event later than 90 days after the date on which the licensee first contacts the system with respect to the transfer''.

(h) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect 180 days after the date of enactment of this Act.

Subtitle B—Child Safety Locks

SEC. 11101. REQUIREMENT OF CHILD HANDGUN SAFETY LOCKS.

(a) DEFINITIONS.—Section 921(a) of title 18, United States Code (as amended by section 11001), is amended by adding at the end the following:

"(38) LOCKING DEVICE.—The term 'locking device' means a device or locking mechanism that is approved by a licensed firearms manufacturer for use on the handgun with which the device or locking mechanism is sold, delivered, or transferred and that—

"(A) if installed on a firearm and secured by means of a key or a mechanically, electronically, or electromechanically operated combination lock, is designed to prevent the firearm from being discharged without first deactivating or removing the device by means of a key or mechanically, electronically, or electromechanically operated combination lock;

"(B) if incorporated into the design of a firearm, is designed to prevent discharge of the firearm by any person who does not have access to the key or other device designed to unlock

the mechanism and thereby allow discharge of the firearm; or

"(C) is a safe, gun safe, gun case, lockbox, or other device that is designed to store a firearm and that is designed to be unlocked only by means of a key, a combination, or other similar means.".

(b) UNLAWFUL ACTS.—

(1) IN GENERAL.—Section 922 of title 18, United States Code, is amended by inserting after subsection (y) the following:

"(z) LOCKING DEVICES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), it shall be unlawful for any licensed manufacturer, licensed importer, or licensed dealer to sell, deliver, or transfer any handgun to any person other than a licensed manufacturer, licensed importer, or licensed dealer, unless the transferee is provided with a locking device for that handgun.

"(2) EXCEPTIONS.—Paragraph (1) does not apply to the—

"(A) manufacture for, transfer to, or possession by, the United States or a State or a department or agency of the United States, or

a State or a department, agency, or political subdivision of a State, of a firearm;

"(B) transfer to, or possession by, a law enforcement officer employed by an entity referred to in clause (i) of a firearm for law enforcement purposes (whether on or off duty); or

"(C) transfer to, or possession by, a rail police officer employed by a rail carrier and certified or commissioned as a police officer under the laws of a State of a firearm for purposes of law enforcement (whether on or off duty).".

(2) EFFECTIVE DATE.—Section 922(z) of title 18, United States Code, as added by this subsection, shall take effect 180 days after the date of enactment of this Act.

(c) LIABILITY; EVIDENCE.—

(1) LIABILITY.—Nothing in this section shall be construed to—

(A) create a cause of action against any dealer of firearms or any other person for any civil liability; or

(B) establish any standard of care.

(2) EVIDENCE.—Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with the amendments made by this

section shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this section.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to bar a governmental action to impose a penalty under section 924(p) of title 18, United States Code (as added by subsection (d)), for a failure to comply with section 922(z) of that title.

(d) CIVIL PENALTIES.—Section 924 of title 18, United States Code, is amended—

(1) in subsection (a)(1), by striking ''or (f)'' and inserting ''(f), or (p)''; and

(2) by adding at the end the following:

''(p) PENALTIES RELATING TO LOCKING DEVICES.—

''(1) IN GENERAL.—

''(A) SUSPENSION OR REVOCATION OF LICENSE; CIVIL PENALTIES.—With respect to each violation of section 922(z)(1) by a licensee, the Secretary may, after notice and opportunity for hearing—

''(i) suspend or revoke any license issued to the licensee under this chapter; or

"(ii) subject the licensee to a civil penalty in an amount equal to not more than $10,000.

"(B) REVIEW.—An action of the Secretary under this paragraph may be reviewed only as provided in section 923(f).

"(2) ADMINISTRATIVE REMEDIES.—The suspension or revocation of a license or the imposition of a civil penalty under paragraph (1) does not preclude any administrative remedy that is otherwise available to the Secretary.".

(e) CONSUMER PRODUCT SAFETY ACT.—The Consumer Product Safety Act (15 U.S.C. 2051 et seq.) is amended by adding at the end the following:

"SEC. 38. CHILD HANDGUN SAFETY LOCKS.

"(a) ESTABLISHMENT OF STANDARD.—

"(1) IN GENERAL.—

"(A) RULEMAKING REQUIRED.—

"(i) INITIATION OF RULEMAKING.—

"(I) IN GENERAL.—Notwithstanding section 3(a)(1)(E) of this Act, the Commission shall initiate a rulemaking proceeding under section 553 of title 5, United States Code, within 90 days after the date of enact-

ment of this section to establish a consumer product safety standard for locking devices.

"(II) EXTENSION OF TIME PERIOD.—The Commission may extend the 90-day period under subclause (I) for good cause.

"(ii) FINAL STANDARD.—

"(I) IN GENERAL.—Notwithstanding any other provision of law, including chapter 5 of title 5, United States Code, the Commission shall promulgate a final consumer product safety standard under this paragraph within 12 months after the date on which it initiated the rulemaking.

"(II) EXTENSION OF TIME PERIOD.—The Commission may extend that 12-month period under subclause (I) for good cause.

"(iii) EFFECTIVE DATE.—The consumer product safety standard promulgated under this paragraph shall take effect 6 months after the date on which the final standard is promulgated.

"(B) STANDARD REQUIREMENTS.—The standard promulgated under subparagraph (A)(ii) shall require locking devices that—

"(i) are sufficiently difficult for children to deactivate or remove; and

"(ii) prevent the discharge of the handgun unless the locking device has been deactivated or removed.

"(2) CERTAIN PROVISIONS NOT TO APPLY.—

"(A) PROVISIONS OF THIS ACT.—Sections 7, 9, and 30(d) of this Act do not apply to the rulemaking proceeding under paragraph (1). Section 11 of this Act does not apply to any consumer product safety standard promulgated under paragraph (1).

"(B) CHAPTER 5 OF TITLE 5.—Except for section 553, chapter 5 of title 5, United States Code, does not apply to this section.

"(C) CHAPTER 6 OF TITLE 5.—Chapter 6 of title 5, United States Code, does not apply to this section.

"(D) NATIONAL ENVIRONMENTAL POLICY ACT.—The National Environmental Policy Act of 1969 (42 U.S.C. 4321) does not apply to this section.

"(b) NO EFFECT ON STATE LAW.—Notwithstanding section 26 of this Act, this section does not annul, alter, impair, affect, or exempt any person subject to the provisions of this section from complying with any provision of the law of any State or any political subdivision thereof, except to the extent that such provisions of State law are inconsistent with any provision of this section, and then only to the extent of the inconsistency. A provision of State law is not inconsistent with this section if such provision affords greater protection to children in respect of handguns than is afforded by this section.

"(c) ENFORCEMENT.—Notwithstanding subsection (a)(2)(A), the consumer product safety standard promulgated by the Commission under subsection (a) shall be enforced under this Act as if it were a consumer product safety standard described in section 7(a).

"(d) DEFINITIONS.—In this section:

"(1) CHILD.—The term 'child' means an individual who is less than 13 years of age.

"(2) LOCKING DEVICE.—The term 'locking device' has the meaning given that term in clauses (i) and (iii) of section 921(a)(35)(A) of title 18, United States Code.".

(f) CONFORMING AMENDMENT FOR CONSUMER PRODUCT SAFETY ACT.—Section 1 of the Consumer

Product Safety Act is amended by adding at the end of the table of contents the following:

"Sec. 38. Child handgun safety locks.

