

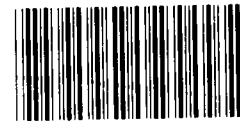
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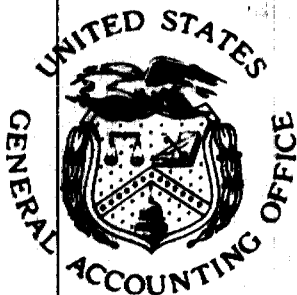
# General Accounting Office

## A Summary And Comparison Of The Legislative Provisions Of The Block Grants Created By The 1981 Omnibus Budget Reconciliation Act

The 1981 Omnibus Budget Reconciliation Act created new block grants for giving States assistance in health, education, community and social services, community development, and energy programs. Since a thorough understanding of the legislation is preliminary to any studies of the grants themselves, GAO has prepared a summary of the block grant provisions in less technical language and tables comparing their most significant features. The summaries and tables highlight key provisions of the enabling legislation, which is also reprinted here, and should be of interest to auditors, evaluators, and others in both public and private sectors who need an overview of the legislation.



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ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
CDBG	Community Development Block Grant
CG	U.S. Comptroller General
<u>Conference Report</u>	<u>U.S. Congress, House of Representatives, Omnibus Budget Reconciliation Act of 1981. Conference Report 97-208, Book 2 (Washington, D.C.: U.S. Government Printing Office, 1981).</u>
Cong.	The U.S. Congress
FY	Fiscal year
GAO	U.S. General Accounting Office
HHS	U.S. Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
Pub. L. No.	Public law number
sec.	Section, sections
Secy.	Secretary of Federal executive agency
Stat.	Statute
SSI	Supplemental Security Income
U.S.C.	United States Code



The General Characteristics of the Block Grants

Points of Comparison	Puerto Rico	Elementary and Secondary Education	Preventive Health and Health Services	Alcohol and Drug Abuse and Mental Health Services	Primary Care	Maternal and Child Health Services	Community Services	Social Services	Low-income Home Energy Assistance	Community Development (Small Cities)
Ultimate recipient of funds	Households	State and local education agencies	Preventive health programs, public health services	Community mental health centers; drug and alcohol programs	Community health centers	Maternal and child health programs; rehabilitation programs	Community action and private non-profit organizations	Social services	Households	General units of local government
Date funding is available	7/1/82	Ch. 1, 10/1/82; ch. 2, 7/1/82	10/1/81; State administration optional in FY82, required after FY82	10/1/81; State administration optional in FY82, required after FY82	FY83; State administration optional	10/1/81; State administration optional in FY82, required after FY82	10/1/81; State administration optional in FY82, required after FY82	10/1/81	10/1/81	10/1/81; State administration optional
Authorized funding by fiscal year	\$206.5 million FY82; \$825 million after FY82	Ch. 1, \$3.48 billion FY83, 84; ch. 1, \$5.83 billion FY82, 83, 84	\$95 million FY82; \$96.5 million FY83; \$98.5 million FY84	\$491 million FY82; \$511 million FY83; \$532 million FY84	\$303 million FY83; \$327 million FY84	\$373 million FY82 and after FY82	\$389 million FY82, 83, 84, 85, 86	\$2.4 billion FY82; \$2.45 billion FY83; \$2.5 billion FY84; \$2.6 billion FY85; \$2.7 billion FY86 and after	\$1.875 billion FY82, 83, 84	\$4.166 billion FY82, 83 (all CDBG activities)
Basis for \$ awards to States	Grantee's estimated expenses for food assistance and administrative costs up to specified maximum	Ch. 2 share based on no. school-aged children in State compared to national total; eligible for ch. 2 \$ only if Secy. determines that combined or aggregate FY effort is not less than 90% of 2nd preceding FY	\$ State received in FY81 for categorical programs; \$ for rape prevention based on State population	\$ received in FY81 for mental health programs and in FY80 for alcohol and drug abuse programs	\$ received in FY82 for community health centers	For FY82-83, \$ received in FY81 for consolidated programs; FY84 same as FY83 plus an increment based on State population	\$ received in FY81 under Economic Opportunity Act	State population	\$ received in FY81 under Home Energy Assistance Act	30% of CDBG allotment to be allocated across States as under earlier small cities discretionary grant program
Basis on which sub-State entities are eligible for \$	No criteria specified	Local education agency eligible only if State determines that its combined or aggregate FY effort is at least 90% of FY effort for ch. 1 \$ only if it agrees to give services comparable to those in other areas of its district not receiving Fed. \$; eligible for ch. 2 \$ based on enrollment for higher than average costs per pupil	Some entities that received FY81 \$ automatically eligible for FY82 \$	Community mental health centers that received FY81 \$ and meet statutory requirements eligible for FY82 \$	Community health centers that received FY82 \$ and meet statutory requirements eligible for FY83, 84 \$	No specific criteria	Community action organizations that received FY81 \$ and meet statutory requirements eligible for FY82 \$	No criteria specified	Households with incomes less than 150% of State poverty level or 60% of State median income or that receive SSI, AFDC, food stamps, or survivors' benefits	No criteria specified in this legislation; earlier legislation applies

Funding Provisions

Points of Comparison	Puerto Rico	Elementary and Secondary Education	Preventive Health and Health Services	Alcohol and Drug Abuse and Mental Health Services	Primary Care	Maternal and Child Health Services	Community Services	Social Services	Low-Income Home Energy Assistance	Community Development (Small Cities)
Funds earmarked for specific purposes or to be passed on to designated sub-State entities	No express role for sub-State entities	Local education agencies have discretion in spending ch. 2 \$	State must provide at least 75% of FY81 \$ in FY82 for hypertension, \$3 million available nationally each FY for rape prevention; no limits on how States give \$ to other programs	States to use substance abuse \$ in FY82 in same ratio as FY80 and FY81 base years; 95% of total FY83 and 85% of total FY84 \$ to go to mental and substance abuse programs; at least 35% of \$ received for substance abuse programs to go for drug programs and 35% for alcohol programs; 20% of substance abuse \$ to go to prevention	States to fund community health centers in FY83, 84 at levels proportionate to FY82 \$	Reasonable % of \$ to be spent on maternal and child health services	States in FY82 must give up to 90% of allotted \$ to community action agencies receiving FY81 \$ or to migrants' organizations; in FY83 and after, up to 90% of \$ to political subdivisions, migrants' and other organizations; FY82 requirement maintained in 1st FY83 continuing resolution	No provision	Not more than 15% of allotment for weatherization	No provision
Substitution of block grant \$ for non-Federal	No provision	Prohibited	Prohibited	Prohibited	No provision	No provision	No provision	No provision	No provision	No provision
State match required	No provision	No provision	No provision	No provision	20% of FY83, 33% of FY84 allotment	\$3 State for every \$4 Federal	No provision	No provision	No provision	10% of FY allotment
Required frequency of application	Annual	At least once in 3 years	Annual	Annual	Annual	Annual	Annual	No application required	Annual	Annual
Secretary's discretionary or special project \$	No provision	Up to 6% of ch. 2 allotted \$	No provision	Up to 1% of allotted \$ for retaining	No provision	15% of FY82 allotment; 10-15% of funds after FY82	9% of FY allotment	No provision	No provision	\$60 million from total CDBG funds
Transferability	No provision	No provision	Up to 7% to other health block grants	Up to 7% to other health block grants	No provision	No provision	Up to 5% to Older Americans Act, Head Start, or low-income energy	Up to 10% to other health or low-income energy grants	Up to 10% to community services, social services, or health block grants	No provision
Capling on State administrative costs funded	Up to 50% of Puerto Rico's administrative expenses	20% of ch. 2 allotment allowed for State costs, including administration	Up to 10% of allotment	Up to 10% of allotment	Allotments may not be used for administrative costs	Up to 7.5% of allotment (recommended by conferees)	Up to 5% of allotment	No provision	Up to 10% of allotment	Up to 2% of allotment

Federal and State Involvement in Program Operations

Points of Comparison	Puerto Rico	Elementary and Secondary Education	Preventive Health and Health Services	Alcohol and Drug Abuse and Mental Health Services	Primary Care	Maternal and Child Health Services	Community Services	Social Services	Low Income Home Energy Assistance	Community Development (Small Cities)
Specific technical assistance provisions	Secy. to provide as "practicable"	Secy. may provide to States and local educ. agencies to develop effective instruction programs. States may provide to State boards of educ. and local educ. agencies	Secy. may provide to States in planning and operations including developing standardized measures of quality and performance	Secy. may provide to States in planning and operations including developing standardized measures of quality and performance	No specific provision	States may purchase assistance in developing, implementing, or administering programs	Secy. to provide discretionary \$ can be used for assistance for rural housing through life of grant	States may contract for assistance in developing, implementing, administering programs	No specific provision	Secy.'s discretionary \$ can be used for grants to State and local governments for assistance; States must certify they will provide assistance as a condition of funding
Federal involvement in program administration (Secy. authorized to withhold funds in specific circumstances under all but Social Serv. ties)	Secy. may specify kinds of information to be reported in application; Secy. to approve or disapprove applications no later than 8/1 of year submitted; Secy. to review programs	Secy. may consult and give guidelines for planning, implementing, and evaluating; regulatory authority confined to Secy.'s duties, fiscal methods, and areas necessary to insure specific statutory compliance	Secy. can report and application form and contents but can not prescribe how States comply with application assurances; Secy. to report on State performance and can recommend legislative changes by 10/1/83; Secy. to report to Cong. by 6/30/82 on \$ distribution formulas; Secy. to investigate use of funds	Same as Preventive Health; Secy. must approve applications	Same as Preventive Health except Secy. to report to Cong. on State performance and can recommend legislative changes by 1/1/84; no provision for Secy. to report to Cong. on alternative distribution formulas; Secy. to approve applications	Same as Primary Care except that Secy. to report to Cong. on alternative distribution formulas; Secy. to report annually to Cong. on special project money use	Secy. can set report and application form but cannot prescribe how States comply with application assurances; Secy. to investigate use of funds	Secy. to report to Cong. on evaluation criteria within 1 year after passage	Secy. can set application form but not how States comply with application agreements; Secy. to collect data and report annually to Cong. on energy consumption	Secy. to approve application if it contains required assurances; Secy. to review or annually audit States distributions of \$ for timeliness and conformance with Act

Tear Sheet.

Evaluation, Auditing, and Reporting Requirements

Points of Comparison	Puerto Rico	Elementary and Secondary Education	Preventive Health and Health Services	Alcohol and Drug Abuse and Mental Health Services	Primary Care	Maternal and Child Health Services	Community Services	Social Services	Low Income Home Energy Assistance	Community Development (Small Cities)
Annual reports required from agencies	States but not Federal	No provision	Secy. reports to Cong. on 10/1/83; States report annually	Secy. reports to Cong. on 10/1/83; States report annually	Secy. reports to Cong. on 1/1/84; States report annually	Secy. reports to Cong. on 1/1/84; States report annually	States but not Federal	States but not Federal must report at least biennially	States and Federal	States but not Federal annually
Frequency of audits	Biennial	Biennial	Annual	Annual	Annual	Biennial	At least biennial	Biennial	Annual	At least biennial
Recipient of audit findings	Secy.	Secy.	Secy.	Secy.	Secy.	Secy.	Secy.; State legislature	Secy.; State legislature	Secy.; State legislature	Secy.
Evaluation requirements for agencies	Secy. to conduct reviews	Ch. 1 local educ. agencies evaluate program effectiveness with objective measures; ch. 2 States must evaluate program effectiveness as of FY84	States to set evaluation criteria on effectiveness of performance; results to be used to determine eligibility for funding	Same as Preventive Health	States to set reasonable criteria to evaluate fiscal, managerial, clinical, performance of centers	No formal evaluation requirements; States can use grant \$ for evaluations	No formal evaluation requirements; States to monitor performance	Secy. to report to Cong. in 1 yr. on standards States may use in evaluating program efficiency and effectiveness; States can use grant \$ for evaluations	No formal evaluation requirements; States to monitor performance	Secy. to conduct reviews; States to review subgrantee performance
GAO involvement in audits and evaluations	CG provided access to States' records when evaluating or reviewing use of funds	CG provided access to States' records when evaluating or reviewing use of funds	CG to evaluate States' expenditures; use of funds; to be consulted in setting annual report form and contents	Same as Preventive Health	Same as Preventive Health	CG to evaluate and review use of funds; be consulted on annual report form and contents and in developing \$ distribution formulas; conferees instruct CG to provide technical assistance on audits of efficiency and effectiveness	CG to audit expenditures and effectiveness of States in accomplishing legislative purposes	CG provided access to States' records when evaluating or reviewing use of funds	CG authorized to audit expenditures and effectiveness of States in accomplishing legislative purposes and investigating use of funds	CG provided access to States' records when auditing or reviewing use of funds

Public Participation and Accountability

Points of Comparison	Puerto Rico	Elementary and Secondary Education	Preventive Health and Health Services	Alcohol and Drug Abuse and Mental Health Services	Primary Care	Maternal and Child Health Services	Community Services	Social Services	Low Income Home Energy Assistance	Community Development (Small Cities)
Degree of State legislative involvement in administering block grants	No provision	No provision	State legislature must conduct annual hearings on proposed use and distribution of \$ starting in FY83	Same as Preventive Health	State legislature must conduct annual hearings on proposed use and distribution of \$ starting after the 1st FY in which \$ received	No provision	State legislature must conduct annual hearings on proposed use and distribution of \$ starting in FY83; audit reports must be sent to legislature	Audit reports must be sent to legislature	Audit reports must be sent to legislature; conferences encouraged; legislature to hold oversight hearings on program operations	No provision
Public accountability provisions	No provision	Ch. 1 local educ. agencies to design and implement programs in consultation with parents and teachers; ch. 2 governors to appoint State advisory committees; local educ. agencies to consult with parents, teachers, others; on program design and implementation and on \$ distribution	All reports and audits must be available to public; public comments to be solicited on application	Same as Preventive Health	Same as Preventive Health	Same as Preventive Health	Grants only to community action agencies with advisory boards having 1/3 public officials, 1/3 poor, and 1/3 representatives of civic organizations; plan must be available for public comment; public hearings required	Reports must be available for public comment	States must provide individuals whose applications are denied administrative hearings; public participation required in developing plans for \$ distribution; public hearings on plans	Planned-use reports must be circulated to facilitate public comment and public hearings required on them



SHORT DESCRIPTIONS OF THE BLOCK GRANTSGENERAL PROVISIONS APPLICABLE  
TO BLOCK GRANTS

Reference is made to Public Law 97-35, title XVII, subtitle C, chapter 2, sections 1741-45, 95 Stat. 762-64. Our reprint begins on page 50 in appendix III.

Provisions defining block grants

For the purposes of these general provisions, the term "block grant" applies only to programs authorized in the Omnibus Budget Reconciliation Act of 1981 that are intended to be used to any extent, at the discretion of State governments, for programs that were discontinued by the Reconciliation Act but that had been funded immediately before its enactment by Federal allotments to units of local government, other eligible entities, or both. The conference report indicates that this definition is not to apply to portions of funds, such as in the education program consolidation, that are paid to States with the requirement that they automatically be passed through to sub-State entities under a formula established by Federal law (sec. 1741, 95 Stat. 762-63; Conference Report, p. 922).

All these provisions would therefore appear to apply to the Community Services block grant. The Secretary of the U.S. Department of Health and Human Services has determined that, with the exception of the provision that gives the U.S. Comptroller General access to grantees' records, none of these provisions applies to the Title XX Social Services or Low-Income Home Energy Assistance block grants, since States, not local governments or sub-State entities, were the grantees under the grant programs that preceded them. The Primary Care and Maternal and Child Health Services block grants are specifically exempted from the general provisions. The Preventive Health and Health Services and the Alcohol and Drug Abuse and Mental Health Services grants are exempted from the general audit provisions. The Secretary of Education has determined that the audit provisions we describe below apply to chapter 2 of the Elementary and Secondary Education block grant and that the provision that gives the Comptroller General access to grantees' records applies to both chapters. The Office of Management and Budget has indicated that the U.S. Department of Housing and Urban Development will not apply the general provisions that relate to public participation, reports by grantees of their plans for use of block grant funds, transition, and audits to the Community Development (small cities) grant. In addition, in cases in which the general provisions do not apply, comparable provisions can in some instances be found in the enabling legislation of the individual block grants.

### Accountability provisions

Each State administering a block grant to which these general requirements apply must prepare a report on the proposed use of block grant funds it receives. The State's report must include

- a statement of goals and objectives;
- information on the types of activities supported, categories or characteristics of people served, and geographical areas served;
- criteria and methods established for the distribution of funds, including how need will be taken account of in allocating funds.