(g) AUTHORIZATION OF APPROPRIATIONS FOR CONSUMER PRODUCT SAFETY COMMISSION.—There are authorized to be appropriated to the Consumer Product Safety Commission $2,000,000 to carry out the provisions of section 38 of the Consumer Product Safety Act, such sums to remain available until expended.

Subtitle C—Unlawful Weapons Transfers

SEC. 11201. UNLAWFUL WEAPONS TRANSFERS TO JUVENILES.

(a) IN GENERAL.—Section 922 of title 18, United States Code, is amended by striking subsection (x) and inserting the following:

"(x)(1) It shall be unlawful for a person to sell, deliver, or otherwise transfer to a person who the transferor knows or has reasonable cause to believe is a juvenile—

"(A) a handgun;

"(B) ammunition that is suitable for use only in a handgun (in this section referred to as "ammunition");

"(C) a semiautomatic assault weapon; or

"(D) a large capacity ammunition feeding device.

"(2) It shall be unlawful for any person who is a juvenile to knowingly possess—

"(A) a handgun;

"(B) ammunition;

"(C) a semiautomatic assault weapon; or

"(D) a large capacity ammunition feeding device.

"(3) This subsection does not apply to—

"(A) a temporary transfer of a handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon to a juvenile or the possession or use of a handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon by a juvenile—

"(i) if the handgun, ammunition, large capacity ammunition feeding device, or semiautomatic assault weapon are possessed and used by the juvenile—

"(I) in the course of employment;

"(II) in the course of ranching or farming related to activities at the residence of the juvenile (or on property used for ranching or farming at which the juve-

nile, with the permission of the property owner or lessee, is performing activities related to the operation of the farm or ranch);

"(III) for target practice;

"(IV) for hunting; or

"(V) for a course of instruction in the safe and lawful use of a firearm; and

"(ii) if the juvenile's possession and use of a handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon under this subparagraph are in accordance with State and local law, and the following conditions are met—

"(I) except when a parent or guardian of the juvenile is in the immediate and supervisory presence of the juvenile, the juvenile shall have in the juvenile's possession at all times when a handgun, ammunition, large capacity ammunition feeding device, or semiautomatic assault weapon is in the possession of the juvenile, the prior written consent of the juvenile's parent or guardian who is not prohibited by Federal,

State, or local law from possessing a firearm or ammunition; and

"(II) during transportation by the juvenile directly from the place of transfer to a place at which an activity described in clause (i) is to take place, the firearm shall be unloaded and in a locked container or case, and during the transportation by the juvenile of that firearm, directly from the place at which such an activity took place to the transferor, the firearm shall also be unloaded and in a locked container or case; or

"(III) with respect to employment, ranching or farming activities as described in clause (i), a juvenile may possess and use a handgun, ammunition, large capacity ammunition feeding device or a semiautomatic assault rifle with the prior written approval of the juvenile's parent or legal guardian, if such approval is on file with the adult who is not prohibited by Federal, State, or local law from possessing a firearm or ammunition and that person is di-

recting the ranching or farming activities of the juvenile;

"(B) a juvenile who is a member of the Armed Forces of the United States or the National Guard who possesses or is armed with a handgun, ammunition, large capacity ammunition feeding device, or semiautomatic assault weapon in the line of duty;

"(C) a transfer by inheritance of title (but not possession) of a handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon to a juvenile; or

"(D) the possession of a handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon taken in lawful defense of the juvenile or other persons in the residence of the juvenile or a residence in which the juvenile is an invited guest.

"(4) A handgun, ammunition, large capacity ammunition feeding device, or a semiautomatic assault weapon, the possession of which is transferred to a juvenile in circumstances in which the transferor is not in violation of this subsection, shall not be subject to permanent confiscation by the Government if its possession by the juvenile subsequently becomes unlawful because of the conduct of the juvenile, but shall be returned to the lawful owner

when such handgun, ammunition, large capacity ammunition feeding device, or semiautomatic assault weapon is no longer required by the Government for the purposes of investigation or prosecution.

''(5) For purposes of this subsection, the term 'juvenile' means an individual who is less than 21 years of age.

''(6)(A) In a prosecution of a violation of this subsection, the court shall require the presence of a parent or legal guardian of the juvenile defendant at all proceedings.

''(B) The court may use the contempt power to enforce subparagraph (A).

''(C) The court may excuse attendance of a parent or legal guardian of a juvenile defendant at a proceeding in a prosecution of a violation of this subsection for good cause shown.

''(7) In this subsection, the term 'large capacity ammunition feeding device' has the same meaning as in section 921(a)(31).''.

(b) EFFECTIVE DATE.—This section and the amendment made by this section shall take effect 180 days after the date of enactment of this Act.

Subtitle D—Large Capacity Ammunition Feeding Devices

SEC. 11301. BAN ON IMPORTING LARGE CAPACITY AMMUNITION FEEDING DEVICES.

(a) IN GENERAL.—Section 922(w) of title 18, United States Code, is amended—

(1) in paragraph (1), by striking ''(1) Except as provided in paragraph (2)'' and inserting ''(1)(A) Except as provided in subparagraph (B)'';

(2) in paragraph (2), by striking ''(2) Paragraph (1)'' and inserting ''(B) Subparagraph (A)'';

(3) by inserting before paragraph (3) the following:

''(2) It shall be unlawful for any person to import a large capacity ammunition feeding device.''; and

(4) in paragraph (4)—

(A) by striking ''(1)'' each place it appears and inserting ''(1)(A)''; and

(B) by striking ''(2)'' and inserting ''(1)(B)''.

(b) CONFORMING AMENDMENT.—Section 921(a)(31) of title 18, United States Code, is amended by striking ''manufactured after the date of enactment of the Violent Crime Control and Law Enforcement Act of 1994''.

Subtitle E—Enforcement of Gun Laws

SEC. 11401. ENHANCE ENFORCEMENT OF GUN VIOLENCE LAWS.

(a) CRIMINAL GUN TRAFFICKER APPREHENSION.—

(1) COMMONSENSE DEFINITION OF LICENSED DEALER.—Section 921(a)(22) of title 18, United States Code, is amended in the first sentence by inserting before the period the following: ": *Provided further*, That it shall be presumed that the intent underlying the sale or disposition of a firearm is predominantly one of obtaining livelihood and pecuniary gain if a person transfers more than 50 firearms during any 12-month period, or more than 30 firearms during any 30-day period, excluding any infrequent transfer of a firearm by gift, bequest, intestate succession, or other means by an individual to a parent, child, grandparent, or grandchild of the individual".

(2) REQUIREMENT THAT LICENSEE OPERATE FROM FIXED PREMISES.—Section 923(d)(1)(E)(i) of title 18, United States Code, is amended by striking "premises" and inserting "fixed premises (other than a private residence) primarily devoted to the

sale of firearms and conspicuously designated to the public as such''.

(3) SECURE STORAGE OF FIREARMS INVENTORIES.—

(A) STORAGE REQUIREMENTS.—Section 923 of title 18, United States Code, is amended by adding at the end the following:

''(m) SECURE STORAGE OF FIREARMS INVENTORIES.—

''(1) IN GENERAL.—Beginning on the date on which the Secretary issues final regulations under paragraph (2), it shall be unlawful for any licensed importer, licensed manufacturer, or licensed dealer (other than a dealer described in section 921(a)(11)(B)) to store any firearm on a premises described in subsection (d)(1)(E)(i), other than in accordance with those regulations.