Beginning in fiscal year 1983, the report must include a description of how the State met goals, objectives, and needs in the previous fiscal year (sec. 1742(a), 95 Stat. 763). The report must be given timely publication in a manner that facilitates comments from interested local governments and individuals (sec. 1742(b), 95 Stat. 763).

No State may receive funds for a given fiscal year until it has conducted a public hearing, after adequate public notice, on the proposed use and distribution of those funds (sec. 1742(c), 95 Stat. 763).

The Comptroller General of the United States has access to records kept by States, other political subdivisions, and grantees for the purpose of evaluating and reviewing their use of block grant funds, consolidated assistance, or other grant programs established by the Act. Such records include books, accounts, records, correspondence, and other documents related to funds, assistance, and programs (sec. 1744, 95 Stat. 764).

### Transition provisions

Only in fiscal year 1982 and only for the block grants to which this provision applies, each State had to certify to the responsible Federal agency that it was in compliance with the accountability provisions and prepared to use all or part of the available block grant funds. Federal agencies were to continue to administer funds for the programs in question until they received this certification (sec. 1743, 95 Stat. 763-64).

### Auditing requirements

Each State administering a block grant to which this provision applies must conduct financial and compliance audits of block grant funds and other funds received under consolidated assistance programs (sec. 1745(a), 95 Stat. 764). The audits must



be conducted for the 2-year period beginning on October 1, 1981, and for every 2-year period thereafter (sec. 1745(b), 95 Stat. 764).

As far as practicable, they must be conducted according to the auditing standards established by the U.S. Comptroller General for programs, activities, organizations, and functions (sec. 1745(c), 95 Stat. 764).

The audits are to be conducted in lieu of audits of the same funds required by other sections of the Act unless those sections explicitly provide otherwise (sec. 1745(d), 95 Stat. 764).

### PUERTO RICO

Reference is made to section 19 of the Food Stamp Act of 1977 and the additions to it under Public Law 97-35, title I, subtitle A, part 1, sections 116-17, 95 Stat. 364-66. Our reprint begins on page 52 in appendix III.

### Purposes

The purpose of this block grant is to finance food assistance to the needy in the Commonwealth of Puerto Rico and the administrative expenses related to this assistance (sec. 19(a), 95 Stat. 364).

### Legislation affected

Section 19 is an addition to the Food Stamp Act of 1977 and became effective July 1, 1982 (sec. 116(a) of Pub. L. No. 97-35, 95 Stat. 364).

### Authorized funding

The program took effect in the last quarter of fiscal year 1982, with \$206.5 million authorized for that period (sec. 116(b) of Pub. L. No. 97-35, 95 Stat. 366). The authorization for each succeeding fiscal year is \$825 million (sec. 19(a), 95 Stat. 364).

### Other provisions related to funding

The authorized funds are to cover 100 percent of the Federal expenditures for food assistance for the needy in Puerto Rico (sec. 19(a)(1)(A), 95 Stat. 364). A "small proportion" of the funds may be used to finance projects likely to stimulate agriculture or food production or distribution if the projects will also increase the nutritional standards of needy citizens. The Commonwealth must be able to demonstrate that these projects relate directly to the nutritional status of the needy (Conference Report, pp. 656-57).

Administrative costs

The authorized funds are to cover 50 percent of the administrative costs related to the provision of assistance under this legislation (sec. 19(a)(1)(A), 95 Stat. 364).

Annual application provisions

To receive funds for fiscal years 1982 and 1983, the Commonwealth had to have applied for them by April 1, 1982 (sec. 116(b)(2), 95 Stat. 366). In subsequent fiscal years, the Commonwealth must apply for funds by July 1.

Applications must include

- a designation of the agency responsible for administering the grant;
- an assessment of the food and other nutritional needs of needy persons in the Commonwealth;
- a description of the program under which assistance will be given and the persons who will be given assistance;
- estimates of the expenditures that will be necessary for providing assistance and for related administrative expenses, up to the amount appropriated;
- other information that the Secretary of the U.S. Department of Agriculture may require (sec. 19(b)(1)(A), 95 Stat. 364-65).

The Secretary must approve or disapprove applications no later than August 1 of the year in which they are submitted. A plan that is disapproved because it does not conform to statutory provisions may have funding withheld from it until the Secretary is satisfied that it has been made to conform with the requirements (sec. 19(b)(1)(B)(i), 95 Stat. 365).

Reporting and evaluation requirements

The Commonwealth must report, within 120 days of the end of each fiscal year, whether payments received exceeded expenditures in that year (sec. 19(b)(2)(B), 95 Stat. 365).

The Commonwealth must also conduct a biennial audit of expenditures and report it to the Secretary of Agriculture within 120 days of the close of the fiscal year in which the audit is made (sec. 19(b)(2)(A), 95 Stat. 365).

The Secretary is to provide for the "review of programs" (sec. 19(c)(1), 95 Stat. 366).

Public accountability

There are no specific provisions for public comment on applications or reports or for legislative review of or hearings on reports or audits by the Commonwealth.

Technical assistance

The Secretary is authorized to provide technical assistance as the Secretary deems practicable (sec. 19(c)(2), 95 Stat. 366).

ELEMENTARY AND SECONDARY  
EDUCATION

Reference is made to the Education Consolidation and Improvement Act of 1981, Public Law 97-35, title V, subtitle D, chapters 1-3, sections 551-96, 95 Stat. 463-82. Our reprint begins on page 54 in appendix III.

Purpose

This block grant provides State and local education agencies with funds for meeting the special needs of educationally disadvantaged children (ch. 1, sec. 552-58, 95 Stat. 464-69) and for improving elementary and secondary education for children attending public and private schools (ch. 2, sec. 561-87, 95 Stat. 469-80). These are to be done in a way that eliminates burdensome paperwork and frees schools of unnecessary Federal supervision (sec. 552, 95 Stat. 464; sec. 561(a), 95 Stat. 469). Programs that can be funded include programs for

- acquiring equipment and materials; employing teachers, aides, and counselors; paying bonuses to teachers serving in project areas; training teachers; and constructing facilities that meet the needs of educationally deprived children (sec. 555(c), 95 Stat. 465);
- developing comprehensive State programs to improve instruction in basic skills in reading, mathematics, and oral and written communication that may include diagnosis and testing programs and teacher training (sec. 571-73, 95 Stat. 472-73);
- performing selected activities related to educational improvement and support services such as State leadership, emergency school aid, precollege science teacher training, and the Teacher Corps (sec. 576-77, 95 Stat. 473-74);
- conducting special projects related to community schools, gifted and talented children, educational proficiency, safe schools, and ethnic heritage (sec. 581-82, 95 Stat. 475-76).

Consolidated programs

Chapter 1 provides funding to State educational agencies on the basis of entitlements created by the following programs under title I of the Elementary and Secondary Education Act of 1965 in effect on September 30, 1982:

--Part A, "Programs Operated by Local Education Agencies," subparts 1, "Basic Grants," and 2, "Special Grants";

--Part B, "Programs Operated by State Agencies," including subparts 1-3, or programs for migratory children, handicapped children, and neglected and delinquent children, and subpart 4, "General Provisions for State Operated Programs" (sec. 554(a), 95 Stat. 464).

Chapter 2 provides funding under the following consolidated programs, as of July 1, 1982:

--titles II-VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965,

--the Alcohol and Drug Abuse Education Act,

--parts of title V of the Higher Education Act of 1965,

--the Follow Through Act (on a "phased basis"),

--provisions in the National Science Foundation Act of 1950 that relate to precollege teacher training, and

--the Career Education Incentive Act (sec. 561(a) and (b), 95 Stat. 469).

Authorized funding

Authorization for chapter 1 is \$3.48 billion for fiscal years 1983 and 1984 (tit. V, subtit. A, sec. 514(a), 95 Stat. 445).

Chapter 2 was authorized at \$589.368 million for each fiscal year from 1982 to 1984 (sec. 514(b), 95 Stat. 446; sec. 562, 95 Stat. 469-70).

Other provisions related to funding

Funds for chapters 1 (sec. 558, 95 Stat. 468) and 2 (sec. 585, 95 Stat. 477) are subject to general provisions that are similar:

--State and local agency effort must be maintained at up to 90 percent of the combined State and local fiscal

effort per student or 90 percent of the aggregate State and local expenditures that occurred in the first of the two preceding fiscal years;

--funds must be used to supplement, not supplant, non-Federal funding.

Funds under chapter 1 may be provided to a local education agency only if services comparable to the federally funded services will be provided to other areas within its district that do not receive Federal funds (sec. 558(c), 95 Stat. 468).

Chapter 2 contains the following provisions:

- Up to 6 percent of the funds appropriated are reserved for the Secretary of Education's discretionary fund and up to 1 percent is reserved for payments for American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands (sec. 563(a), 95 Stat. 470).
- The remaining funds are to be allocated to each State by the ratio of school-aged children (children aged 5-17) in the State to the total population of school-aged children in the Nation, and no State is to receive less than 0.5 percent of these funds (sec. 563, 95 Stat. 470).
- States must provide at least 80 percent of the funds they receive to local agencies, basing the calculation on the relative enrollments in public and private schools and adjusting it to provide higher per pupil allocations to agencies with larger percentages of students whose education imposes a higher-than-average cost per pupil (that is, students in low-income, economically depressed, or sparsely populated areas) (sec. 565, 95 Stat. 471).
- Local agencies have complete discretion, subject only to the provisions of chapter 2, in how they apportion funds among the different programs under the chapter (sec. 566(c), 95 Stat. 472).

#### Discretionary funding

Up to 6 percent of the chapter 2 funding is reserved for the Secretary's discretionary fund. The legislation specifies that the first programs to be given discretionary funds are

- the Inexpensive Book Distribution Program,
- selected programs under the Arts in Education Program, and
- programs formally covered by the Alcohol and Drug Abuse Education Act.

These programs are to be funded at least in amounts necessary to sustain the activities at the level of operations in fiscal year 1981 (sec. 583(b), 95 Stat. 477). The remaining funds are to be used to support programs in the following general categories:

- National Diffusion Network, an information exchange program on the effectiveness of projects to meet the special needs of educationally deprived children;
- research and demonstration projects on improvements in elementary and secondary education;
- teacher training;
- assistance to State and local education agencies to implement this block grant's programs (sec. 583(a), 95 Stat. 476).

#### Administrative costs

Chapter 2 authorizes the States to reserve up to 20 percent of the allotted funding for activities related to the allocation of funds to local education agencies and for planning, developing, implementing, and evaluating State programs assisted under the chapter (sec. 564(a), 95 Stat. 470-71).

#### Grant application provisions

For chapter 1, local education agencies must have on file with the State education agency an application describing the programs to be conducted with grant funds for a period not longer than 3 years. In the application, the local education agency must certify that the programs are

- based on an annual assessment of educational needs, selecting children who have the greatest need for special assistance;
- targeted toward areas with the highest concentration of children from low-income families;
- of sufficient size, scope, and quality reasonably to promise substantial progress toward meeting the children's needs; and
- to be evaluated for their effectiveness (sec. 556(b), 95 Stat. 466).

For chapter 2, the State can apply for funds for up to 3 fiscal years on each application. In it, the State must

- designate the State agency responsible for administering the programs,

- identify the planned distribution of funds across the different purposes of the chapter,
- agree to provide for public comment on these decisions,
- agree to evaluate the effectiveness of the programs annually, starting in fiscal year 1984 (sec. 564, 95 Stat. 470-71).

The local educational agencies can apply for funds for up to 3 fiscal years on each application (sec. 566(b), 95 Stat. 472).

#### Reporting and evaluation requirements

For chapter 1, State educational agencies must keep records and provide information to the Secretary of Education as required for fiscal audits and program evaluations. Local agencies are subject to the same provisions (sec. 555(d) and 556(a), 95 Stat. 465-66). An additional condition of their application for funding is that local agencies must agree to evaluate sponsored programs

"in terms of their effectiveness in achieving the goals set for them, and that such evaluations shall include objective measurements of educational achievement in basic skills and a determination of whether improved performance is sustained over a period of more than one year" (sec. 556(b)(4), 95 Stat. 466).

The conference report states that the specific, objective standards to be used are matters for State and local decisions and that national competency testing is not mandated (Conference Report, p. 748).

For chapter 2, State educational agencies are required to keep records and provide information to the Secretary as needed for fiscal audits and program evaluations (sec. 564(a)(6), 95 Stat. 471). Local agencies are subject to the same provisions (sec. 566(a)(3), 95 Stat. 472). In addition, State agencies must agree in their application for funding to begin conducting program effectiveness evaluations as of fiscal year 1984 (sec. 564(a)(5), 95 Stat. 471). The requirements for chapter 2 evaluations are not as specific as for chapter 1, and no mention is made of evaluation requirements for local agencies.

There are no statutory requirements for annual reports for either chapter.

#### Public accountability

Chapter 1 provides as a condition of funding that the local educational agencies must agree to design and implement programs

in consultation with parents and teachers (sec. 556(b)(3), 95 Stat. 466).

Chapter 2 provides that State educational agencies establish a process for active and continuing consultation with a governor-appointed advisory committee that will advise them on the distribution of the 20 percent of funds reserved for State use (sec. 564(a)(2), 95 Stat. 470). It also provides for timely publication of this information. A condition of their application for funding is that local agencies must agree to consult with parents, teachers, administrative personnel, and others in allocating funds and designing and implementing programs (sec. 566(a)(4), 95 Stat. 472).

### Technical assistance

For both chapters, the Secretary of Education may offer technical assistance, information, and guidelines to the States and local education agencies to promote the development and implementation of effective instructional programs (sec. 591(b), 95 Stat. 480).

For chapter 2, States may provide technical assistance to their State boards of education and local education agencies (sec. 572(a), 95 Stat. 472; Conference Report, p. 751).

### Federal regulations

The Secretary is prohibited from issuing regulations on planning, developing, implementing, and evaluating programs and projects unless the regulations would concern

- the discharge of the Secretary's specific duties;
- fiscal accounting methods and methods of making payment;
- areas deemed necessary to insure compliance with specific requirements and assurances of the Act (sec. 591(a), 95 Stat. 480).

### PREVENTIVE HEALTH AND HEALTH SERVICES

Reference is made to title XIX, part A, sections 1901-09, of the Public Health Service Act and the additions to it under Public Law 97-35, title IX, subtitle A, section 901, 95 Stat. 535-43. Our reprint begins on page 63 in appendix III.

### Purpose

This block grant provides States with funds for a variety of public health and preventive health services for individuals and families. Funds can be used for the following purposes:



- comprehensive public health services;
- community-based programs for demonstrating and evaluating optimal methods of delivering services to defined populations and to risk-reduction and education programs;
- programs to deter smoking and the use of alcoholic beverages among children and adolescents;
- establishing and maintaining health programs to detect and prevent hypertension;
- planning, establishing, or improving systems of emergency medical services (excluding payments for the costs of operating and purchasing equipment);
- rodent control programs;
- community and school-based fluoridation programs;
- demonstrating how to establish home health agencies in areas not presently served by them but not for providing their services directly;
- services to rape victims and for rape prevention (sec. 1904, 95 Stat. 537-38).

#### Legislation affected

Section 901 creates a new title XIX under the Public Health Service Act, in which part A, sections 1901-09, constitutes the Preventive Health and Health Services Block Grant (95 Stat. 535-43).

#### Authorized funding

Appropriations are authorized at \$95.0 million for fiscal year 1982, \$96.5 million for fiscal 1983, and \$98.5 million for fiscal 1984 (sec. 1901(a), 95 Stat. 535).

#### Other provisions related to funding

Block grant funds are to be distributed among the States in the same proportions as they received them in fiscal year 1981 for the categorical programs that preceded this legislation (except for rape prevention) (sec. 1902(a)(1), 95 Stat. 535).

States applying for funds for fiscal year 1982 had to continue to fund in that year all entities receiving grants or contracts under sections 1202-04 of the Public Health Service Act in fiscal year 1981, unless a special exemption was granted (sec. 1905(c)(2), 95 Stat. 539). States applying for funds must

also agree to make grants to the following programs in the amounts shown:

--for hypertension programs, at least 75 percent of fiscal 1981 funds in fiscal 1982, 70 percent in fiscal 1983, and 60 percent in fiscal 1984 (sec. 1905(c)(4), 95 Stat. 539; Conference Report, p. 972);

--for rape prevention, an allocation determined according to State population of a total of at least \$3.0 million as authorized for each fiscal year (sec. 1901(b), 95 Stat. 535; 1902(b), 95 Stat. 536; 1904(a)(2), 95 Stat. 538).

The States are generally free to distribute funds across the remaining programs as they choose.

Tribal organizations within the States can request the Secretary of the U.S. Department of Health and Human Services (HHS) to withhold a percentage of funds equal to the ratio of the amount the tribe was allotted in fiscal year 1981 to the total amount allotted to the State in that year. The funds are to be paid directly to the tribal organization (sec. 1902(d), 95 Stat. 536).

In applying for funds, the States must agree to use them to supplement State or local spending and not to supplant it (sec. 1905(c)(7), 95 Stat. 539).

The Secretary of HHS had to submit to the Congress by June 30, 1982, a report that establishes the criteria for the equitable distribution of block grant funds available for allotment, taking into account the financial resources of the States, their populations, and other appropriate factors (sec. 1902(e), 95 Stat. 536-37).

#### Transferability of funds

No State may transfer more than 7 percent of its allocated funds to the three other health-related block grants established by the statute (sec. 1904(c), 95 Stat. 538).

#### Administrative costs

No more than 10 percent of block grant funds may be used for administrative costs (sec. 1904(d), 95 Stat. 538).

#### Transition provisions

States were allowed to take over the administration of this block grant as early as October 1, 1981, but not later than October 1, 1982. HHS administered the programs during fiscal year 1982 until the States elected to do so.

### Annual application provisions

States must make annual application to the Secretary and must certify that they will

- establish reasonable criteria for evaluating the effectiveness of the performance of entities that receive funds and establish procedures for independently reviewing the States' failure to provide funds to such entities;
- identify the populations and areas needing to have services funded under the block grant;
- have in effect a system for protecting the records of patients and the victims of rape from inappropriate disclosure;
- make an equitable geographic distribution of funds (sec. 1905(c), 95 Stat. 539; Conference Report, p. 972).

The Secretary cannot prescribe the manner in which States comply with these application assurances but can prescribe the application's form and contents (sec. 1905(a) and (c), 95 Stat. 538-39).

### Reporting and evaluation requirements

States must submit to the Secretary an annual report on activities and expenditures. The form and contents of each report, to be determined by the Secretary in consultation with the States and the U.S. Comptroller General, are to contain the information that is necessary to determine how funds were spent, what State activities were supported, who received the funds, and the purposes for which funds were spent, with indications of whether these were consistent with the needs the State identified in its application and whether progress was made toward achieving them (sec. 1906(a)(1), 95 Stat. 540; sec. 1742, 95 Stat. 763). In determining what information the States must include in their annual reports, the Secretary may not establish burdensome reporting requirements (sec. 1906(a)(2), 95 Stat. 540).

States must conduct annual independent audits of their expenditures that are, as far as practical, in accordance with the U.S. Comptroller General's standards for auditing governmental organizations, programs, activities, and functions and transmit them to the Secretary of HHS within 30 days of their completion (sec. 1906(b)(2), 95 Stat. 540). The States must also establish criteria for evaluating the performance of entities receiving funds, and the evaluations that are conducted according to these criteria are to be used as the basis of a State's decision to

continue or terminate funding to those entities in future fiscal years (sec. 1905(c)(2) and (e), 95 Stat. 539-40).

The Secretary of HHS is to conduct in each fiscal year investigations of how several States use the funds they receive (sec. 1907(b)(1), 95 Stat. 541). The Secretary must also submit, not later than October 1, 1983, a report to the Congress on the activities of the States that have received funds and may suggest appropriate changes in the legislation (sec. 1906(b)(6), 95 Stat. 541).

The U.S. Comptroller General is to evaluate expenditures by the States from time to time and to conduct investigations of their use of funds (sec. 1906(b)(5) and 1907(b)(2), 95 Stat. 541). In conducting investigations, neither the Comptroller General nor the Secretary may request any information from a State that is not readily available to the State or the entity receiving funds nor may they request that the information be transmitted in a form that is not readily available (sec. 1907(d)(1), 95 Stat. 541-42).

#### Public accountability

Starting in fiscal year 1983, the State legislature must hold public hearings on the proposed use and distribution of funds. Other public hearings are also required under the general provisions as described on pages 7-8 (sec. 1905(b), 95 Stat. 539; sec. 1742(c), 95 Stat. 763). States must also publish and solicit public comment on their applications for funding (sec. 1905(d), 95 Stat. 539-40), and all the reports and audits they are required to make must be made available within the State for public inspection (sec. 1906(b)(4), 95 Stat. 541).

#### Technical assistance

The Secretary of HHS may provide technical assistance to States in planning and operating their program activities (sec. 1904(a)(3), 95 Stat. 538).

#### Limits on funding

States may not use funds they receive to pay for

- providing in-patient services;
- making cash payments to recipients of health services;
- purchasing or improving land, constructing or permanently improving buildings, or purchasing major medical equipment;
- satisfying requirements for the expenditure of non-Federal funds as a condition of receiving Federal funds;

--providing financial assistance to any entity other than a public or private nonprofit entity (sec. 1904(b), 95 Stat. 538).

Under certain circumstances, the Secretary may waive the restrictions on the purchase or improvement of land.

#### ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES

Reference is made to title XIX, part B, sections 1911-20, of the Public Health Service Act and the additions to it under Public Law 97-35, title IX, subtitle B, section 901, 95 Stat. 543-52. Our reprint begins on page 67 in appendix III.

#### Purpose

This block grant provides funds to States to establish and maintain programs that combat alcohol and drug abuse, that care for the mentally ill, and that promote mental health with the following activities:

- planning, establishing, maintaining, coordinating, and evaluating programs for the development of effective prevention, treatment, and rehabilitation programs and activities to deal with alcohol and drug abuse;
- providing services through community mental health centers for people who are chronically mentally ill (including identifying them and assisting them in gaining access to essential services), severely mentally disturbed children and adolescents and mentally ill elderly (including identifying them and assessing their needs), and identifiable populations currently underserved in the States;
- coordinating mental health and health care services provided within health care centers (sec. 1914(a)(1), 95 Stat. 545-46).

#### Legislation affected

Part B, sections 1911-20, of the newly created title XIX of the Public Health Service Act constitutes the Alcohol and Drug Abuse and Mental Health Services Block Grant (sec. 1912 (b)(2), 95 Stat. 543; sec. 902 of Pub. L. No. 97-35, 95 Stat. 559-60).

#### Authorized funding

Appropriations are authorized at \$491 million for fiscal year 1982, \$511 million for fiscal 1983, and \$532 million for fiscal 1984 (sec. 1911, 95 Stat. 543).

Other provisions related  
to funding

Up to 1 percent of the authorized funds may be set aside by the Secretary of HHS for grants to public and private nonprofit entities for training and retraining employees affected adversely by changes in mental health services and for helping them secure employment (sec. 1912(a), 95 Stat. 543).

Upon the request of tribal organizations, the Secretary may also reserve a percentage of funds from a State's allocation equal to the ratio of the amount allotted to a tribe in fiscal year 1980 to the total amount allotted to the State in that year, with this money to be paid directly to the tribal organization (sec. 1912(c), 95 Stat. 544).

Funds are to be distributed among the States for mental health programs in the same ratio as in fiscal year 1981 and for alcohol and drug abuse programs in the same ratio as in fiscal 1980 (sec. 1912(b), 95 Stat. 543).

To apply for funds, States must use their fiscal year 1982 allotments to support mental health and substance abuse services proportionally to their use of Federal funds for these services in the relevant base years. For fiscal year 1983, the States must agree to use 95 percent of the total allotment for mental health and alcohol and drug abuse programs; this changes to 85 percent for fiscal 1984 (sec. 1915(c)(6), 95 Stat. 547-48; Conference Report, pp. 818-19). States must also certify in their applications that at least 35 percent of the funds will go to alcohol abuse programs, that at least 35 percent will go to drug abuse programs, and that at least 20 percent of the total amount to be used on substance abuse services will be spent on prevention programs (sec. 1915(c)(7) and (8), 95 Stat. 548).

To have received funds in fiscal year 1982 and to receive them in fiscal 1983 and 1984, a State must have agreed to make grants to every community mental health center within the State that received a grant in fiscal 1981 under the Community Mental Health Centers Act and that would have been eligible for a grant under that Act in fiscal year 1982 (sec. 1915(c)(2), 95 Stat. 546-47).

The States must also certify in their applications that they will make grants only to community mental health centers that meet the following criteria. They must

- treat patients regardless of their ability to pay,
- be easily accessible,
- provide out-patient services,

- have 24-hour emergency care services,
- provide day treatment or partial hospitalization,
- screen patients for admission to State mental health facilities, and
- offer consultation and education services (sec. 1915 (c)(3) and (4), 95 Stat. 547).

Finally, the States must certify that they will use Federal funds to supplement State and local governmental spending, not to supplant it (sec. 1915(c)(11), 95 Stat. 548).

#### Transferability of funds

Up to 7 percent of the allocated funds may be transferred to the three other health-related block grants established by the statute (sec. 1914(c), 95 Stat. 546).

#### Administrative costs

Up to 10 percent of the funds allocated to a State may be used for the State's administrative expenses (sec. 1914(d), 95 Stat. 546).

#### Transition provisions

The States were allowed to take over administration of the block grant as early as October 1, 1981, and had to have taken it over by October 1, 1982. HHS was to administer programs during fiscal 1982 until the States elected to administer them (sec. 1920, 95 Stat. 552).

#### Annual application provisions

The States must certify that they will establish reasonable criteria to evaluate the effective performance of entities they grant funds to under this part and that they will conduct independent State reviews when they fail to provide funds for any such entity. They must grant funds only to community mental health centers that are eligible for them. They must identify populations with a need for services, have in effect a system to protect patients' records from inappropriate disclosure, and describe the programs, activities, and services to be provided. Their geographic distribution of funds must be equitable (sec. 1915(c), 95 Stat. 546-49; Conference Report, p. 821).

Grants will be made only to States whose applications have been submitted to and approved by the Secretary of HHS. The Secretary may specify the form and contents of the applications but may not prescribe the manner in which States are to comply with

application assurances (sec. 1912(a)(2), 95 Stat. 543; 1915(c), 95 Stat. 549).

Reporting and evaluation requirements

The States must submit to the Secretary of HHS an annual report on activities whose form and contents are to be determined by the Secretary in consultation with the States and the U.S. Comptroller General. It is to contain the information that is necessary to determine how funds were spent, what activities were supported, and who received the funds and a statement of the purposes for which funds were spent, whether they were consistent with needs identified in the application, and whether progress was made toward them (sec. 1916(a)(1), 95 Stat. 549; sec. 1742, 95 Stat. 763). In determining what information the States are to include in their annual reports, the Secretary may not establish burdensome reporting requirements (sec. 1916(a)(2), 95 Stat. 549).

The States must conduct annual independent audits of their expenditures that accord as far as practical with the U.S. Comptroller General's standards for auditing governmental organizations, programs, activities, and functions and transmit them to the Secretary within 30 days of their completion (sec. 1916(b)(2), 95 Stat. 550). The States must also establish criteria for evaluating funded entities and use them when deciding whether to continue or terminate funding in future fiscal years (sec. 1915(c)(5) and (e), 95 Stat. 547, 549).

Not later than October 1, 1983, the Secretary of HHS must submit a report to the Congress on the activities of the States that received funds and may suggest appropriate changes in the legislation (sec. 1916(b)(6), 95 Stat. 550).

The Secretary is to conduct in each fiscal year investigations of the use several States have made of funds they have received (sec. 1917(b)(1), 95 Stat. 551). The U.S. Comptroller General is to evaluate expenditures by the States from time to time and conduct investigations of their use of funds (sec. 1916(b)(5) and 1917(b)(2), 95 Stat. 550-51). In conducting investigations of the States' use of funds, neither the Secretary nor the Comptroller General may request information that is not readily available to the States or entities receiving funds and they are not to request that information be submitted in a form that is not readily available (sec. 1917(d)(1), 95 Stat. 551).

Public accountability

Starting in fiscal year 1983, a State legislature must hold public hearings on the proposed use and distribution of funds.



Public hearings are also required under the general provisions as we described them on pages 7-8 (sec. 1915(b), 95 Stat. 546; sec. 1742, 95 Stat. 763). All reports and audits that a State is required to make must be available for public inspection within that State (sec. 1916(b)(4), 95 Stat. 550), and the State must publish and solicit public comments on the annual application for funding (sec. 1915(d), 95 Stat. 549).

#### Technical assistance

The legislation provides that the Secretary may give technical assistance to States in planning and operating their program activities, including developing standard measures of quality and performance for community mental health centers, personnel development, and in-service training for personnel serving the mentally ill (sec. 1914(a)(2), 95 Stat. 546; Conference Report, p. 820).

#### Limits on funding

States may not use the funds they receive to pay for

- providing in-patient services;
- making cash payments to recipients of health services;
- purchasing or improving land, constructing or permanently improving buildings, or purchasing major medical equipment;
- satisfying requirements for the expenditure of non-Federal funds as a condition of receiving Federal funds;
- providing financial assistance to any entity other than a public or private nonprofit entity (sec. 1914(b), 95 Stat. 546).

Under certain circumstances, the Secretary may waive the restrictions on the purchase or improvement of land.

#### PRIMARY CARE

Reference is made to title XIX, part C, sections 1921-32, of the Public Health Service Act and the additions to it under Public Law 97-35, title IX, subtitle A, section 901, 95 Stat. 552-59. Our reprint begins on page 72 in appendix III.

#### Purpose

This block grant is to provide funds beginning in fiscal year 1983 to assist States in providing primary health services to medically underserved populations.

Legislation affected

Part C, sections 1921-32, of the newly created title XIX of the Public Health Service Act, amending section 330 of the Act, was effective on October 1, 1982, and affects community health centers and primary care research and demonstrations (sec. 903 of Pub. L. No. 97-35, 95 Stat. 561).

Authorized funding

Appropriations are authorized at \$302.5 million for fiscal year 1983 and \$327.0 million for fiscal 1984 (sec. 1922, 95 Stat. 552).

Other provisions related to funding

Distribution of funds among the States for fiscal year 1983 will be in the same proportions as they received them in fiscal 1982 for community health centers (sec. 1924(a), 95 Stat. 553).

The Secretary of HHS may reserve a percentage of a State's allocated funds equal to the ratio of the amount granted to a tribe in fiscal year 1982 to the total amount allotted to the State in that year, if requested to do so by tribal organizations. Funds may be paid directly to a tribal organization (sec. 1924(b), 95 Stat. 553).

In their application for fiscal 1983 funds, States must agree to fund existing centers at levels comparable to funding they received in fiscal 1982, and the Secretary must approve terminations of funding to those centers (sec. 1926(a)(2), 95 Stat. 554).

States must also certify in their applications that they will use the remainder of fiscal 1983 funds for grants to community health centers that serve medically underserved populations; the same provision holds for fiscal 1984 (sec. 1926(a)(3), 95 Stat. 554-55).

In order to be eligible for funds, States must match 20 percent of fiscal 1983 and 33 percent of fiscal 1984 funds (sec. 1926(a)(4)(A), 95 Stat. 555).

Transferability of funds

The statute does not authorize the transfer of funds to other block grants.

Administrative costs

No allocations may be used for State administrative costs in fiscal years 1983 and 1984 (sec. 1926(a)(5), 95 Stat. 555),

but \$2.5 million (up to \$150,000 per State as approved by the Secretary) was authorized for fiscal 1982 for necessary planning and administrative activities (sec. 1921, 95 Stat. 552).

### Transition provisions

The Secretary of HHS was to continue to administer the primary care programs through fiscal year 1982 and is also to continue to fund community health centers directly in the States choosing not to receive block grant funds (sec. 1923, 95 Stat. 552-53).

### Annual application provisions

The States must agree to establish reasonable criteria for evaluating the fiscal, managerial, and clinical performance of community health centers. Each State must also provide assurances that it has the administrative ability to administer the grants, to determine the need medically underserved populations have for services, and to evaluate the performance of community health centers. Each State must agree, in its application for funds, to establish procedural and substantive independent review procedures related to its failure to provide or its reduction of funds to such centers (sec. 1927(c), 95 Stat. 556).

Applications have to be submitted to and approved by the Secretary of HHS in order for States to receive funds, and the Secretary may specify their form and contents (sec. 1927(a), 95 Stat. 556).

### Reporting and evaluation requirements

In consultation with the States and the U.S. Comptroller General, the Secretary of HHS is to determine the form and contents of a report the States must submit annually on how funds were spent, what State activities were supported, who received the funds, the purposes for which funds were spent, and whether progress was made toward achieving them (sec. 1928(a)(1), 95 Stat. 557). In determining what information the States must include in their annual reports, the Secretary may not establish burdensome reporting requirements (sec. 1928(a)(2), 95 Stat. 557).

The Secretary must also submit no later than January 1, 1984, a report to the Congress on the activities of the States that have received funds and may suggest appropriate changes in the legislation (sec. 1928(b)(6), 95 Stat. 557).