''(2) REGULATIONS.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall issue final regulations governing the secure storage of firearms on premises described in subsection (d)(1)(E)(i) by licensed importers, licensed manufacturers, and licensed dealers.

"(B) FACTORS FOR CONSIDERATION.—In promulgating regulations issued under this paragraph, the Secretary shall consider—

"(i) the type and quantity of the firearm or firearms to be stored; and

"(ii) the standards of safety and security recognized in the firearms industry.".

(B) PENALTIES.—Section 924 of title 18, United States Code (as amended by section 11101), is amended—

(i) in subsection (a)(1), by striking "(f), or (p)" and inserting "(f), (p), or (q)"; and

(ii) by adding at the end the following:

"(q) FAILURE TO SECURELY STORE FIREARMS INVENTORY.—

"(1) IN GENERAL.—The Secretary may, after notice and opportunity for hearing, suspend or revoke any license issued under this chapter, may subject the licensee to a civil penalty of not more than $10,000, or both, if the holder of such license has knowingly violated section 923(m).

"(2) REVIEW.—An action of the Secretary under this subsection may be reviewed only as provided in section 923(f).".

(C) CONDITION OF LICENSING.—

(i) IN GENERAL.—Section 923(d)(1)(F) of title 18, United States Code, is amended—

(I) in clause (ii)(II), by striking "and" at the end; and

(II) by adding at the end the following:

"(iv) not later than 30 days after the date on which the application is approved, the firearms inventory of the business will be stored in accordance with the regulations issued under section 923(m)(2); and".

(ii) EFFECTIVE DATE.—The amendments made by this subparagraph shall apply to any application submitted under section 923 of title 18, United States Code, on or after the date on which final regulations are issued by the Secretary of the Treasury under section 923(m)(2) of title 18, United States Code, as added by this section.

(4) REQUIRING THEFTS FROM COMMON CARRIERS TO BE REPORTED.

(A) IN GENERAL.—Section 922(f) of title 18, United States Code, is amended by adding at the end the following:

''(3)(A) It shall be unlawful for any common or contract carrier to fail to report the theft or loss of a firearm to the Secretary and to the appropriate local authorities within 48 hours after the theft or loss is discovered.

''(B) The Secretary may impose a civil fine of not more than $10,000 on any person who knowingly violates subparagraph (A).''.

(B) PENALTIES.—Section 924(a)(1)(B) of title 18, United States Code, is amended by striking ''(f),'' and inserting ''(f)(1), (f)(2),''.

(b) CRIMINAL GUN DEALER DETECTION.—

(1) RECORDKEEPING INSPECTIONS.—Section 923(g)(1)(B)(ii)(I) of title 18, United States Code, is amended by striking ''once'' and inserting ''4 times''.

(2) DISPOSAL OF PERSONAL FIREARMS COLLECTION BY CERTAIN LICENSEES MADE SUBJECT TO REGULATIONS..—Section 923(c) of title 18, United States Code, is amended by striking the second sentence and inserting the following: ''A personal collec-

tion of firearms of a licensed manufacturer, licensed importer, or licensed dealer shall be considered to be part of the business inventory of the licensee for purposes of this chapter, except that the provisions of this chapter applicable to the disposition of a firearm from the business inventory of a licensee shall not apply to the infrequent transfer of a firearm by gift, bequest, intestate succession, or other means from the personal collection of firearms of a licensee to a parent, child, grandparent, or grandchild of the licensee.''.

(3) SUSPENSION OR REVOCATION OF FIREARMS DEALER LICENSE AND CIVIL PENALTIES.—

(A) IN GENERAL.—Section 923 of title 18, United States Code, is amended by striking subsection (e) and inserting the following:

''(e) SUSPENSION OR REVOCATION OF DEALER LICENSE; CIVIL PENALTIES.—

''(1) WILLFUL VIOLATIONS.—The Secretary may, after notice and opportunity for hearing, suspend or revoke any license issued under this section, and may subject the licensee to a civil penalty of not more than $10,000 per violation, or both, if the holder of such license has willfully violated any pro-

vision of this chapter or any rule or regulation prescribed by the Secretary under this chapter.

"(2) TRANSFER OF ARMOR PIERCING AMMUNITION.—The Secretary may, after notice and opportunity for hearing, with respect to a dealer who willfully transfers armor piercing ammunition—

"(A) suspend or revoke the license of that dealer;

"(B) assess a civil penalty of not more than $10,000 on that dealer; or

"(C) both.

"(3) COMPROMISE, MITIGATION, OR REMITTANCE OF LIABILITY.—The Secretary may at any time compromise, mitigate, or remit the liability with respect to any willful violation of this chapter or any rule or regulation prescribed by the Secretary under this chapter.

"(4) REVIEW.—An action of the Secretary under this subsection may be reviewed only as provided in subsection (f).".

(B) NOTICE OF LICENSE REVOCATION OR DENIAL.—Section 923 of title 18, United States Code, is amended by striking subsection (f) and inserting the following:

"(f) RIGHTS OF APPLICANTS AND LICENSEES.—

"(1) NOTICE REQUIREMENTS.—

"(A) IN GENERAL.—If the Secretary denies an application for, or revokes or suspends a license, or assesses a civil penalty under this section, the Secretary shall provide written notice of such denial, revocation, suspension, or assessment to the affected party.

"(B) NOTICE TO BE GIVEN BEFORE EFFECTIVE DATE OF REVOCATION OR SUSPENSION.—Any notice of a revocation or suspension of a license under this paragraph shall be given to the holder of such license before the effective date of the revocation or suspension, as applicable.

"(2) APPEALS PROCESS.—

"(A) HEARING.—If the Secretary denies an application for, or revokes or suspends a license, or assesses a civil penalty under this section, the Secretary, shall—

"(i) upon request of the aggrieved party, promptly hold a hearing at a location convenient to the aggrieved party to review the denial, revocation, suspension, or assessment; and

"(ii) in the case of a suspension or revocation of a license, upon the request of the holder of the license, stay the effective date of the suspension or revocation.

"(B) NOTICE OF DECISION.—If, after a hearing held under subparagraph (A), the Secretary decides not to reverse the decision of the Secretary to deny the application, revoke or suspend the license, or assess the civil penalty, as applicable, the Secretary shall provide notice of the decision of the Secretary to the aggrieved party.

"(C) PETITION FOR DE NOVO REVIEW.—

"(i) IN GENERAL.—During the 60-day period beginning on the date on which an aggrieved party receives a notice under subparagraph (B), the aggrieved party may file a petition with the district court of the United States for the judicial district in which the aggrieved party resides or has a principal place of business for a de novo judicial review of such denial, revocation, suspension, or assessment.

"(ii) JUDICIAL PROCEEDING.—In any judicial proceeding pursuant to a petition under clause (i)—

"(I) the court may consider any evidence submitted by the parties to the proceeding, regardless of whether or not such evidence was considered at the hearing held under subparagraph (A); and

"(II) if the court decides that the Secretary was not authorized to make such denial, revocation, suspension, or assessment, the court shall order the Secretary to take such actions as may be necessary to comply with the judgment of the court.".