The States must conduct annual independent audits of their expenditures that accord as far as is practical with the U.S. Comptroller General's standards for auditing governmental organizations, programs, activities, and functions. A copy of the

audit has to be transmitted to the Secretary within 30 days of its completion (sec. 1928(b)(2), 95 Stat. 557).

The Secretary is required to conduct in each fiscal year investigations of several States' use of funds (sec. 1929(b)(1), 95 Stat. 558), and the Comptroller General is to evaluate States' expenditures from time to time and investigate their use of funds (sec. 1928(b)(5) and 1929(b)(2), 95 Stat. 557-58). In conducting these investigations, neither the Secretary nor the Comptroller General may request information that is not readily available to the States or entities being investigated, nor may they request that the information be transmitted in forms that are not readily available (sec. 1929(d)(1), 95 Stat. 558).

#### Public accountability

After the first fiscal year in which a State receives an allotment, the State legislature must hold public hearings on the proposed use and distribution of funds (sec. 1927(b); 95 Stat. 556), and all reports and audits the State is required to make must be made available for public inspection in that State (sec. 1928(b)(4), 95 Stat. 557). The annual application for funding is also to be published and public comment on it must be solicited (sec. 1927(d)(2), 95 Stat. 556-57).

#### Limits on funding

Funds States receive may not be used to pay for

- supplying in-patient services;
- making cash payments to recipients of health services;
- purchasing or improving land, constructing or permanently improving buildings, or purchasing major medical equipment;
- satisfying requirements for the expenditure of non-Federal funds as a condition of receiving Federal funds;
- providing financial assistance to any entity other than one that is public or private nonprofit (sec. 1926(b), 95 Stat. 555-56).

Under certain circumstances, the Secretary may waive the restrictions on the purchase and improvement of land.

#### MATERNAL AND CHILD HEALTH SERVICES

Reference is made to title V of the Social Security Act, sections 501-09, and the additions to it under Public Law 97-35,

title XXI, subtitle D, sections 2191-94, 95 Stat. 818-30. Our reprint begins on page 78 in appendix III with section 2192, omitting section 2191, which simply states that the name of subtitle D is the "Maternal and Child Health Services Block Grant Act."

### Purpose

The purpose of this grant is to

- assure mothers (especially those with low incomes) and their children access to maternal and child health services of good quality;
- reduce the rate of infant mortality, the incidence of preventable disease, and the need for in-patient and long-term care services and to increase the number of immunized children as well as to promote the good health of mothers and children through prevention and primary care services;
- provide rehabilitation services for people who are blind, disabled, and under age 16;
- provide medical, surgical, and corrective services and care and facilities for diagnosis, hospitalization, and aftercare for crippled children;
- enable the Secretary of HHS to provide for research, training, and special projects of regional and national significance with respect to the health of mothers and their children (sec. 501(a), 95 Stat. 818-19).

### Legislation affected

Sections 501-09, amending title V of the Social Security Act, consolidate

- services for the health of mothers and children, including crippled children,
- Supplemental Security Income for disabled children,
- programs preventing lead-based poisoning,
- programs for testing for genetic disease,
- Sudden Infant Death Syndrome programs,
- hemophilia treatment centers, and
- grants related to adolescent pregnancy (sec. 501(b)(1), 95 Stat. 819).

Authorized funding

The legislation authorizes \$373 million for each fiscal year beginning with fiscal 1982 (sec. 501(a)(4), 95 Stat. 819).

Other provisions related to funding

The Secretary was required to use 15 percent of the funds in fiscal year 1982 for special research projects and training; for subsequent fiscal years, the figure changes to 10-15 percent (sec. 502(a)(1), 95 Stat. 819). The conference report states that the Secretary is instructed to use these funds for the continuation of grants to public or private nonprofit institutions of higher learning for training personnel, to multi-State research centers for handicapped children, and to genetic disease and hemophilia diagnostic and treatment centers. The Secretary is also instructed to give special consideration to continuing existing genetic disease and hemophilia programs (Conference Report, p. 787).

The remainder of the funds were to be allotted in fiscal year 1982 in the same proportions as fiscal 1981 funds for the consolidated programs (excluding programs funded with the Secretary's special project money); the same proportion is also to be used for determining fiscal 1983 allotments (sec. 502(b)(1) and (2), 95 Stat. 820). For fiscal years 1984 and beyond, if the funds that are available exceed those in fiscal 1983, each State will receive the same amount as in fiscal 1983 and an increment based on the ratio of the number of the State's children in low-income families to the total number in the Nation (sec. 502(b)(2)(B)(ii), 95 Stat. 820).

To receive funds, a State must insure its use of a reasonable proportion of funding, which it is to base on previous funding patterns in the State, for each of several general activities:

- reducing infant mortality,
- reducing preventable diseases and handicapping conditions,
- providing rehabilitative services to blind and disabled children,
- increasing the assessment and provision of services to children in low-income families (sec. 505(2)(C)(ii), 95 Stat. 823).

Each State must match every four Federal dollars with three from other State sources (sec. 503(a), 95 Stat. 821; Conference Report, p. 788).

### Special project money

The Secretary's special project money is to be used for regionally and nationally significant grants, contracts, and the like for training and research, for funding genetic-disease testing, counseling, and information programs, and for supporting comprehensive diagnostic and treatment centers for hemophilia. The training funds should be used for training people to give health care and related services to mothers and children. Research projects should be focused on the health of mothers and children and on crippled children's services (sec. 502(a)(1) and (2), 95 Stat. 819-20).

### Transferability of funds

The statute does not authorize the transfer of funds to other block grants.

### Administrative costs

There is no statutory limit on the percentage of funds that can be used for administration, but the conference report indicates that the conferees intended States and local governments to hold administrative costs to 7.5 percent of total outlays and that the Secretary of HHS and the U.S. Comptroller General are to consider this the standard in their evaluations of State performance (Conference Report, p. 790).

### Transition provisions

The transition of programs was to be made from October 1, 1981, to October 1, 1982. During fiscal 1982, HHS was to administer the programs until the States elected to do so (sec. 2194 of Pub. L. No. 97-35, 95 Stat. 828). The administrative provisions require that, at the Federal level, the grant be administered by an HHS unit with expertise in maternal and child health services and with responsibility for the special project money, Federal coordination, technical assistance, and data collection (sec. 509(a), 95 Stat. 825-26), while at the State level State health departments are to operate the block grant (sec. 509(b), 95 Stat. 826).

### Annual application provisions

To be entitled to receive payments, a State must submit to the Secretary a statement of assurances that the State will, among other things,

- adhere to the legislative provisions described above;
- distribute funds fairly and apply guidelines for the appropriate frequency, contents, and follow-up of services;

--avoid duplication of effort by coordinating the State agency's administration of programs with related Federal grant programs;

--adjust fees to income and family size and not charge for services to low-income mothers (sec. 505, 95 Stat. 822-23).

The State also must submit a report describing the intended use of funds, the population identified as needing services, the State's goals in meeting those needs, the types of services to be provided, the categories of people to be served, and the kind of data the State intends to collect on funded activities (sec. 505(1), 95 Stat. 822).

The Secretary can make funds available only after approving States' applications, which are to have form and contents the Secretary specifies (sec. 502(a)(3), 95 Stat. 820).

#### Reporting and evaluation requirements

The Secretary was to consult with the U.S. Comptroller General and report to the Congress by June 30, 1982, on alternative formulas for allotting block grant funds to the States (sec. 509(b)(2), 95 Stat. 826). Thereafter, the Secretary is to report to the Congress by October 1, 1984, on the activities of States receiving block grant allotments, recommending appropriate changes in the legislation (sec. 509(b)(1), 95 Stat. 826), and also annually on the funding of special project activities (sec. 506(a)(2), 95 Stat. 824).

Each State is required to conduct an audit not less frequently than every 2 years through an independent agency and in conformance as far as possible with the Comptroller General's standards. The reports should be submitted to the Secretary within 30 days of their completion (sec. 506(b)(1), 95 Stat. 824).

The States must also submit to the Secretary an annual report on their activities. The form and contents are to be determined by the Secretary in consultation with the States and the U.S. Comptroller General, and the information is to be that which is necessary for determining how funds were spent, what State activities were supported, who received the funds, the purposes for which funds were spent, and whether progress was made toward achieving them (sec. 506(a)(1), 95 Stat. 823). In conducting an evaluation or a review of block grant programs, neither the Secretary nor the Comptroller General may request information in forms that are not readily available (sec. 506(d)(2), 95 Stat. 824).

#### Public accountability

No State legislative hearings on the proposed use of funds are required, but all reports and audits that a State is



required to make must be available for public inspection within the State (sec. 506(c), 95 Stat. 824). The annual application for funding must also be published and public comment on it must be solicited (sec. 505, 95 Stat. 823).

### Technical assistance

States needing technical assistance for developing, implementing, or administering programs may use a portion of their allotments to purchase it from public or private entities (sec. 504(c), 95 Stat. 822). The conferees instructed the U.S. Comptroller General to provide technical assistance in planning and carrying out audits of the economy, efficiency, and effectiveness of State programs (Conference Report, p. 793).

### Limits on funding

Payments States receive may not be used for

- providing in-patient services other than those provided to crippled children and to pregnant women and children highly susceptible to disease or disability;
- making cash payments to recipients of health services;
- purchasing or improving land, constructing or permanently improving buildings, or purchasing major medical equipment;
- satisfying requirements for the expenditure of non-Federal funds as a condition for receiving Federal funds;
- providing financial assistance to any entity other than one that is public or private nonprofit (sec. 504(b), 95 Stat. 821-22).

Under certain circumstances, the Secretary may waive the restrictions on the purchase or improvement of land.

### COMMUNITY SERVICES

Reference is made to the Community Services Block Grant Act, Public Law 97-35, title VI, subtitle B, sections 671-83, 95 Stat. 511-19. Our reprint begins with section 672 on page 84 in appendix III. Section 671 states only that the program may be cited as the "Community Services Block Grant Program."

### Purpose

To enable the States "to ameliorate the causes of poverty," this program supports

- services and activities having a measurable and potentially major effect on the causes of poverty in the

community or areas of the community where poverty is particularly a problem;

- activities designed to assist people who have low incomes (including the elderly poor) through services for employment, education, housing, emergency assistance, and the like;
- the provision of supplies and services to counteract emergency conditions of starvation and malnutrition;
- the coordination of government and other social service programs for effective service delivery; and
- the encouragement of private efforts to mitigate poverty (sec. 675(c), 95 Stat. 513-14).

#### Legislation affected

The Community Services Block Grant Act repeals all titles of the Economic Opportunity Act of 1964, except titles VIII and X, beginning October 1, 1981 (sec. 683(a), 95 Stat. 519).

#### Authorized funding

The Act authorizes \$389,375,000 for each of the fiscal years 1982-86 (sec. 672, 95 Stat. 511).

#### Other provisions related to funding

Payments of 0.5 percent of the total allotment may be made to American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands (sec. 674(b)(1), 95 Stat. 512). Up to 9 percent is reserved for the HHS Secretary's discretionary fund (sec. 681(b), 95 Stat. 518). The remainder is to be allocated to each State in a ratio calculated by dividing the amount of funds it received in fiscal year 1981 under the Economic Opportunity Act by the total amount all States received in fiscal 1981. No state can receive less than 0.25 percent of the total amount appropriated (sec. 674(a)(1), 95 Stat. 512).

When Indian tribes request that payments be made to them directly, the Secretary of HHS can reserve the necessary amount from the funds allocated to the State. The tribes are to receive a fraction of the State's allotment equal to the ratio of the number of eligible Indians in the State to the number of residents eligible for assistance in the State (sec. 674(c), 95 Stat. 512-13).

In applying for funds, States must agree to make grants of not less than 90 percent of the funds they received for fiscal

year 1982 to community action organizations or to programs or organizations serving seasonal or migrant workers. For fiscal 1983-86, they must agree to make grants of not less than 90 percent of the funds allocated to political subdivisions, private nonprofit community organizations, or organizations for migrant or seasonal farm workers (sec. 675(c)(2)(A), 95 Stat. 514). A provision of the first continuing resolution for fiscal year 1983 maintains the fiscal 1982 requirements (U.S. House of Representatives, Making Continuing Appropriations for the Fiscal Year Ending September 30, 1983, and for Other Purposes: Conference Report to Accompany H.J. Res. 599, Report No. 97-914 (Washington, D.C.: U.S. Government Printing Office, 1982)).

#### Discretionary funds

The funds the Secretary can reserve from the appropriations are to be used to support training projects and ongoing activities of national or regional significance that assist private local programs that sponsor low-income employment and business opportunities or that assist Rural Development Loan Fund loans and guarantees, community development credit unions, rural housing development, national or regional recreational programs, or migrants (sec. 681(a), 95 Stat. 518).

#### Administrative costs

To receive funds, the States must agree in their applications to spend for State administrative expenses no more than 5 percent of the funds they receive (sec. 675(c)(2)(B), 95 Stat. 514).

#### Transferability of funds

To receive funds, States must also agree to transfer no more than 5 percent of allotted funds to services under the Older Americans Act, Head Start, or the low-income energy assistance block grant (sec. 675(c)(5), 95 Stat. 515).

#### Annual application provisions

In their applications, the States must certify the following, among other things. They will use funds for the purposes specified. They will allot funds according to the provisions described above. In designating community action organizations for funding, they will give special consideration to programs currently receiving funds, provided that they meet State and local requirements, or to programs in areas where no community action organizations are currently operating and that have operations similar to those of agencies funded in previous fiscal years. The States must also prohibit funded private nonprofit agencies from engaging in political activities and from providing voters with rides to the polls (sec. 675(c), 95 Stat. 513-15).

In order to receive an allotment, a State must submit an application to the Secretary, who may specify its form (sec. 675(a), 95 Stat. 513) but not the manner in which States must comply with application assurances (sec. 675(c), 95 Stat. 515). However, the States must submit an annual plan that indicates how they propose to implement the application agreements (sec. 675(d), 95 Stat. 515).

#### Transition provisions

In fiscal year 1982, the States were able to choose to have the Secretary administer the block grant program through the Office of Community Services. They do not have this choice in any other fiscal year (sec. 682(a), 95 Stat. 518).

#### Reporting and evaluation requirements

The general reporting and auditing provisions we discussed on pages 7-8 apply to this block grant. Beyond that, the States must agree in their applications to establish fiscal control and accounting procedures, to monitor the assistance they provide, and to conduct audits of expenditures (sec. 675(c)(9), 95 Stat. 515; sec. 1742 and 1745, 95 Stat. 763-64). The audits must be conducted by an entity independent of the agency administering the program and must be in accordance with generally accepted audit principles (sec. 675(f), 95 Stat. 515-16).

The Secretary is to conduct investigations of several States in each fiscal year on their use of funds (sec. 679(b)(1), 95 Stat. 517). The U.S. Comptroller General must also evaluate the States' expenditures of grants and determine their effectiveness in accomplishing the purposes of the Act (sec. 675(h), 95 Stat. 516). In conducting an investigation, the Secretary may not request information not available to the States or in forms not readily available to them (sec. 679(d), 95 Stat. 517).

#### Public accountability

In applying for funds, States must certify that they will make grants only to community action organizations and private nonprofit groups that have advisory boards whose membership comprises one-third public officials, one-third people who are poor, and one-third representatives of community organizations (sec. 675(c)(3), 95 Stat. 514).

The plan a State's chief executive presents to the Secretary, specifying how the State will implement its application agreements, must be available for public inspection and comment (sec. 675(d)(2), 95 Stat. 515).

The independent audits of program expenditures must be submitted to the State legislatures and the Secretary of HHS

within 30 days of their completion (sec. 675(f), 95 Stat. 515-16).

No State is to receive further funding after the close of the first fiscal year in which it received funds unless the State legislature conducts public hearings on the proposed use and distribution of the next fiscal year's funds (sec. 675(b), 95 Stat. 513).

#### Technical assistance

The Secretary was authorized to provide assistance in fiscal year 1982 to the States as they required it in making program transitions (sec. 682(c), 95 Stat. 519). The Secretary's discretionary funds can be used to provide technical assistance in rural housing development throughout the term of the block grant (sec. 681(a), 95 Stat. 518).

#### Limits on funding

States may not use grants to purchase or improve land or to purchase, construct, or permanently improve buildings or facilities unless the Secretary waives this limitation in extraordinary circumstances (sec. 680, 95 Stat. 517).

#### TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

Reference is made to title XX, sections 2001-07, of the Social Security Act, and the additions to it under Public Law 97-35, title XXIII, subtitle C, sections 2351-55, 95 Stat. 867-74. Our reprint begins with section 2352 on page 89 in appendix III. Section 2351 states only that the full name of the title may be shortened to "Social Services Block Grants."

#### Purpose

These grants are to be used for giving States flexibility in using social service grants and for encouraging them to furnish services directed toward

- achieving or maintaining self-support through employment, training, referral, counseling, and day care services;
- achieving or maintaining self-sufficiency through family planning services, services related to the management and maintenance of the home, and the preparation and delivery of meals;
- preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests; preserving, rehabilitating, or reuniting families, including referral and counseling, health support, and other services meeting the needs of children, elderly,

mentally retarded, blind, emotionally disturbed, physically handicapped, alcoholics, and drug addicts; and providing protective services and foster care for adults and children;

- preventing or reducing inappropriate institutional care;
- securing referral or admission to institutional care when other forms of care are not appropriate or providing services to individuals in institutions (sec. 2001-02(a)(2) (A), 95 Stat. 867-68).

#### Legislation affected

This legislation amends title XX of the Social Security Act and became effective October 1, 1981 (sec. 2353-54 of Pub. L. No. 97-35, 95 Stat. 871-74).

#### Authorized funding

Funding is authorized for each fiscal year as follows: \$2.4 billion (1982), \$2.45 billion (1983), \$2.5 billion (1984), \$2.6 billion (1985), and \$2.7 billion (1986 and thereafter) (sec. 2003(c), 95 Stat. 869).

#### Other provisions related to funding

Funds will be allocated annually from the authorized amounts to Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands in a ratio calculated by dividing the amount allocated to each area in fiscal year 1981 by \$2.9 billion (sec. 2003(a), 95 Stat. 868-69). The remainder is to be allocated to the States by the ratio of each State's population to the total U.S. population on the first day of the third month of the previous fiscal year (sec. 2003(b), 95 Stat. 869).

The program is to be operated as an appropriated entitlement in which the Federal Government is expected to appropriate funds sufficient to meet all qualified State expenditures up to the amount of the State allotment (Conference Report, p. 991).

Unlike the Title XX program that preceded this one, there is no requirement that a specific percentage of funds go to welfare recipients or that services be limited to low-income families (Conference Report, p. 992).

#### Transferability of funds

A State may transfer up to 10 percent of its allotment to the four other health-related block grants created by this statute or low-income home energy assistance programs (sec. 2002(d), 95 Stat. 868).

Administrative costs

Funds may be used for administration (including planning and evaluation), personnel training and retraining, and conferences and workshops, but no specific percentage for how much may be spent is given in the legislation (sec. 2002(a)(2)(B), 95 Stat. 868).

Reporting and evaluation requirements

States must make an annual report to the Secretary of HHS before spending funds in a given fiscal year and include in it such information as the types of activity to be supported and the categories and characteristics of persons to be served (sec. 2004, 95 Stat. 869). The legislation does not give the Secretary a role either in determining the form or contents of this report or in approving the planned expenditures.

States must also report to the Secretary at least biennially with a description of the activities that have been supported and the purposes for which funds were spent with a determination of whether spending was consistent with activities outlined in the annual planned-use reports (sec. 2006(a), 95 Stat. 870). No formal evaluation requirements comparable to those in the four health-related block grants are specified in the legislation.

Each State must conduct an audit of its expenditures at least every 2 years through an entity independent of the agency administering the programs and in conformance with generally accepted auditing principles (sec. 2006(b), 95 Stat. 870).

The legislation requires the Secretary of HHS to report to the Congress one year after its enactment on (1) criteria and mechanisms that might be useful to the States in assessing the effectiveness and efficiency of programs conducted under title XX of the Social Security Act and (2) the use of incentive payments to reward States having "high performance" social service programs (sec. 2355 of Pub. L. No. 97-35, 95 Stat. 874).

Public accountability

Annual reports to the Secretary must be made public in a way that facilitates comment during a report's development and after its completion (sec. 2004, 95 Stat. 869). Biennial reports must be available for public inspection, and public agencies may comment on them to the Congress (sec. 2006(a), 95 Stat. 870).

Audits of State expenditures must be submitted to the Secretary and the State legislature within 30 days after their completion (sec. 2006(b), 95 Stat. 870).

Technical assistance

States may contract for technical assistance for developing, implementing, or administering programs. No limits on the percentage of funds are specified (sec. 2002(e), 95 Stat. 868).

Limits on funding

This block grant cannot be used to

- purchase land or construct or permanently improve facilities;
- make cash payments as a service or for subsistence or room and board other than for rehabilitation as an integral but subordinate part of a social service or temporary emergency shelter;
- pay wages;
- provide medical care other than for rehabilitation as an integral but subordinate part of a social service;
- provide social services through employees of hospitals, skilled-nursing facilities, intermediate-care facilities, or prisons;
- provide educational services that the State makes available without cost or regard to income;
- support day care in facilities not meeting Federal or State standards.

The Secretary may waive the restrictions on the purchase or improvement of land and on the provision of medical assistance in extraordinary circumstances (sec. 2005, 95 Stat. 869-70).

LOW-INCOME HOME ENERGY ASSISTANCE

Reference is made to the Low-Income Home Energy Assistance Act of 1981, Public Law 97-35, title XXVI, sections 2601-11, 95 Stat. 893-902. Our reprint begins with section 2602 on page 93 in appendix III, omitting section 2601, which names the Act.

Purpose

The purpose of this block grant is to provide funds to the States to assist eligible households in meeting the costs of home energy. Eligible households are those that have one or more members receiving Aid to Families with Dependent Children, Supplemental Security Income Payments, food stamps, or payments under the Veterans' or Survivors' Pension Improvement Act or have incomes less than 150 percent of a State's poverty level or



60 percent of the State's median income. Payments may be made directly to a household or, with sufficient and nonprejudicial notice, directly to energy suppliers on behalf of a household (sec. 2602, 95 Stat. 893-94; sec. 2605(b)(2), Stat. 896-97).

#### Legislation affected

This Act repeals the Home Energy Assistance Act of 1980 beginning October 1, 1981 (sec. 2611, 95 Stat. 902).

#### Authorized funding

The Act authorizes \$1.875 billion in each fiscal year 1982-84 (sec. 2602(b), 95 Stat. 894).

#### Other provisions related to funding

Between 0.1 percent and 0.5 percent of the allotted funds is reserved for energy assistance in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, the Trust Territory of the Pacific Islands, and the Virgin Islands (sec. 2604(b), 95 Stat. 895).

The remainder is to be allotted to the States in amounts equal to a ratio of the amount a State was eligible to receive in fiscal year 1981 under the Home Energy Assistance Act to the total amount available in fiscal year 1981 (sec. 2604(a)(2)(A), 95 Stat. 894).

The Secretary of HHS is to pay to each State 100 percent of its eligible expenditures in carrying out its plan, including administrative costs, up to the State's allotment (sec. 2604(a)(1)(B)), 95 Stat. 894).

If requested to do so by a tribal organization, or upon evidence that the needs of tribal members might be best served by direct grants, the Secretary may reserve from the amount allotted to a State a percentage of funds equal to the ratio of the number of Indian households eligible for assistance to the State's total population of eligible households. This percentage can be granted directly to the tribal organization or some other entity that the Secretary believes will administer the funds effectively (sec. 2604(d), 95 Stat. 895-96).

In applying for funds, States must agree to use no more than 15 percent of the available funds for low-cost residential "weatherization," but not its full cost, or for other energy-related home repairs (sec. 2605(k), 95 Stat. 899; Conference Report, p. 1008).

The States must reserve from the funds they receive some percentage based on previous experience for energy crisis intervention (Conference Report, p. 1008).

The States may request the Secretary to make payments to Supplemental Security Income recipients directly (sec. 2604(e), 95 Stat. 896; Conference Report, p. 1007).

#### Annual application provisions

To receive funds, a State must certify that it will, among other things,

- make payments only to eligible households,
- inform low-income households of their eligibility,
- coordinate activities with similar programs administered by Federal and State governments,
- furnish the highest level of assistance to the households that have lowest incomes and highest energy costs,
- give special consideration to local public or private non-profit agencies that had previously received funds if it decides to designate local agencies to administer the program,
- treat owners and renters equally (sec. 2605, 95 Stat. 896-98).

A State's application for funds must be submitted to the Secretary, who may prescribe its form but not the manner in which the State complies with its assurances (sec. 2605(a)(1) and (b), 95 Stat. 896, 898). The States must also prepare an annual plan detailing how they will implement the agreements they make in their applications (sec. 2605(c)(1), 95 Stat. 898).

#### Transferability of funds

A State may transfer up to 10 percent of funds under this program to the community services, social services, or health services block grants (sec. 2604(f), 95 Stat. 896; Conference Report, p. 1006).

#### Administrative costs

To receive funds, a State must agree to use no more than 10 percent of funds allotted to it for administrative costs (sec. 2605(b)(9)(A), 95 Stat. 898).

#### Reporting and evaluation requirements

The Secretary of HHS must consult with the Secretary of the U.S. Department of Energy on the collection of information on

home energy consumption, the cost and types of fuels used by various income groups, and the number and income levels of households assisted under the Act and must report it annually to the Congress (sec. 2610, 95 Stat. 902).

In applying for funding, the States must agree to establish fiscal controls and funds-accounting procedures and to monitor assistance they provide under the Act. They must agree also to conduct an annual audit of expenditures through an entity independent of the agency that administers their programs (sec. 2605 (b)(10) and (e), 95 Stat. 898-99).

The U.S. Comptroller General is to evaluate the States' expenditures from time to time and determine the effectiveness of State activities in accomplishing the Act's purposes (sec. 2605(h), 95 Stat. 899).

#### Public accountability

After the first fiscal year in which a State receives funds, it will not be allotted further funds unless it conducts annual public hearings on its plans (sec. 2605(a)(2), 95 Stat. 896). States must also provide for public participation in the development of plans to distribute each fiscal year's funds (sec. 2605(b)(12), 95 Stat. 898). The legislation's conferees expected also that State governors would assist and encourage the State legislatures in conducting independent oversight hearings on program operations (Conference Report, p. 1008).

Audits of expenditures must be submitted to the Secretary and the State legislatures within 30 days of their completion (sec. 2605(e), 95 Stat. 899; Conference Report, p. 1009).

The Secretary is to conduct investigations of several States in each fiscal year on their use of funds (sec. 2608(b)(1), 95 Stat. 901). The U.S. Comptroller General must also evaluate the States' expenditures of grants and determine their effectiveness in accomplishing the purposes of the Act (sec. 2605(h), 95 Stat. 899). The Secretary may not request any information that is not readily available to the States or request that it be submitted in a form not readily available to them (sec. 2608(d), 95 Stat. 902).

In order to receive funds, States must agree to provide administrative hearings to individuals whose applications for funds are denied (sec. 2605(b)(13), 95 Stat. 898).

#### Limits on funding

States cannot use funds to purchase or improve land or purchase, construct, or permanently improve buildings or facilities other than for low-cost "weatherization" or energy-related home repairs (sec. 2609, 95 Stat. 902).

COMMUNITY DEVELOPMENT

Reference is made to the Housing and Community Development Amendments of 1981, Public Law 97-35, title III, subtitle A, part 1, sections 301-15, 95 Stat. 384-98. Our reprint begins on page 99 in appendix III.

Purpose

Funds under this block grant are to support State and local community and economic development activities, especially those that benefit people with low and moderate incomes or that help prevent or eliminate slums and urban blight.

Eligible activities

Among the activities now eligible for Community Development Block Grant (CDBG) funds are

- the development of strategies and actions to implement a comprehensive plan, a study related to that plan, or an evaluation and OMB Circular A-95 clearinghouse functions (sec. 303(a)(2), 95 Stat. 387; Conference Report, p. 675);
- the provision of public services concerned with employment, crime prevention, child care, drug abuse, education, energy conservation, or recreation not provided by local governments within the previous 12 months. A local government's expenditures are not to exceed 10 percent of the funds it receives (sec. 303(a)(1), 95 Stat. 387), but this limitation may be waived by the Secretary of the U.S. Department of Housing and Urban Development (HUD) for fiscal years 1982-84 for units of government that spent more than 10 percent on these services in fiscal 1981 (sec. 303(b), 95 Stat. 388).

Other eligible activities are identified in the Housing and Community Development Act of 1974 and the 1978 amendments to it.

Legislation affected

This legislation links the previously separate Urban Development Action Grants (UDAG) program to community development block grants. Up to \$500 million for fiscal years 1982 and 1983 were authorized to continue UDAG grants from the funds appropriated for CDBG. Cities that want to apply for these grants must submit applications to the Secretary through a process separate from that for CDBG (sec. 308(a), 95 Stat. 392-96).

The legislation also establishes a new State-run block grant for "nonentitlement" areas to replace the previous discretionary grant program administered by the Secretary and called "small cities," or section 106(d) of the Housing and Community Development Act of 1974.

Authorized funding

The legislation authorizes \$4.166 billion in both fiscal years 1982 and 1983 (sec. 301, 95 Stat. 384).

Other provisions related to funding

After discretionary funds and Urban Development Action Grants have been allocated, 70 percent of the remaining funds must be allocated to metropolitan cities and urban counties (sec. 304(a), 95 Stat. 388). Of the remaining funds, 30 percent is to be allocated to States for distribution to nonentitlement (formerly "nonmetropolitan") areas. States electing not to receive these funds in any fiscal year must give the Secretary at least one year's notice. When States elect not to receive funds for nonentitlement areas, the Secretary must administer these programs. When States do elect to receive funds, they must certify that they will offer technical assistance and planning and will provide from State funds an amount equal to at least 10 percent of the CDBG funds allocated for State use (sec. 304(a), 95 Stat. 390; Conference Report, pp. 676-77).

Discretionary funding

The legislation sets aside \$60 million for a special discretionary fund for additional grants to units already receiving CDBG funds, including grants to

- "new community" projects;
- American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands;
- Indian tribes;
- States, local governments, Indian tribes, or areawide planning organizations for technical assistance in planning, developing, and administering development-assistance activities. The Secretary can also provide this assistance directly (sec. 305, 95 Stat. 391).

Administrative costs

To administer the "small cities" grants, the States can deduct up to 50 percent of their expenditures (up to 2 percent of funds received for these grants) (sec. 304(e), 95 Stat. 390).

Annual application provisions

Before receiving "small cities" funds in any fiscal year, a State must prepare a statement of community development objectives

and its projected use of funds, including the method by which it will distribute funds to units of general local government (sec. 302(b), 95 Stat. 384). The State must also certify that it will fulfill the accountability requirements outlined below and that the projection of how funds will be used has been developed in a way that gives the greatest priority to benefiting low and moderate income families or preventing slums and urban blight. The projected use of funds may include activities that the State certifies have been designed to meet community development needs of particular urgency because existing conditions pose a threat to the health or welfare of the community and other financial resources are not available to meet those needs (sec. 302(b), 95 Stat. 385).

A State's application must be submitted to the Secretary of HUD, who is authorized to make grants if the application contains the required assurances (sec. 302(b), 95 Stat. 385).

#### Reporting and evaluation requirements

Each State that receives "small cities" funds must make a performance report to the Secretary, at a time the Secretary determines, on its use of funds and their relationship to the objectives identified in the application (sec. 302(c), 95 Stat. 386).

The Secretary must determine annually through a review or an audit whether States have distributed funds to local governments in a timely manner, whether their certifications of grantees complied with the Act's requirements, whether their audits or reviews are sufficient to determine whether grantees carried out their activities in a timely manner and in accordance with the primary objectives of the block grant legislation and other applicable laws, and whether they have the capacity to continue to do so (sec. 302(c), 95 Stat. 386).