(c) VIOLENT FELON GUN BAN ENFORCEMENT.—

(1) ADMINISTRATIVE RELIEF FROM CERTAIN FIREARMS AND EXPLOSIVES PROHIBITIONS.—

(A) IN GENERAL.—

(i) FIREARMS.—Section 925(c) of title 18, United States Code, is amended—

(I) by inserting "(1)" after "(c)";

(II) in the first sentence, by inserting ''(other than a natural person)'' before ''who is prohibited'';

(III) in the fourth sentence—

(aa) by inserting ''person (other than a natural person) who is a'' before ''licensed importer''; and

(bb) by striking ''his license'' and inserting ''the license of that person''; and

(IV) by striking the last sentence and inserting the following:

''(2) Whenever the Secretary grants relief under this section to any person, the Secretary shall promptly publish notice of such action in the Federal Register, which shall include—

''(A) the name of the person;

''(B) the disability with respect to which the relief is granted;

''(C) if the disability was imposed by reason of a criminal conviction of the person, the crime for which and the court in which the person was convicted; and

"(D) the reasons for the decision of the Secretary.".

(ii) EXPLOSIVE MATERIALS.—Section 845(b) of title 18, United States Code, is amended—

(I) in the first sentence, by inserting "(other than a natural person)" before "may make application to the Secretary"; and

(II) in the second sentence, by inserting "(other than a natural person)" before "who makes application for relief".

(B) APPLICABILITY.—The amendments made by subparagraph (A) shall apply to any application for administrative relief and any action for judicial review that—

(i) is pending on the date of enactment of this section; and

(ii) is brought or filed on or after the date of enactment of this section.

(2) PERMANENT FIREARM PROHIBITION FOR CONVICTED VIOLENT FELONS AND SERIOUS DRUG OFFENDERS.—Section 921(a)(20) of title 18, United States Code, is amended—

(A) in the first sentence—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively; and

(ii) by inserting ''(A)'' after ''(20)'';

(B) in the second sentence, by striking ''What'' and inserting the following:

''(B) What''; and

(C) by striking the third sentence and inserting the following:

''(C) A State conviction shall not be considered to be a conviction for purposes of this chapter, if—

''(i) the conviction is for an offense other than a serious drug offense (as defined in section 924(e)(2)(A)) or violent felony (as defined in section 924(e)(2)(B));

''(ii) the person is pardoned or has restored any civil right taken away by virtue of the conviction, or the conviction is expunged; and

''(iii) the authority that grants the pardon, the restoration of civil rights, or the expungement—

''(I) expressly authorizes the person to ship, transport, receive, and possess firearms; and

"(II) expressly determines that the circumstances regarding the conviction and the record and reputation of the person are such that the person is not likely to act in a manner that is dangerous to public safety, and that the granting of the relief is not contrary to the public interest.".

(d) INTENSIVE GUN VIOLENCE REDUCTION STRATEGY AND PROJECT EXILE IMPLEMENTATION.—

(1) AUTHORIZATION OF FUNDING FOR FEDERAL DOMESTIC VIOLENCE OFFENDER RECORD-KEEPING IMPROVEMENTS.—

(A) IN GENERAL.—In addition to any other amounts authorized to be appropriated that may be used for such purpose, there is authorized to be appropriated $70,000,000 for fiscal year 2002 for the improvement of the national instant criminal background check system established under section 103 of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note), including improvements with respect to the records described in subparagraph (B) of this paragraph, and especially records of domestic violence incidents, including felony and misdemeanor convictions for crimes of domestic vi-

olence and restraining orders with respect to incidents of domestic violence.

(B) RECORDS INCLUDED.—The records described in this subsection are—

(i) the records described in paragraphs (1), (2), and (3) of section 509(b) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3759(b)); and

(ii) the records required by the Attorney General under section 103 of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note) for the purpose of implementing that Act.

(2) AUTHORIZATION OF FUNDING FOR STATE AND LOCAL DOMESTIC VIOLENCE OFFENDER RECORDKEEPING IMPROVEMENTS.—

(A) GRANTS FOR STATE AND LOCAL DOMESTIC VIOLENCE OFFENDER RECORDKEEPING IMPROVEMENTS.—Title III of the Violent Crime Control and Law Enforcement Act of 1994 is amended by adding at the end the following:

"Subtitle Y—Grants for State and Local Domestic Violence Offender Recordkeeping Improvements

"SEC. 32501. GRANT AUTHORIZATION.

''The Attorney General may award grants to State or local law enforcement agencies for the purpose of improving—

''(1) the organization of criminal records including records relating to convictions for crimes of domestic violence and restraining orders with respect to domestic violence; and

''(2) the reporting of such records to the national instant criminal background check system established under section 103 of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note).

"SEC. 32502. USE OF FUNDS.

''Grants awarded by the Attorney General under this subtitle shall be used to fund programs for the purpose specified in section 32501.

"SEC. 32503. APPLICATIONS.

''(a) ELIGIBILITY.—To be eligible to receive a grant award under this subtitle for a fiscal year, a State or local law enforcement agency shall submit to the Attorney General an application, in such form and containing such in-

formation as the Attorney General may reasonably require.

"(b) REQUIREMENTS.—Each application submitted under this section shall include—

"(1) a request for funds for the purpose specified in section 32501;

"(2) a description of the improvements the applicant intends to make in its organization of criminal records, including records relating to convictions for crimes of domestic violence and to restraining orders with respect to domestic violence, and its reporting of such records to the national instant criminal background check system; and

"(3) assurances that Federal funds received under this subtitle shall be used to supplement, not supplant, non-Federal funds that would otherwise be available for activities funded under this section.

"SEC. 32504. MATCHING REQUIREMENT.

"The Federal share of a grant awarded under this subtitle may not exceed 50 percent of the total costs of the programs described in the applications submitted under section 32503 for the fiscal year for which the programs receive assistance under this subtitle.

"SEC. 32505. AWARD OF GRANTS.

"(a) IN GENERAL.—In awarding grants under this subtitle, the Attorney General shall consider the demonstrated need for, and the evidence of the ability of the applicant to make, the improvements described in section 32503(b)(2), as described in the application submitted under section 32503.

"(b) RESEARCH AND EVALUATION.—The Attorney General shall use not more than 3 percent of the funds available under this subtitle, and not less than 1 percent of such funds, for the purposes of research and evaluation of the activities carried out under this subtitle.

"SEC. 32506. REPORTS.

"(a) REPORT TO ATTORNEY GENERAL.—Not later than March 1 of each fiscal year, each law enforcement agency that received funds from a grant awarded under this subtitle for that fiscal year shall submit to the Attorney General a report describing the progress achieved in carrying out the program for which the grant was awarded.

"(b) REPORT TO CONGRESS.—Beginning not later than October 1 of the first fiscal year following the initial fiscal year during which grants are awarded under this subtitle, and not later than October 1 of each fiscal year thereafter, the Attorney General shall submit to Congress a report, which shall contain a detailed statement regard-

ing grant awards, activities of grant recipients, a compilation of statistical information submitted by applicants, and an evaluation of programs established with amounts from grants awarded under this subtitle during the preceding fiscal year.

"SEC. 32507. DEFINITION OF STATE.

''In this subtitle, the term 'State' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the United States Virgin Islands.

"SEC. 32508. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subtitle $20,000,000 for fiscal year 2002.''.