The Secretary of HUD had to report within 270 days of the passage of this Act to the Congress on legislative and administrative actions that can be taken to

- require all grantees to concentrate their block grant funds in geographically distressed areas small enough to show visible improvements in a short time and to insure that benefits are actually accruing to people with low and moderate incomes;
- shorten the list of eligible activities so that funds can be focused on the cities' most urgent revitalization needs;
- develop overall income eligibility requirements for recipients of block grant funds for rehabilitation;

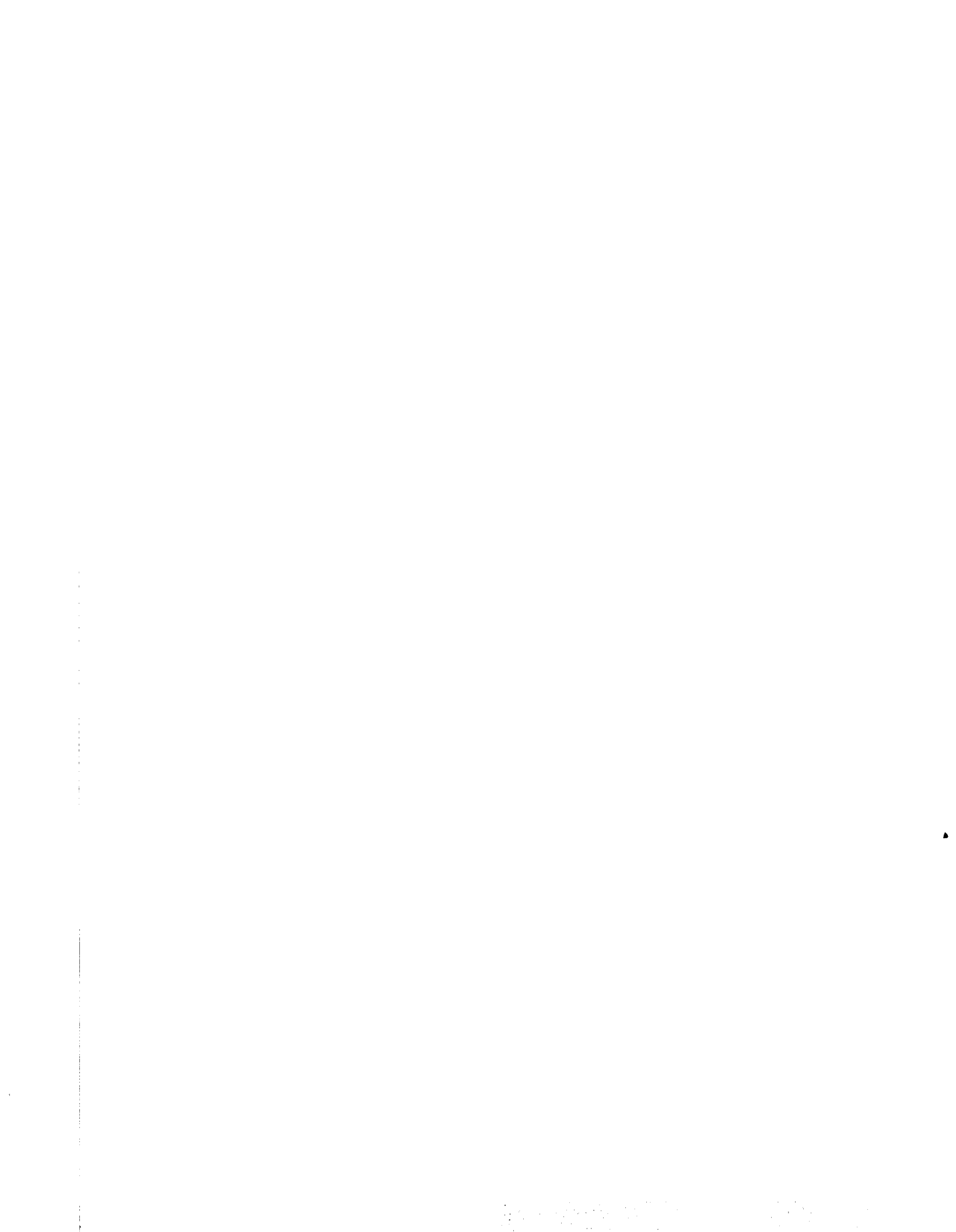
--limit eligible rehabilitation work to that which is essential for restoring housing units to safe, decent, sanitary, or energy-efficient conditions, excluding non-essential or luxury items (sec. 315, 95 Stat. 398).

#### Public accountability

States that receive "small cities" funds must prepare a yearly statement of proposed uses of block grant funds as part of their applications for funding, and the statement must be circulated in a way that facilitates public comment on both the proposal and the performance of grantees in the previous fiscal year. Grantees must also hold one or more public hearings in the fiscal year and furnish citizens with information about activities they propose and the amount of funds available for them (sec. 302(b), 95 Stat. 384-85).

#### Technical assistance

Provisions for technical assistance are described in the discretionary funding and other funding provisions sections on page 45 above.

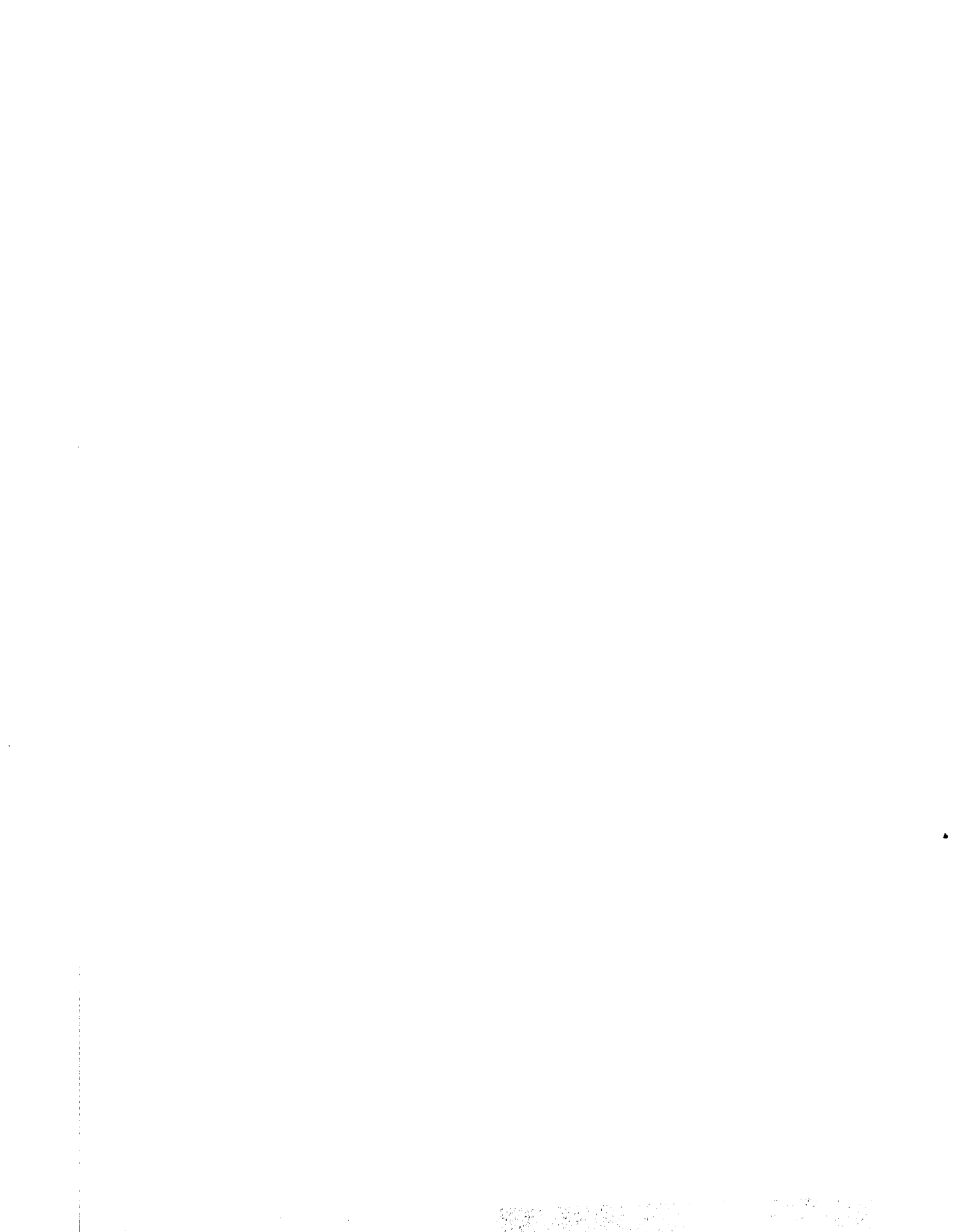




THE LEGISLATIVE PROVISIONS REPRINTED

In the pages that follow, we reprint the passages pertaining to the block grants in the Omnibus Budget Reconciliation Act, Public Law 97-35, 95 Stat. 357, that we have described in appendix II. The table of contents below gives the name of each passage or block grant, its location in the Act, and the page number on which it begins in this appendix.

<u>Passage</u>	<u>Location</u>	<u>Page</u>
BLOCK GRANT FUNDS	tit. XVII, subtit. C, ch. 2, 95 Stat. 762	50
PUERTO RICO	tit. I, subtit. A, part 1, sec. 116, 95 Stat. 364	52
ELEMENTARY AND SECONDARY EDUCATION	tit. V, subtit. D, 95 Stat. 463	54
PREVENTIVE HEALTH AND HEALTH SERVICES	tit. IX, subtit. A, part A, 95 Stat. 535	63
ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES	tit. IX, subtit. A, part B, 95 Stat. 543	67
PRIMARY CARE	tit. IX, subtit. A, part C, 95 Stat. 552	72
MATERNAL AND CHILD HEALTH SERVICES	tit. IX, subtit. D, 95 Stat. 818	78
COMMUNITY SERVICES	tit. VI, subtit. B, 95 Stat. 511	84
TITLE XX GRANTS TO STATES FOR SOCIAL SERVICES	tit. XXIII, subtit. C, 95 Stat. 867	89
LOW-INCOME HOME ENERGY ASSISTANCE	tit. XXVI, 95 Stat. 893	93
COMMUNITY DEVELOPMENT	tit. III, subtit. A, part 1, 95 Stat. 384	99



BLOCK GRANT FUNDS

which are discontinued by this Act as referred to in section 1741(b)(1)(B).

## ACCESS TO RECORDS BY COMPTROLLER GENERAL

31 USC 1243  
note

SEC. 1744. For the purpose of evaluating and reviewing the use of block grant funds, consolidated assistance, or other grant programs established or provided for by this Act, the Comptroller General shall have access to any books, accounts, records, correspondence, or other documents that are related to such funds, assistance, or programs, and that are in the possession, custody, or control of States, political subdivisions thereof, or any of the grantees of such States or political subdivisions.

## STATE AUDITING REQUIREMENTS

31 USC 1243  
note

SEC. 1745. (a) Each State shall conduct financial and compliance audits of any block grant funds which the State receives under this Act and any funds which the State receives under any consolidated assistance program established or provided for by this Act.

(b) Any audit required by subsection (a) shall be conducted with respect to the 2-year period beginning on October 1, 1981, and with respect to each 2-year period thereafter.

(c) Any audit required by subsection (a) shall, insofar as is practicable, be conducted in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, activities, and functions.

(d) The audit of funds by a State required by subsection (a) shall be conducted in lieu of any other financial and compliance audit of the same funds which the State is required to conduct under any other provision of this Act, unless such other provision, by explicit reference to this section, otherwise provides.

BLOCK GRANT FUNDS

95 STAT. 762

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95 STAT. 763

- (b) For purposes of this chapter—
- (1) block grant funds are funds which are received for a program—
    - (A) which provides for the direct allocation of funds to States only, except for the allocation of funds for use by the Federal agency administering the program; and
    - (B) which provides funds that may be used at the discretion of the State, in whole or in part, for the purpose of continuing to support activities funded, immediately before the date of the enactment of this Act, under programs the authorizations of which are discontinued by this Act and which were funded, immediately before such date of the enactment, by Federal Government allocations to units of local government or other eligible entities, or both; and
  - (2) "State" includes the District of Columbia and any territory or possession of the United States.

REPORTS ON PROPOSED USE OF FUNDS; PUBLIC HEARINGS

31 USC 1243  
note

Sec. 1742. (a) Each State shall prepare a report on the proposed use of block grant funds received by that State, including (1) a statement of goals and objectives, (2) information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served, and (3) the criteria and method established for the distribution of the funds, including details on how the distribution of funds will be targeted on the basis of need to achieve the purposes of the block grant funds. Beginning in the fiscal year 1983, the report required by this subsection shall include a description of how the State has met the goals, objectives, and needs in the use of funds for the previous fiscal year as identified in the report prepared pursuant to this subsection for that previous fiscal year.

(b) The report prepared by a State pursuant to subsection (a) and any changes in such report, shall be made public within the State on a timely basis and in such manner as to facilitate comments from interested local governments and persons.

(c) No State may receive block grant funds for any fiscal year until the State has conducted a public hearing, after adequate public notice, on the use and distribution of the funds proposed by the State as set forth in the report prepared pursuant to subsection (a) with respect to that fiscal year.

TRANSITION PROVISION

31 USC 1243  
note

Sec. 1743. (a) In the fiscal year 1982 only, each State shall certify to the responsible Federal agency that it is in compliance with section 1742 and that it is prepared to use all or part of available block grant funds. Such certifications shall be submitted to the responsible Federal agency prior to the beginning of the first quarter of the fiscal year 1982 or at least 30 days before the beginning of any other quarter of that fiscal year. For purposes of this section, the quarters for the fiscal year 1982 shall commence on October 1, January 1, April 1, and July 1 of the fiscal year 1982.

(b) Except as otherwise provided in this Act, until such time as the responsible Federal agency receives a certification from a State pursuant to subsection (a), such agency shall distribute the block grant funds involved for programs to which the funds relate and

CHAPTER 2—BLOCK GRANT FUNDS

DISTRIBUTION OF BLOCK GRANT FUNDS

Sec. 1741. (a) To help assure that (1) block grant funds are allocated for programs of special importance to meet the needs of local governments, their residents, and other eligible entities, and (2) all eligible urban and rural local governments, their residents, and other eligible entities are treated fairly in the distribution of such funds, each State which receives block grant funds under this Act shall comply with the requirements of this chapter, to the extent that such funds may be used at the discretion of the State, as described in subsection (b)(1)(B).

31 USC 1243  
note

## PREFACE

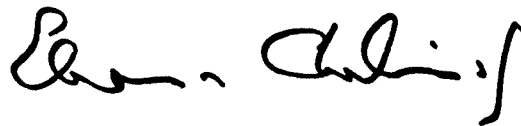
The 1981 Omnibus Budget Reconciliation Act created new block grants in the areas of health, education, community and social services, energy assistance, and community development. Since a thorough understanding of the legislation is preliminary to any studies of the grants themselves, the Institute for Program Evaluation has prepared a summary of the block grant provisions in less technical language. This summary is divided into two general sections:

- a comparison of the provisions of the newly created grants that might be of interest to auditors, evaluators, and others who need an overview of the legislation (appendix I);
- a more lengthy description of each grant, followed by the provisions of the Act itself (appendixes II and III).

The summaries were developed from the Act and its accompanying conference report. They are general in nature and highlight key provisions of the enabling legislation. They are not intended to be an exhaustive listing of each block grant's requirements and they generally do not cover the implementing regulations issued by the Federal agencies.

There has been some debate on how many block grants were created in the Act. The summaries offered here include all the grants-in-aid that either were described as block grants in the legislation or have characteristics commonly associated with block grants. For example, the Puerto Rico food assistance block grant is included, although it is the only block grant that is restricted to a specific geographic area. Similarly, chapter 1 of the Elementary and Secondary Education block grant is included, although there is still debate on whether it is a block grant in the common sense of the term.

In addition to the enabling legislation for each block grant, the Act contains a set of general provisions on reports, public participation, audits, and the transition to State administration. These provisions do not apply to all the block grants created in 1981, but instances in which the general provisions may apply are noted in the descriptions of the individual grants.



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Institute for Program Evaluation

purpose of assuring that assistance is provided to the most needy persons in the jurisdiction.

"(iv) estimates the amount of expenditures necessary for the provision of the assistance described in the program and related administrative expenses, up to the amount provided for payment by subsection (a)(1)(A); and

"(v) includes such other information as the Secretary may require.

"(B)(i) The Secretary shall approve or disapprove any plan submitted pursuant to subparagraph (A) no later than August 1 of the year in which it is submitted. The Secretary shall approve any plan which complies with the requirements of subparagraph (A). If a plan is disapproved because it does not comply with any of the requirements of that paragraph the Secretary shall, except as provided in subparagraph (B)(ii), notify the appropriate agency in the Commonwealth that payments will not be made to it under subsection (a) for the fiscal year to which the plan applies until the Secretary is satisfied that there is no longer any such failure to comply, and until the Secretary is so satisfied, the Secretary will make no payments.

"(ii) The Secretary may suspend the denial of payments under subparagraph (B)(i) for such period as the Secretary determines appropriate and instead withhold payments provided for under subsection (a), in whole or in part, for the fiscal year to which the plan applies, until the Secretary is satisfied that there is no longer any failure to comply with the requirements of subparagraph (A), at which time such withheld payments shall be paid.

"(2)(A) The Commonwealth shall provide for a biennial audit of expenditures under its program for the provision of the assistance described in subsection (a)(1)(A), and within 120 days of the end of each fiscal year in which the audit is made, shall report to the Secretary the findings of such audit.

"(B) Within 120 days of the end of the fiscal year, the Commonwealth shall provide the Secretary with a statement as to whether the payments received under subsection (a) for that fiscal year exceeded the expenditures by it during that year for which payment is authorized under this section, and if so, by how much, and such other information as the Secretary may require.

"(C)(i) If the Secretary finds that there is a substantial failure by the Commonwealth to comply with any of the requirements of subparagraphs (A) and (B), or to comply with the requirements of subsection (b)(1)(A) in the administration of a plan approved under subsection (b)(1)(B), the Secretary shall, except as provided in subparagraph (C)(ii), notify the appropriate agency in the Commonwealth that further payments will not be made to it under subsection (a) until the Secretary is satisfied that there will no longer be any such failure to comply, and until the Secretary is so satisfied, the Secretary shall make no further payments.

"(ii) The Secretary may suspend the termination of payments under subparagraph (C)(i) for such period as the Secretary determines appropriate, and instead withhold payments provided for under subsection (a), in whole or in part, until the Secretary is satisfied that there will no longer be any failure to comply with the requirements of subparagraphs (A) and (B) and subsection (b)(1)(A), at which time such withheld payments shall be paid.

"(iii) Upon a finding under subparagraph (C)(i) of a substantial failure to comply with any of the requirements of subparagraphs (A) and (B) and subsection (b)(1)(A), the Secretary may, in addition to or in lieu of any action taken under subparagraphs (C)(i) and (C)(ii), refer

#### PUERTO RICO BLOCK GRANT

Sac. 116. (a) Effective July 1, 1982, the Food Stamp Act of 1977 is amended by—

(1) striking out "Puerto Rico," in section 3(m), clause (3) of section 3(c), section 5(b) wherever it appears in section 5(c), and wherever it appears in section 5(e); and striking out "\$50," and "\$40," in section 5(e); and

(2) adding at the end thereof the following new section:

#### "BLOCK GRANT

"Sec. 19. (a)(1)(A) From the sums appropriated under this Act the Secretary shall, subject to the provisions of this subsection and subsection (b), pay to the Commonwealth of Puerto Rico not to exceed \$25,000,000 for each fiscal year to finance 100 per centum of the expenditures for food assistance provided to needy persons, and 50 per centum of the administrative expenses related to the provision of such assistance.

"(B) The payments to the Commonwealth for any fiscal year shall not exceed the expenditures by that jurisdiction during that year for the provision of the assistance the provision of which is included in the plan of the Commonwealth approved under subsection (b) and 50 per centum of the related administrative expenses.

"(2) The Secretary shall, subject to the provisions of subsection (b), pay to the Commonwealth for the applicable fiscal year, at such times and in such manner as the Secretary may determine, the amount estimated by the Commonwealth pursuant to subsection (b)(1)(A)(iv), reduced or increased to the extent of any prior overpayment or current underpayment which the Secretary determines has been made under this section and with respect to which adjustment has not already been made under this subsection.

"(b)(1)(A) In order to receive payments under this Act for any fiscal year, the Commonwealth shall have a plan for that fiscal year approved by the Secretary under this section. By July 1 of each year, if the Commonwealth wishes to receive payments, it shall submit a plan for the provision of the assistance described in subsection (a)(1)(A) for the following fiscal year which—

"(i) designates a single agency which shall be responsible for the administration, or supervision of the administration, of the program for the provision of such assistance;

"(ii) assesses the food and nutrition needs of needy persons residing in the Commonwealth;

"(iii) describes the program for the provision of such assistance, including the assistance to be provided and the persons to whom such assistance will be provided, and any agencies designated to provide such assistance, which program must meet such requirements as the Secretary may by regulation prescribe for the

7 USC 2012,  
2014.  
Ank., p. 359.

7 USC 2028.

the matter to the Attorney General with a request that injunctive relief be sought to require compliance by the Commonwealth of Puerto Rico, and upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

"(c)(1) The Secretary shall provide for the review of the programs for the provision of the assistance described in subsection (a)(1)(A) for which payments are made under this Act.

"(2) The Secretary is authorized as the Secretary deems practicable to provide technical assistance with respect to the programs for the provision of the assistance described in subsection (a)(1)(A).

"(d) Whoever knowingly and willfully embezzles, misappropriates, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than \$10,000 or imprisoned for not more than five years, or both, but if the value of the funds, assets or property involved is not over \$200, the penalty shall be a fine of not more than \$1,000 or imprisonment for not more than one year, or both."

(b) Notwithstanding the provisions of section 19 of the Food Stamp Act of 1977, as added by this section—

(1) the amount payable to the Commonwealth of Puerto Rico under section 19 for fiscal year 1982 shall be \$206,600,000, and the Secretary of Agriculture is authorized to grant such waivers of the requirements imposed by that section with respect to that fiscal year as the Secretary determines appropriate to carry out the purposes of that section; and

(2) in order to receive the amounts payable under this subsection or section 19 for fiscal years 1982 and 1983, the Commonwealth shall submit, for the Secretary's approval, the plan required by the provisions of subsection (b) of section 19 by April 1, 1982.

## EFFECTIVE DATES

Sec. 117. Except as otherwise specifically provided, the amendments made by sections 101 through 116 of this Act shall be effective and implemented upon such dates as the Secretary of Agriculture may prescribe, taking into account the need for orderly implementation.

Violation:  
penalty.

7 USC 2028  
note.

Plan, sub-  
mittal to  
Secretary.

7 USC 2012  
note.

ELEMENTARY AND SECONDARY EDUCATION

95 STAT. 464

PUBLIC LAW 97-35—AUG. 13, 1981

PUBLIC LAW 97-35—AUG. 13, 1981

95 STAT. 465

CHAPTER 1—FINANCIAL ASSISTANCE TO MEET SPECIAL EDUCATIONAL NEEDS OF DISADVANTAGED CHILDREN

DECLARATION OF POLICY

Sac. 552. The Congress declares it to be the policy of the United States to continue to provide financial assistance to State and local educational agencies to meet the special needs of educationally deprived children, on the basis of entitlements calculated under title I of the Elementary and Secondary Education Act of 1965, but to do so in a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary Federal supervision, direction, and control. Further, the Congress recognizes the special educational needs of children of low-income families, and that concentrations of such children in local educational agencies adversely affect their ability to provide educational programs which will meet the needs of such children. The Congress also finds that Federal assistance for this purpose will be more effective if education officials, principals, teachers, and supporting personnel are freed from overly prescriptive regulations and administrative burdens which are not necessary for fiscal accountability and make no contribution to the instructional program.

DURATION OF ASSISTANCE

Sac. 553. During the period beginning October 1, 1982, and ending September 30, 1987, the Secretary shall, in accordance with the provisions of this subtitle, make payments to State educational agencies for grants made on the basis of entitlements created under title I of the Elementary and Secondary Education Act of 1965 and calculated in accordance with provisions of that title in effect on September 30, 1982.

APPLICABILITY OF TITLE I PROVISIONS OF LAW

Sac. 554. (a) PROGRAM ELIGIBILITY.—Except as otherwise provided in this subtitle, the Secretary shall make payments based upon the amount of, and eligibility for, grants as determined under the following provisions of title I of the Elementary and Secondary Education Act in effect on September 30, 1982:

- (1) Part A—“Programs Operated by Local Education Agencies”:
  - (A) Subpart 1—“Basic Grants”; and
  - (B) Subpart 2—“Special Grants”.
- (2) Part B—“Programs Operated by State Agencies”:
  - (A) Subpart 1—“Programs for Migratory Children”;
  - (B) Subpart 2—“Programs for Handicapped Children”;
  - (C) Subpart 3—“Programs for Neglected and Delinquent Children”; and
  - (D) Subpart 4—“General Provisions for State Operated Programs”.

(b) ADMINISTRATIVE PROVISIONS.—The Secretary, in making the payments and determinations specified in subsection (a), shall continue to use the following provisions of title I of the Elementary and Secondary Education Act as in effect on September 30, 1982:

- (1) Part B—“Payments”:
  - (A) Section 191—“Payment Methods”;

20 USC 3801.

20 USC 2701.

20 USC 3802.

20 USC 3803.

20 USC 2711.

20 USC 2721.

20 USC 2761.

20 USC 2771.

20 USC 2781.

20 USC 2791.

20 USC 2841.

- (B) Section 192—“Amount of Payments to Local Educational Agencies”;
- (C) Section 193—“Adjustments Where Necessitated by Appropriations”; and
- (D) Section 194—“Payments for State Administration”, subject to subsection (d) of this section.

(2) Part F—“General Provisions”:

- (A) Section 197—“Limitation on Grants to Puerto Rico”; and
- (B) Section 198—“Definitions” and conforming amendments to other Acts, except that only those definitions applicable to this subtitle shall be used.

(c) APPLICATION RULE.—The provisions of title I of the Elementary and Secondary Education Act of 1965 which are not specifically made applicable by this chapter shall not be applicable to programs authorized under this chapter.

(d) AMENDMENT.—Section 194(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out “1.5 per centum” and inserting in lieu thereof “1 per centum”.

AUTHORIZED PROGRAMS

Sac. 555. (a) GENERAL.—Each State and local educational agency shall use the payments under this chapter for programs and projects (including the acquisition of equipment and, where necessary, the construction of school facilities) which are designed to meet the special educational needs of educationally deprived children.

(b) PROGRAM DESIGN.—State agency programs shall be designed to serve those categories of children counted for eligibility for grants under section 554(a)(2) in accordance with the requirements of this chapter.

(c) PROGRAM DESCRIPTION.—A local education agency may use funds received under this chapter only for programs and projects which are designed to meet the special educational needs of educationally deprived children identified in accordance with section 556(b)(2), and which are included in an application for assistance approved by the State educational agency. Such programs and projects may include the acquisition of equipment and instructional materials, employment of special instructional and counseling and guidance personnel, employment and training of teacher aides, payments to teachers of amounts in excess of regular salary schedules as a bonus for service in schools serving project areas, the training of teachers, the construction, where necessary, of school facilities, other expenditures authorized under title I of the Elementary and Secondary Education Act as in effect September 30, 1982, and planning for such programs and projects.

(d) RECORDS AND INFORMATION.—Each State educational agency shall keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the Secretary under this chapter).

APPROVAL OF APPLICATIONS

Sac. 556. (a) APPLICATION BY LOCAL EDUCATIONAL AGENCY.—A local educational agency may receive a grant under this chapter for any fiscal year if it has on file with the State educational agency an application which describes the programs and projects to be conducted with such assistance for a period of not more than three years,

20 USC 3805.



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services to such children through arrangements which shall be subject to the requirements of subsection (a).

(2) If the Secretary determines that a local educational agency has substantially failed to provide for the participation on an equitable basis of educationally deprived children enrolled in private elementary and secondary schools as required by subsection (a), he shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of subsection (a) upon which determination the provisions of subsection (a) shall be waived.

(3)(A) When the Secretary arranges for services pursuant to this subsection, he shall, after consultation with the appropriate public and private school officials, pay to the provider the cost of such services, including the administrative cost of arranging for such services, from the appropriate allocation or allocations under this chapter.

(B) Pending final resolution of any investigation or complaint that could result in a determination under this subsection, the Secretary may withhold from the allocation of the affected State or local educational agency the amount he estimates would be necessary to pay the cost of such services.

(C) Any determination by the Secretary under this section shall continue in effect until the Secretary determines that there will no longer be any failure or inability on the part of the local educational agency to meet the requirements of subsection (a).

(4)(A) The Secretary shall not take any final action under this subsection until the State educational agency and local educational agency affected by such action have had an opportunity, for at least forty-five days after receiving written notice thereof, to submit written objections and to appear before the Secretary or his designee to show cause why such action should not be taken.

(B) If a State or local educational agency is dissatisfied with the Secretary's final action after a proceeding under subparagraph (A) of this paragraph, it may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(C) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(D) Upon the filing of a petition under subparagraph (B), the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(c) Any bypass determination by the Secretary under title I of the Elementary and Secondary Education Act of 1965 prior to the effective date of this chapter shall remain in effect to the extent consistent with the purposes of this chapter.

20 USC 701.

and such application has been approved by the State educational agency.

(b) APPLICATION ASSURANCES.—The application described in subsection (a) shall be approved if it provides assurances satisfactory to the State educational agency that the local educational agency will keep such records and provide such information to the State educational agency as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the State agency under this chapter), and that the programs and projects described—

(1)(A) are conducted in attendance areas of such agency having the highest concentrations of low-income children;

(B) are located in all attendance areas of an agency which has a uniformly high concentration of such children; or

(C) are designed to utilize part of the available funds for services which promise to provide significant help for all such children served by such agency;

(2) are based upon an annual assessment of educational needs which identifies educationally deprived children in all eligible attendance areas, permits selection of those children who have the greatest need for special assistance, and determines the needs of participating children with sufficient specificity to ensure concentration on those needs;

(3) are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the special educational needs of the children being served and are designed and implemented in consultation with parents and teachers of such children;

(4) will be evaluated in terms of their effectiveness in achieving the goals set for them, and that such evaluations shall include objective measurements of educational achievement in basic skills and a determination of whether improved performance is sustained over a period of more than one year; and

(5) make provision for services to educationally deprived children attending private elementary and secondary schools in accordance with section 557.

## PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

SEC. 557. (a) GENERAL REQUIREMENTS.—To the extent consistent with the number of educationally deprived children in the school district of the local educational agency who are enrolled in private elementary and secondary schools, such agency shall make provisions for including special educational services and arrangements (such as dual enrollment, educational radio and television, and mobile educational services and equipment) in which such children can participate and which meet the requirements of sections 555(c), 556(b) (2), (3), and (4), and 558(b). Expenditures for educational services and arrangements pursuant to this section for educationally deprived children in private schools shall be equal (taking into account the number of children to be served and the special educational needs of such children) to expenditures for children enrolled in the public schools of the local educational agency.

(b) BYPASS PROVISION.—(1) If a local educational agency is prohibited by law from providing for the participation in special programs for educationally deprived children enrolled in private elementary and secondary schools as required by subsection (a), the Secretary shall waive such requirements, and shall arrange for the provision of

20 USC 3806.

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(d) EXCLUSION OF SPECIAL STATE AND LOCAL PROGRAM FUNDS.—For the purposes of determining compliance with the requirements of subsections (b) and (c), a local educational agency may exclude State and local funds expended for carrying out special programs to meet the educational needs of educationally deprived children, if such programs are consistent with the purposes of this chapter.

(e) ALLOCATION OF FUNDS IN CERTAIN STATES.—In any State in which a large number of local educational agencies overlap county boundaries, the State educational agency is authorized to make allocations of basic grants and special incentive grants directly to local educational agencies without regard to counties, if such allocations were made during fiscal year 1982, except that (1) precisely the same factors are used to determine the amount of such grants to counties, and (2) a local educational agency dissatisfied with such determination is afforded an opportunity for a hearing on the matter by the State educational agency.

CHAPTER 2—CONSOLIDATION OF FEDERAL PROGRAMS FOR ELEMENTARY AND SECONDARY EDUCATION

STATEMENT OF PURPOSES

20 USC 3811.

Sec. 561. (a) It is the purpose of this chapter to consolidate the program authorizations contained in—

- (1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965;
(2) the Alcohol and Drug Abuse Education Act;
(3) part A and section 382 of title V of the Higher Education Act of 1965;
(4) the Follow Through Act (on a phased basis);
(5) section 3(a)(1) of the National Science Foundation Act of 1950 relating to precollege science teacher training; and
(6) the Career Education Incentive Act;

into a single authorization of grants to States for the same purposes set forth in the provisions of law specified in this sentence, but to be used in accordance with the educational needs and priorities of State and local educational agencies as determined by such agencies. It is the further purpose and intent of Congress to financially assist State and local educational agencies to improve elementary and secondary education (including preschool education) for children attending both public and private schools, and to do so in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of their ability to educate children.

(b) The basic responsibility for the administration of funds made available under this chapter is in the State educational agencies, but it is the intent of Congress that this responsibility be carried out with a minimum of paperwork and that the responsibility for the design and implementation of programs assisted under the chapter shall be mainly that of local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents.

AUTHORIZATION OF APPROPRIATIONS; DURATION OF ASSISTANCE

20 USC 3812.

Sec. 562. (a) There are authorized to be appropriated such sums as may be necessary for fiscal year 1982 and each of the five succeeding fiscal years to carry out the provisions of this chapter.

PUBLIC LAW 97-35—AUG. 13, 1981

95 STAT. 468

GENERAL PROVISIONS

Sec. 558. (a) MAINTENANCE OF EFFORT.—(1) Except as provided in paragraph (2), a local educational agency may receive funds under this chapter for any fiscal year only if the State educational agency finds that either the combined fiscal effort per student or the aggregate expenditures of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than 90 per centum of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(2) The State educational agency shall reduce the amount of the allocation of funds under this chapter in any fiscal year in the exact proportion to which a local educational agency fails to meet the requirement of paragraph (1) by falling below 90 per centum of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to such local agency), and no such lesser amount shall be used for computing the effort required under paragraph (1) for subsequent years.