(B) TECHNICAL AND CONFORMING AMENDMENT.—The table of contents in section 2 of the Violent Crime Control and Law Enforcement Act of 1994 is amended by inserting after the item relating to subtitle X the following:

''Subtitle Y—Grants for State and Local Domestic Violence Offender Recordkeeping Improvements

''Sec. 32501. Grant authorization.
''Sec. 32502. Use of funds.
''Sec. 32503. Applications.
''Sec. 32504. Matching requirement.
''Sec. 32505. Award of grants.
''Sec. 32506. Reports.
''Sec. 32507. Definition of State.
''Sec. 32508. Authorization of appropriations.''.

(3) AUTHORIZATION OF FUNDING FOR ADDITIONAL BUREAU OF ALCOHOL, TOBACCO AND FIREARMS OFFICERS.—In addition to any other amounts authorized to be appropriated that may be used for such purpose, there is authorized to be appropriated $53,000,000 for fiscal year 2002 for the hiring of 600 firearms' agents and inspectors for the Bureau of Alcohol, Tobacco and Firearms.

(4) AUTHORIZATION OF FUNDING FOR ADDITIONAL STATE AND LOCAL GUN PROSECUTORS.—

(A) GRANTS FOR STATE AND LOCAL GUN PROSECUTORS.—Title III of the Violent Crime Control and Law Enforcement Act of 1994 (as amended by paragraph (2)), is amended by adding at the end the following:

"Subtitle Z—Grants for State and Local Gun Prosecutors

"SEC. 32601. GRANT AUTHORIZATION.

''The Attorney General may award grants to State, Indian tribal, or local prosecutors for the purpose of supporting the creation or expansion of community-based justice programs for the prosecution of firearm-related crimes.

"SEC. 32602. USE OF FUNDS.

"Grants awarded by the Attorney General under this subtitle shall be used to fund programs for the hiring of prosecutors and related personnel under which those prosecutors and personnel shall utilize an interdisciplinary team approach to prevent, reduce, and respond to firearm-related crimes in partnership with communities.

"SEC. 32603. APPLICATIONS.

"(a) ELIGIBILITY.—To be eligible to receive a grant award under this subtitle for a fiscal year, a State, Indian tribal, or local prosecutor, in conjunction with the chief executive officer of the jurisdiction in which the program will be placed, shall submit to the Attorney General an application, in such form and containing such information as the Attorney General may reasonably require.

"(b) REQUIREMENTS.—Each application submitted under this section shall include—

"(1) a request for funds for the purposes described in section 32602;

"(2) a description of the communities to be served by the grant, including the nature of the firearm-related crime in such communities; and

"(3) assurances that Federal funds received under this subtitle shall be used to supplement, not supplant, non-Federal funds that would otherwise be available for activities funded under this section.

"SEC. 32604. MATCHING REQUIREMENT.

"The Federal share of a grant awarded under this subtitle may not exceed 50 percent of the total cost of the program described in the application submitted under section 32603 for the fiscal year for which the program receives assistance under this subtitle.

"SEC. 32605. AWARD OF GRANTS.

"(a) IN GENERAL.—Except as provided in subsection (b), in awarding grants under this subtitle, the Attorney General shall consider—

"(1) the demonstrated need for, and the evidence of the ability of the applicant to provide, the services described in section 32603(b)(2), as described in the application submitted under section 32603;

"(2) the extent to which, as reflected in the 1998 Uniform Crime Report of the Federal Bureau of Investigation, there is a high rate of firearm-related crime in the jurisdiction of the applicant, measured either in total or per capita;

"(3) the extent to which the jurisdiction of the applicant has experienced an increase in the total or per capita rate of firearm-related crime, as reported in the 3 most recent annual Uniform Crime Reports of the Federal Bureau of Investigation;

"(4) the extent to which State and local law enforcement agencies in the jurisdiction of the applicant have pledged to cooperate with Federal officials in responding to the illegal acquisition distribution, possession, and use of firearms within the jurisdiction; and

"(5) the extent to which the jurisdiction of the applicant participates in comprehensive firearm law enforcement strategies, including programs such as the Youth Crime Gun Interdiction Initiative, Project Achilles, Project Disarm, Project Triggerlock, Project Exile, Project Surefire, and Operation Ceasefire.

"(b) INDIAN TRIBES.—

"(1) FEDERAL GRANTS.—Not less than 5 percent of the amount made available for grants under this subtitle for each fiscal year shall be awarded as grants to Indian tribes.

"(2) GRANT CRITERIA.—In awarding grants to Indian tribes in accordance with this subsection, the Attorney General shall consider, to the extent practicable, the factors for consideration set forth in subsection (a).

"(c) RESEARCH AND EVALUATION.—Of the amount made available for grants under this subtitle for each fis-

cal year, the Attorney General shall use not less than 1 percent and not more than 3 percent for research and evaluation of the activities carried out with grants awarded under this subtitle.

"SEC. 32606. REPORTS.

"(a) REPORT TO ATTORNEY GENERAL.—Not later than March 1 of each fiscal year, each law enforcement agency that receives funds from a grant awarded under this subtitle for that fiscal year shall submit to the Attorney General a report describing the progress achieved in carrying out the grant program for which those funds were received.

"(b) REPORT TO CONGRESS.—Beginning not later than October 1 of the first fiscal year following the initial fiscal year during which grants are awarded under this subtitle, and not later than October 1 of each fiscal year thereafter, the Attorney General shall submit to Congress a report, which shall contain a detailed statement regarding grant awards, activities of grant recipients, a compilation of statistical information submitted by applicants, and an evaluation of programs established with amounts from grants awarded under this subtitle during the preceding fiscal year.

"SEC. 32607. DEFINITIONS.

"In this subtitle—

"(1) the term 'firearm' has the meaning given the term in section 921(a) of title 18, United States Code;

"(2) the term 'Indian tribe' means a tribe, band, pueblo, nation, or other organized group or community of Indians, including an Alaska Native village (as defined in or established under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.)), that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; and

"(3) the term 'State' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the United States Virgin Islands.

"SEC. 32608. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this subtitle $150,000,000 for fiscal year 2002.".

(B) TECHNICAL AND CONFORMING AMENDMENT.—The table of contents in section 2 of the Violent Crime Control and Law Enforcement Act of 1994 (as amended by paragraph

(2)(B)) is amended by inserting after the item relating to subtitle Y the following:

"Subtitle Z—Grants for State and Local Gun Prosecutors

"Sec. 32601. Grant authorization.
"Sec. 32602. Use of funds.
"Sec. 32603. Applications.
"Sec. 32604. Matching requirement.
"Sec. 32605. Award of grants.
"Sec. 32606. Reports.
"Sec. 32607. Definitions.
"Sec. 32608. Authorization of appropriations.".

(5) AUTHORIZATION OF FUNDING FOR ADDITIONAL FEDERAL FIREARMS PROSECUTORS AND GUN ENFORCEMENT TEAMS.—

(A) ADDITIONAL FEDERAL FIREARMS PROSECUTORS.—The Attorney General shall hire 114 additional Federal prosecutors to prosecute violations of Federal firearms laws.

(B) GUN ENFORCEMENT TEAMS.—

(i) ESTABLISHMENT.—The Attorney General shall establish in each of the jurisdictions specified in clause (iii) a gun enforcement team.

(ii) GUN ENFORCEMENT TEAM REQUIREMENTS.—Each gun enforcement team established under this subparagraph shall be composed of—

(I) 1 coordinator, who shall be responsible, with respect to the jurisdiction concerned, for coordinating

among Federal, State, and local law enforcement—

(aa) the appropriate forum for the prosecution of crimes relating to firearms; and

(bb) efforts for the prevention of such crimes; and

(II) 1 analyst, who shall be responsible, with respect to the jurisdiction concerned, for analyzing data relating to such crimes and recommending law enforcement strategies to reduce such crimes.

(iii) COVERED JURISDICTIONS.—The jurisdictions specified in this subparagraph are not more than 20 jurisdictions designated by the Attorney General for purposes of this subparagraph as areas having high rates of crimes relating to firearms.

(C) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other amounts authorized to be appropriated that may be used for such purpose, there is authorized to be appropriated to carry out this paragraph $15,000,000 for fiscal year 2002.

(6) YOUTH CRIME GUN INTERDICTION INITIATIVE.—

(A) IN GENERAL.—The Secretary of the Treasury shall expand—

(i) to 50, the number of city and county law enforcement agencies that through the Youth Crime Gun Interdiction Initiative submit identifying information relating to all firearms recovered during law enforcement investigations, including from individuals under age 25, to the Secretary of the Treasury to identify the types and origins of such firearms; and

(ii) the resources devoted to law enforcement investigations of illegal youth possessors and users of illegal firearms traffickers identified through the Youth Crime Gun Interdiction Initiative, including through the hiring of additional agents, inspectors, intelligence analysts, and support personnel.

(B) SELECTION OF PARTICIPANTS.—The Secretary of the Treasury, in consultation with Federal, State, and local law enforcement officials, shall select cities and counties for partici-

pation in the program established under this paragraph.

(C) ESTABLISHMENT OF SYSTEM.—

(i) IN GENERAL.—The Secretary of the Treasury shall establish a system through which State and local law enforcement agencies, through online computer technology, can promptly provide firearms-related information to the Secretary of the Treasury and access information derived through the Youth Crime Gun Interdiction Initiative as soon as such capability is available.

(ii) REPORT.—Not later than 6 months after the date of enactment of this section, the Secretary of the Treasury shall submit to the Chairman and Ranking Member of the Committee on Appropriations of the House of Representatives, and the Chairman and Ranking Member of the Committee on Appropriations of the Senate, a report explaining the capacity to provide such online access and the future technical and, if necessary, legal changes

required to make such capability available, including cost estimates.

(D) REPORT.—Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, the Secretary of the Treasury shall submit to the Chairman and Ranking Member of the Committee on Appropriations of the House of Representatives, and the Chairman and Ranking Member of the Committee on Appropriations of the Senate, a report regarding—

(i) the types and sources of firearms recovered from individuals, including those under the age of 25;

(ii) regional, State, and national firearms trafficking trends; and

(iii) the number of investigations and arrests resulting from the Youth Crime Gun Interdiction Initiative.

(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for fiscal year 2002.

(7) LOCAL ANTIGUN VIOLENCE MEDIA CAMPAIGNS.—

(A) GRANTS FOR LOCAL ANTIGUN VIOLENCE MEDIA CAMPAIGNS.—Title III of the Violent Crime Control and Law Enforcement Act of 1994 (as amended by paragraphs (2) and (4)) is amended by adding at the end the following:

"Subtitle AA—Grants for Local Antigun Violence Media Campaigns

"SEC. 32701. GRANT AUTHORIZATION.

''The Attorney General may award grants to public entities or private nonprofit entities for the purpose of supporting the creation or expansion of local antigun violence media campaigns.

"SEC. 32702. USE OF FUNDS.

''Grants awarded by the Attorney General under this subtitle shall be used to fund programs for media campaigns on gun violence and gun safety, including campaigns that—

''(1) highlight coordination among Federal, State, and local law enforcement agencies;

''(2) publicize penalties for violations of firearms laws; and

''(3) emphasize the safe storage of firearms and the prevention of access to firearms by children.

"SEC. 32703. APPLICATIONS.

''To be eligible to receive a grant award under this subtitle for a fiscal year, a public entity or private nonprofit entity shall submit to the Attorney General an application, in such form and containing such information as the Attorney General may reasonably require.

"SEC. 32704. MATCHING REQUIREMENT.

''The Federal share of a grant awarded under this subtitle may not exceed 50 percent of the total cost of the program described in the application submitted under section 32703 for the fiscal year for which the program receives assistance under this subtitle.

"SEC. 32705. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subtitle $10,000,000 for fiscal year 2002.''.

(B) TECHNICAL AND CONFORMING AMENDMENT.—The table of contents in section 2 of the Violent Crime Control and Law Enforcement Act of 1994 (as amended by paragraphs (2)(B) and (4)(B)), is amended by inserting after the item relating to subtitle Z the following:

''Subtitle AA—Grants for Local Antigun Violence Media Campaigns

''Sec. 32701. Grant authorization.
''Sec. 32702. Use of funds.
''Sec. 32703. Applications.
''Sec. 32704. Matching requirement.
''Sec. 32705. Authorization of appropriations.''.

(8) SMART GUN TECHNOLOGY.—

(A) IN GENERAL.—The Attorney General, acting through the Director of the National Institute of Justice, shall carry out a program for the research and development of smart gun technology.

(B) DEFINITION OF SMART GUN TECHNOLOGY.—In this paragraph, the term ''smart gun technology'' means a device—

(i) incorporated by manufacture and design into a handgun in such a manner that the device cannot be readily removed or deactivated;

(ii) that allows the handgun to be fired only by a particular individual; and

(iii) that may allow the handgun to be personalized to an additional individual.

(C) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other amounts authorized to be appropriated that may be used for such purpose, there is authorized to be appropriated to carry out this paragraph $10,000,000 for fiscal year 2002.

(9) DEFINITION OF FOREIGN BALLISTICS.—Section 921(a) of title 18, United States Code (as

amended by sections 11001 and 11101), is amended by adding at the end the following:

''(39) The term 'forensic ballistics' means a comparative analysis of fired bullets and cartridge casings to identify the firearm from which the bullets or cartridge casings were discharged through the identification of the unique characteristics that each firearm imprints on bullets and cartridge casings.''.

(10) TEST FIRING AND AUTOMATED STORAGE OF FORENSIC BALLISTICS RECORDS.—

(A) AMENDMENTS TO TITLE 18, UNITED STATES CODE.—

(i) IN GENERAL.—Chapter 44 of title 18, United States Code (as amended by section 11001), is amended by adding at the end the following:

''§ 932. Test firing and automated storage of forensic ballistics records

''(a) IN GENERAL.—A licensed manufacturer or licensed importer shall not transfer a firearm to any person before—

''(1) test firing the firearm;

''(2) preparing forensic ballistics records of the fired bullet and cartridge casings from the test fire; and

"(3) making the ballistics records available to the Secretary for entry in a computerized database.

"(b) PENALTIES.—

"(1) IN GENERAL.—With respect to each violation of subsection (a) by a licensed manufacturer or licensed importer, the Secretary may, after notice and opportunity for hearing, suspend the license for not more than 1 year or revoke the license, impose on the licensee a civil fine of not more than $10,000, or both.

"(2) REVIEW.—An action of the Secretary under subsection (b)(1) may be reviewed only as provided in section 923(f).

"(3) OTHER ADMINISTRATIVE REMEDIES.—The suspension or revocation of a license or the imposition of a civil fine under paragraph (1) shall not preclude any administrative remedy that is available to the Secretary under any other provision of law.

"(c) MANDATORY FORENSIC BALLISTICS TESTING OF FIREARMS IN FEDERAL CUSTODY.—The Secretary and the Attorney General shall conduct mandatory forensic ballistics testing of all firearms that are or have been taken into the custody of, or procured or utilized by, their respective agencies.".

(ii) TECHNICAL AND CONFORMING AMENDMENT.—The analysis for chapter 44 of title 18, United States Code, is amended by adding at the end the following:

"932. Test firing and automated storage of forensic ballistics records.".

(iii) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 932(c) of title 18, United States Code, $38,000,000 for each of fiscal years 2002 through 2005.

(iv) EFFECTIVE DATE.—The amendment made by this subparagraph shall take effect on the date on which the Attorney General and the Secretary of the Treasury certify that the Department of Justice and the Department of the Treasury have established a National Integrated Ballistics Network.

(B) COMPLIANCE ASSISTANCE.—

(i) IN GENERAL.—The Attorney General and the Secretary shall assist licensed manufacturers and licensed importers in complying with section 932(a) of title 18, United States Code, through—

(I) the acquisition, disposition, and upgrade of computerized forensic

ballistics equipment and bullet recovery equipment to be placed at the sites of licensed manufacturers and licensed importers or at regional firearm centers established by the Secretary;

(II) the hiring or designation of personnel necessary to develop and maintain a database of forensic ballistics records, research, and evaluation; and

(III) any other steps necessary to implement effective forensic ballistics testing.

(ii) ONLINE ACCESS TO FORENSIC BALLISTICS RECORDS.—The Attorney General and the Secretary shall establish a system through which State and local law enforcement agencies, through online computer technology, can promptly access forensic ballistics records stored under section 932 of title 18, United States Code, as soon as the capability to do so is available.

(C) ANNUAL REPORTS.—Not later than 1 year after the effective date of section 932 of title 18, United States Code, and annually thereafter, the Attorney General and the Secretary shall submit to the Committees on the Judiciary of the House of Representatives and the Senate a report regarding the effects of section 932 of title 18, United States Code, including the number of Federal and State criminal investigations, arrests, indictments, and prosecutions of all cases in which access to forensic ballistics records provided under section 932 of title 18, United States Code, served as a valuable investigative tool.

(D) EDUCATION AND OUTREACH.—

(i) IN GENERAL.—The Attorney General and the Secretary shall work cooperatively with representatives of the firearm industry (including firearm manufacturers and importers) to provide—

(I) education about the role of forensic ballistics as part of a comprehensive firearm crime reduction strategy; and

(II) for coordination among Federal, State, and local law enforcement and regulatory agencies and the firearm industry to curb firearm-related crime and illegal firearm trafficking.

(ii) OUTREACH.—In implementing clause (i), the Attorney General and the Secretary shall concentrate on outreach with—

(I) firearm manufacturers and importers that have agreed to participate as a pilot site for the National Integrated Ballistics Information Network;

(II) firearm manufacturers and importers that manufacture or import more than 1,000 firearms per year, as reported in the Bureau of Alcohol, Tobacco and Firearms Annual Firearms Manufacturing and Export Report, or as determined from information obtained in annual regulatory inspection audits conducted by the Secretary; and

(III) firearm manufacturers and importers that have a policy that requires the test firing of all firearms prior to transfer.

(iii) ANNUAL REPORTS.—Not later than 1 year after the effective date of this section and annually thereafter, the Secretary and the Attorney General shall submit to the Committees on the Judiciary of the House of Representatives and the Senate a report containing—

(I) a statement of the number of firearm manufacturers and importers and other representatives of the firearm industry participating in the outreach effort under this subparagraph;

(II) the number and type of personnel of the Bureau of Alcohol, Tobacco and Firearms and the Department of Justice hired or assigned to carry out this subparagraph;

(III) a summary of the activities established by firearm manufacturers and importers as a result of their par-

ticipation in the outreach effort under this subparagraph;

(IV) an evaluation of any changes in firearm-related crime pertaining to particular types of firearms manufactured by a firearm manufacturer or importer that is an active participant in the outreach effort under this subparagraph;

(V) the volume of forensic ballistics records compiled as a result of the mandatory forensic ballistics testing by participating firearm manufacturers and importers;

(VI) for each firearm manufacturer and firearm importer, the number of times a tracing request based on forensic ballistics analysis resulted in the identification of a firearm manufactured or imported by the firearm manufacturer or firearm importer; and

(VII) an evaluation of the manner in which the implementation of forensic ballistics testing affected the

volume of production or importation of firearms by participating firearm manufacturers and firearm importers.

(iv) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph, $38,306,000 for each of fiscal years 2002 through 2005, including funding for—

(I) installation of forensic ballistics equipment and bullet recovery equipment;

(II) establishment of regional centers for firearm testing;

(III) salaries and expenses of necessary personnel; and

(IV) research and evaluation.

(E) REPORT.—Not later than 1 year after the date of enactment of this paragraph, the Attorney General and the Secretary of the Treasury shall submit to the Committees on Appropriations of the House of Representatives and the Senate a report, which shall include an analysis of—

(i) the capacity to provide the online access required under subparagraph

(B)(ii), and the process by which the on-line access will be implemented; and

(ii) any future technical or legal changes that may be required to make on-line access available, including estimates of the costs of making those changes.

Subtitle F—Miscellaneous

SEC. 11501. STUDY OF MARKETING PRACTICES OF THE FIREARMS INDUSTRY.

(a) IN GENERAL.—The Federal Trade Commission and the Attorney General shall jointly conduct a study of the marketing practices of the firearms industry, with respect to minors.

(b) ISSUES EXAMINED.—In conducting the study under subsection (a), the Commission and the Attorney General shall examine the extent to which the firearms industry advertises and promotes its products to minors, including in media outlets in which minors comprise a substantial percentage of the audience.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission and the Attorney General shall submit to Congress a report on the study conducted under subsection (a).

SEC. 11502. REGULATION OF INTERNET FIREARMS TRANSFERS.

(a) PROHIBITIONS.—Section 922 of title 18, United States Code (as amended by section 11101), is amended by inserting after subsection (z) the following:

"(aa) REGULATION OF INTERNET FIREARMS TRANSFERS.—

"(1) IN GENERAL.—It shall be unlawful for any person to operate an Internet website, if a purpose of the website is to offer 1 or more firearms for sale or exchange, or is to otherwise facilitate the sale or exchange of 1 or more firearms posted or listed on the website, unless—

"(A) the person is licensed as a manufacturer, importer, or dealer under section 923;

"(B) the person notifies the Secretary of the Internet address of the website, and any other information concerning the website as the Secretary may require by regulation; and

"(C) if any firearm posted or listed for sale or exchange on the website is not from the business inventory or personal collection of that person—

"(i) the person, as a term or condition for posting or listing the firearm for sale or exchange on the website on behalf of a

prospective transferor, requires that, in the event of any agreement to sell or exchange the firearm pursuant to that posting or listing, the firearm be transferred to that person for disposition in accordance with clause (iii);

''(ii) the person prohibits the posting or listing on the website of any information (including any name, nickname, telephone number, address, or electronic mail address) that is reasonably likely to enable the prospective transferor and prospective transferee to contact one another directly prior to the shipment of the firearm to that person under clause (i), except that this clause does not include any information relating solely to the manufacturer, importer, model, caliber, gauge, physical attributes, operation, performance, or price of the firearm; and

''(iii) with respect to each firearm received from a prospective transferor under clause (i), the person—

''(I) enters such information about the firearm as the Secretary

may require by regulation into a separate bound record;

"(II) in transferring the firearm to any transferee, complies with the requirements of this chapter as if the firearm were being transferred from the business inventory of that person; and

"(III) if the prospective transferor does not provide the person with a certified copy of a valid firearms license issued to the prospective transferor under this chapter, submits to the Secretary a report of the transfer or other disposition of the firearm on a form specified by the Secretary, which report shall not include the name of, or any other identifying information relating to, the transferor.

"(2) TRANSFERS BY PERSONS OTHER THAN LICENSEES.—It shall be unlawful for any person who is not licensed under section 923 to transfer a firearm pursuant to a posting or listing of the firearm for sale or exchange on an Internet website de-

scribed in paragraph (1) to any person other than the operator of the website.''.

(b) PENALTIES.—Section 924(a) of title 18, United States Code (as amended by section 11001), is amended by adding at the end the following:

''(9) Whoever willfully violates section 922(aa)(2) shall be fined under this title, imprisoned not more than 2 years, or both.''.

SEC. 11503. REDUCTION OF GUN TRAFFICKING.

(a) PROHIBITION AGAINST MULTIPLE HANDGUN SALES OR PURCHASES.—Section 922 of title 18, United States Code (as amended by sections 11101 and 11502), is amended by inserting after subsection (aa) the following:

''(bb) PROHIBITION AGAINST MULTIPLE HANDGUN SALES OR PURCHASES.—

''(1) IN GENERAL.—It shall be unlawful for any licensed dealer—

''(A) during any 30-day period, to sell 2 or more handguns to an individual who is not licensed under section 923; or

''(B) to sell a handgun to an individual who is not licensed under section 923 and who purchased a handgun during the 30-day period ending on the date of the sale.

"(2) TIME LIMITATION.—It shall be unlawful for any individual who is not licensed under section 923 to purchase 2 or more handguns during any 30-day period.

"(3) EXCHANGES.—Paragraph (1) does not apply to an exchange of 1 handgun for 1 handgun.".

(b) PENALTIES.—Section 924(a)(2) of title 18, United States Code, is amended by striking "or (o)" and inserting "(o), or (bb)".

(c) DEADLINES FOR DESTRUCTION OF RECORDS RELATED TO CERTAIN FIREARMS TRANSFERS.—

(1) HANDGUN TRANSFERS SUBJECT TO THE WAITING PERIOD.—Section 922(s)(6)(B)(i) of title 18, United States Code, is amended by striking "20 business days" and inserting "35 calendar days".

(2) FIREARMS TRANSFERS SUBJECT TO INSTANT CHECK.—Section 922(t)(2)(C) of title 18, United States Code, is amended by inserting "not later than 35 calendar days after the date the system provides the licensee with the number," before "destroy".

(d) REVISED DEFINITION.—Section 921(a)(21)(C) of title 18, United States Code, is amended by inserting ", except that such term shall include any person who trans-

fers more than 1 handgun in any 30-day period to a person who is not a licensed dealer'' before the semicolon.

TITLE XII—MISCELLANEOUS

SEC. 12001. ADVISORY COMMITTEE ON PRIVATE SECTOR SUPPORT FOR CHILDREN AND FAMILIES.

(a) ESTABLISHMENT.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish an advisory committee to be known as the ''Advisory Committee on Private Sector Support for Children and Families'' (in this section referred to as the ''Committee'') that shall review, highlight and promote the private sector policies and practices that will best create family-friendly workplaces and allow parents to succeed at work and at home.

(b) DUTIES.—The Committee shall—

(1) solicit advice and recommendations concerning employer and community efforts that are designed to assist parents caring for their children and ensure that every child residing in the United States has a healthy start, a head start, a fair start, and a safe start in life and successful passage to adulthood;

(2) review and consider the full range of private sector family-centered efforts, including flexibility in

the workplace, family and medical leave policies, employer sponsored health care and child care services, parent support centers, and literacy training; and

(3) prepare and submit the report required under subsection (d).

(c) MEMBERSHIP.—The Committee shall—

(1) be appointed by the Secretary in consultation with the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Education; and

(2) consist of representatives of children and family advocates, business groups, labor organizations, faith-based institutions, and charitable foundations.

(d) REPORT.—

(1) SECRETARY.—Not later than 18 months after the date of enactment of this Act, the Committee shall submit to the Secretary a report that contains the Committee's findings and recommendations resulting from carrying out the duties required under subsection (b), together with recommendations for such legislation and administrative actions as the Committee considers appropriate.

(2) CONGRESS.—The Secretary shall transmit copies of the report to the Committee on Health,

Education, Labor, and Pensions and the Committee on Finance of the Senate and the Committee on Education and the Workforce, the Committee on Energy and Commerce, and the Committee on Ways and Means of the House of Representatives.

SEC. 12002. IMPROVEMENT OF DATA COLLECTION AND REPORTING REGARDING CHILDREN AND FAMILIES.

(a) REPORT ON ECONOMIC WELL-BEING OF CURRENT AND FORMER TANF FAMILIES.—

(1) ANNUAL REPORT TO CONGRESS.—Section 411(b) of the Social Security Act (42 U.S.C. 611(b)) is amended—

(A) in paragraph (3), by striking ''and'' at the end;

(B) in paragraph (4), by striking the period and inserting ''; and''; and

(C) by adding at the end the following new paragraph:

''(5) the economic well-being of children and families receiving assistance under the State programs funded under this part and of children and families that have ceased to receive such assistance, using longitudinal matched data gathered from federally supported programs, and including State-by-

State data that details the distribution of earnings and stability of employment of such families and (to the extent feasible) describes, with respect to such families, the distribution of income from known sources (including employer-reported wages, assistance under the State program funded under this part, and benefits under the food stamp program), the ratio of such families' income to the poverty line, and the extent to which such families receive or received noncash benefits and child care assistance.''.

(2) CONFORMING AMENDMENTS.—Section 411(a) of the Social Security Act (42 U.S.C. 611(a)) is amended—

(A) by redesignating paragraph (7) as paragraph (8); and

(B) by inserting after paragraph (6), the following new paragraph:

''(7) REPORT ON ECONOMIC WELL-BEING OF CURRENT AND FORMER RECIPIENTS.—The report required by paragraph (1) for a fiscal quarter shall include for that quarter such information as the Secretary may specify in order for the Secretary to include in the annual reports to Congress required under subsection (b) the information described in paragraph (5) of that subsection.''.

(b) REPORT ON DATA FROM STATE STUDIES REGARDING FORMER TANF AND FOOD STAMP RECIPIENTS.—Section 413 of the Social Security Act (42 U.S.C. 613) is amended by adding at the end the following new subsection:

''(k) REPORT ON STATUS OF FORMER RECIPIENTS OF ASSISTANCE AND FOOD STAMP BENEFITS.—Not later than 6 months after the date of enactment of the Leave No Child Behind Act of 2001, the Secretary shall compile and report to Congress data from existing State-level studies funded (in whole or in part) by the Secretary on the extent of employment, receipt of non-cash benefits, occurrence of extreme poverty, and hardship among previous recipients of assistance under the State program funded under this part and benefits under the food stamp program.''.

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