(3) The State educational agency may waive, for one fiscal year only, the requirements of this subsection if the State educational agency determines that such a waiver would be equitable 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.

(b) FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NON-FEDERAL FUNDS.—A local educational agency may use funds received under this chapter only so as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs and projects assisted under this chapter, and in no case may such funds be so used as to supplant such funds from such non-Federal sources. In order to demonstrate compliance with this subsection a local educational agency shall not be required to provide services under this chapter outside the regular classroom or school program.

(c) COMPARABILITY OF SERVICES.—(1) A local educational agency may receive funds under this chapter only if State and local funds will be used in the district of such agency to provide services in project areas which, taken as a whole, are at least comparable to services being provided in areas in such district which are not receiving funds under this chapter. Where all school attendance areas in the district of the agency are designated as project areas, the agency may receive such funds only if State and local funds are used to provide services which, taken as a whole, are substantially comparable in each project area.

(2) A local educational agency shall be deemed to have met the requirements of paragraph (1) if it has filed with the State educational agency a written assurance that it has established—

- (A) a districtwide salary schedule;
(B) a policy to ensure equivalence among schools in teachers, administrators, and auxiliary personnel; and
(C) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

Unpredictable changes in student enrollment or personnel assignments which occur after the beginning of a school year shall not be included as a factor in determining comparability of services.

20 USC 3807.

Waiver of requirements

20 USC 2881, 2841, 3081, 3141, 3191, 3281, 3311, 3341, 21 USC 1001 note, 20 USC 1101, 1119a, 42 USC 1508, 1562, 20 USC 3601 note.

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(b) During the period beginning July 1, 1982, and ending September 30, 1987, the Secretary shall, in accordance with the provisions of this subtitle, make payments to State educational agencies for the purposes of this chapter.

(c) Funds available under previously authorized programs shall be available for the purposes of such payments in accordance with section 514(b)(2) of the Omnibus Education Reconciliation Act of 1981.

Amz. p. 445

ALLOTMENTS TO STATES

Sec. 563. (a) From the sums appropriated to carry out this chapter in any fiscal year, the Secretary shall reserve not to exceed 1 per centum for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs. The Secretary shall reserve an additional amount, not to exceed 6 per centum of the sums appropriated, to carry out the purposes of section 563. From the remainder of such sums the Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-age population of the State bears to the school-age population of all States, except that no State shall receive less than an amount equal to 0.5 per centum of such remainder.

20 USC 3813.

"School-age population."  
"States"

(b) For the purposes of this section:  
(1) The term "school-age population" means the population aged five through seventeen.  
(2) The term "States" includes the fifty States, the District of Columbia, and Puerto Rico.

STATE APPLICATIONS

Sec. 564. (a) Any State which desires to receive grants under this chapter shall file an application with the Secretary which—  
(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this chapter;

20 USC 3814

(2) provides for a process of active and continuing consultation with the State educational agency of an advisory committee, appointed by the Governor and determined by the Governor to be broadly representative of the educational interests and the general public in the State, including persons representative of—  
(A) public and private elementary and secondary school-

- children;
- (B) classroom teachers;
- (C) parents of elementary and secondary schoolchildren;
- (D) local boards of education;
- (E) local and regional school administrators (including principals and superintendents);
- (F) institutions of higher education; and
- (G) the State legislature;

to advise the State educational agency on the allocation among authorized functions of funds (not to exceed 20 per centum of the amount of the State's allotment) reserved for State use under section 565(a), on the formula for the allocation of funds to local educational agencies, and on the planning, development, support, implementation, and evaluation of State programs assisted under this chapter;

(3) sets forth the planned allocation of funds reserved for State use under section 565(a) among subchapters A, B, and C of this

Post. pp. 472, 473, 475.

chapter and among the authorized programs and projects which are to be implemented, and the allocation of such funds required to implement section 566, including administrative costs of carrying out the responsibilities of the State educational agency under this chapter.

(4) provides for timely public notice and public dissemination of the information provided pursuant to paragraphs (2) and (3);  
(5) beginning with fiscal year 1984, provides for an annual evaluation of the effectiveness of programs assisted under this chapter, which shall include comments of the advisory committee, and shall be made available to the public; and

Recordkeeping

(6) provides that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation (consistent with the responsibilities of the Secretary under this chapter); and  
(7) contains assurances that there is compliance with the specific requirements of this chapter.

(b) An application filed by the State under subsection (a) shall be for a period not to exceed three fiscal years, and may be amended annually as may be necessary to reflect changes without filing a new application.

ALLOCATION TO LOCAL EDUCATIONAL AGENCIES

20 USC 3815.

Sec. 565. (a) From the sum made available each year under section 563, the State educational agency shall distribute not less than 80 per centum to local educational agencies within such State according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as—

(1) children from low-income families,  
(2) children living in economically depressed urban and rural areas, and

(3) children living in sparsely populated areas.  
(b) The Secretary shall approve criteria suggested by the State educational agency for adjusting allocations under subsection (a) if such criteria are reasonably calculated to produce an equitable distribution of funds with reference to the factors set forth in subsection (a).

(c) From the funds paid to it pursuant to sections 563 and 564 during each fiscal year, the State educational agency shall distribute to each local educational agency which has submitted an application as required in section 566 the amount of its allocation as determined under subsection (a).

LOCAL APPLICATIONS

20 USC 3816.

Sec. 566. (a) A local educational agency may receive its allocation of funds under this chapter for any year in which it has on file with the State educational agency an application which—

(1) sets forth the planned allocation of funds among subchapters A, B, and C of this chapter and for the programs authorized by such subchapters which it intends to support, including the allocation of such funds required to implement section 566;

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to improve the performance of children in the basic skills. Such activities may include—

- (1) the development and dissemination of materials that parents may use in the home to improve their children's performance in those skills; and
- (2) voluntary training activities for parents to encourage and assist them to help their children in developing basic skills; except that such activities conducted in local areas shall be conducted with the approval of and in conjunction with programs of local educational agencies.

SCHOOL LEVEL PROGRAMS

20 USC 3823

Sac. 573. (a) In planning for the utilization of funds it allocates for this chapter (from its allotment under section 565) a local educational agency shall provide for the participation of children enrolled in private elementary and secondary schools (and of teachers in such schools) in accordance with section 596. Such plans shall be developed in conjunction with and involve continuing consultation with teachers and principals in such district. Such planning shall include a systematic strategy for improving basic skills instruction for all children which provides for planning and implementation at the school building level, involving teachers, administrators, and (to the extent practicable) parents, and utilizing all available resources in a comprehensive program. The programs shall include—

- (1) diagnostic assessment to identify the needs of all children in the school;
- (2) the establishment of learning goals and objectives for children and for the school;
- (3) to the extent practicable, pre-service and in-service training and development programs for teachers, administrators, teacher aides and other support personnel, designed to improve instruction in the basic skills;
- (4) activities designed to enlist the support and participation of parents to aid in the instruction of their children; and
- (5) procedures for testing students and for evaluation of the effectiveness of programs for maintaining a continuity of effort for individual children.

(b) The programs described in subsection (a) may include such statewide or districtwide activities as learning centers accessible to students and parents, demonstration and training programs for parents, and other activities designed to promote more effective instruction in the basic skills.

Subchapter B—Educational Improvement and Support Services

STATEMENT OF PURPOSE

20 USC 3831

Sac. 576. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly, and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title IV, relating to educational improvement, resources, and support, title V, relating to State leadership, title VI, relating to emergency school aid, of the Elementary and Secondary Education Act of 1965, section 3(a)(1) of the National

20 USC 3081, 20 USC 3141, 20 USC 3191

(2) provides assurances of compliance with provisions of this chapter relating to such programs, including the participation of children enrolled in private, nonprofit schools in accordance with section 586;

Recordkeeping

(3) agrees to keep such records, and provide such information to the State educational agency as reasonably may be required for fiscal audit and program evaluation, consistent with the responsibilities of the State agency under this chapter; and

(4) in the allocation of funds for programs authorized by this chapter, and in the design, planning, and implementation of such programs, provides for systematic consultation with parents of children attending elementary and secondary schools in the area served by the local agency, with teachers and administrative personnel in such schools, and with other groups as may be deemed appropriate by the local educational agency.

(b) An application filed by a local educational agency under subsection (a) shall be for a period not to exceed three fiscal years, may provide for the allocation of funds among programs and purposes authorized by this chapter for a period of three years, and may be amended annually as may be necessary to reflect changes without filing a new application.

(c) Each local educational agency shall have complete discretion, subject only to the provisions of this chapter, in determining how funds the agency receives under this section shall be divided among the purposes of this chapter in accordance with the application submitted under this section.

Subchapter A—Basic Skills Development

USE OF FUNDS

20 USC 3821

Sac. 571. Funds allocated for use under this subchapter shall be used by State and local educational agencies to develop and implement a comprehensive and coordinated program designed to improve elementary and secondary school instruction in the basic skills of reading, mathematics, and written and oral communication, as formerly authorized by title II of the Elementary and Secondary Education Act of 1965, relating to basic skills improvement, including the special mathematics program as formerly authorized by section 282 of such title.

20 USC 2881

20 USC 2912

STATE LEADERSHIP AND SUPPORT SERVICES

Sac. 572. (a) In order to achieve the purposes of this subchapter, State educational agencies may use funds reserved for State programs to make grants to and enter into contracts with local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions—

- (1) to carry out planning, research and development, demonstration projects, training of leadership personnel, short term and regular session teacher training institutes; and
- (2) for the development of instructional materials, the dissemination of information, and technical assistance to local educational agencies.

Each State educational agency may also use such funds for technical assistance and training for State boards of education.

(b) State educational agencies may support activities designed to enlist the assistance of parents and volunteers working with schools

Grants and contracts, 20 USC 3822

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Subchapter C—Special Projects

STATEMENT OF PURPOSE

Sec. 581. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title III, relating to special projects, title VIII, relating to community schools, and title IX (except part C), relating to gifted and talented children, educational proficiency standards, safe schools program, and ethnic heritage program, of the Elementary and Secondary Education Act of 1965, the Career Education Incentive Act, and part B of title V of the Economic Opportunity Act of 1964, relating to Follow Through programs, in accordance with the planned allocation of funds set forth in the applications under sections 564 and 566, in conformity with the other requirements of this chapter.

20 USC 3641

20 USC 2941,  
3281, 3311,  
20 USC 2601  
note,  
42 USC 2929

AUTHORIZED ACTIVITIES

Sec. 582. Programs and projects authorized under this subchapter include—

20 USC 3642

(1) special projects (as may be determined to be desirable by the State or local educational agencies) in such areas as—

(A) preparation of students to use metric weights and measurements when such use is needed;

(B) emphasis on the arts as an integral part of the curriculum;

(C) in-school partnership programs in which the parents of school-age children participate to enhance the education and personal development of the children, previously authorized by part B of the Headstart-Follow Through Act;

42 USC 2929

(ii) preschool partnership programs in which the schools work with parents of preschool children in cooperation with programs funded under the Headstart-Follow Through Act;

42 USC 2921.

(D) consumer education;

(E) preparation for employment, the relationship between basic academic skill development and work experience, and coordination with youth employment programs carried out under the Comprehensive Employment and Training Act;

(F) career education previously authorized by the Career Education Incentive Act;

(G) environmental education, health education, education about legal institutions and the American system of law and its underlying principles, and studies on population and the effects of population changes;

(H) academic and vocational education of juvenile delinquents, youth offenders, and adult criminal offenders; and

(1) programs to introduce disadvantaged secondary school students to the possibilities of careers in the biomedical and medical sciences, and to encourage, motivate, and assist them in the pursuit of such careers;

(2) the use of public education facilities as community centers operated by a local education agency in conjunction with other local governmental agencies and community organizations and groups to provide educational, recreational, health care, cul-

tural, and other services.

(3) the use of public education facilities as community centers operated by a local education agency in conjunction with other local governmental agencies and community organizations and groups to provide educational, recreational, health care, cul-

tural, and other services.

(4) the use of public education facilities as community centers operated by a local education agency in conjunction with other local governmental agencies and community organizations and groups to provide educational, recreational, health care, cul-

tural, and other services.

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Science Foundation Act of 1950, relating to precollege science teacher training, and part A and section 582 of title V of the Higher Education Act of 1965, relating to the Teacher Corps and teacher centers, in accordance with the planned allocation of funds set forth in the applications under sections 564 and 566, in conformity with the other requirements of this chapter.

42 USC 1862

20 USC 1101,  
1119a

AUTHORIZED ACTIVITIES

Sec. 577. Programs and projects authorized under this subchapter include—

20 USC 3632.

(1) the acquisition and utilization—

(A) of school library resources, textbooks, and other printed and published instructional materials for the use of children and teachers in public and private elementary and secondary schools which shall be used for instructional purposes only, and

(B) of instructional equipment and materials suitable for use in providing education in academic subjects for use by children and teachers in elementary and secondary schools which shall be used for instructional purposes only.

(2) the development of programs designed to improve local educational practices in elementary and secondary schools, and particularly activities designed to address educational problems such as the education of children with special needs (educationally deprived children, gifted and talented children, including children in private schools);

(3) programs designed to assist local educational agencies, upon their request, to more effectively address educational problems caused by the isolation or concentration of minority group children in certain schools if such assistance is not conditioned upon any requirement that a local educational agency which assigns students to schools on the basis of geographic attendance areas adopt any other method of student assignment, and that such assistance is not made available for the transportation of students or teachers or for the acquisition of equipment for such transportation;

(4) comprehensive guidance, counseling, and testing programs in elementary and secondary schools and State and local support services necessary for the effective implementation and evaluation of such programs (including those designed to help prepare students for employment);

(5) programs and projects to improve the planning, management and implementation of educational programs, including fiscal management, by both State and local educational agencies, and the cooperation of such agencies with other public agencies;

(6) programs and projects to assist in teacher training and in-service staff development, particularly to better prepare both new and in-service personnel to deal with contemporary teaching and learning requirements and to provide assistance in the teaching and learning of educationally deprived students; and

(7) programs and projects to assist local educational agencies to meet the needs of children in schools undergoing desegregation and to assist such agencies to develop and implement plans for desegregation in the schools of such agencies.

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tural, and other related community and human services for the community served in accordance with the needs, interests, and concerns of the community and the agreement and conditions of the governing board of the local educational agency; and (3) additional programs, including—

(A) special programs to identify, encourage, and meet the special educational needs of children who give evidence of high performance capability in areas such as intellectual, creative, artistic, leadership capacity, or specific academic fields, and who require services or activities not ordinarily provided by the school in order to fully develop such capabilities;

(B) establishment of educational proficiency standards for reading, writing, mathematics, or other subjects, the administration of examinations to measure the proficiency of students, and implementation of programs (coordinated with those under subchapter A of this chapter) designed to assist students in achieving levels of proficiency compatible with established standards;

(C) programs designed to promote safety in the schools and to reduce the incidence of crime and vandalism in the school environment;

(D) planning, developing, and implementing ethnic heritage studies programs to provide all persons with an opportunity to learn about and appreciate the unique contributions to the American national heritage made by the various ethnic groups, and to enable students better to understand their own cultural heritage as well as the cultural heritage of others; and

(E) programs involving training and advisory services under title IV of the Civil Rights Act of 1964.

Subchapter D—Secretary's Discretionary Funds

DISCRETIONARY PROGRAM AUTHORIZED

Sec. 588. (a) From the sums reserved by the Secretary pursuant to the second sentence of section 563(a) the Secretary is authorized to carry out directly or through grants to or contracts with State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions, programs and projects which—

(1) provide a national source for gathering and disseminating information on the effectiveness of programs designed to meet the special educational needs of educationally deprived children, and others served by this subtitle, and for assessing the needs of such individuals, including programs and projects formerly authorized by section 376 of the Elementary and Secondary Education Act of 1965 and programs and projects formerly funded under the "National Diffusion Network" program;

(2) carry out research and demonstrations related to the purposes of this subtitle;

(3) are designed to improve the training of teachers and other instructional personnel needed to carry out the purposes of this subtitle; or

(4) are designed to assist State and local educational agencies in the implementation of programs under this subtitle.

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(b) From the funds reserved for the purposes of this section, the Secretary shall first fund—

(1) the Inexpensive Book Distribution Program (as carried out through "Reading is Fundamental") as formerly authorized by part C of title II of the Elementary and Secondary Education Act of 1966,

20 USC 2911.

(2) the programs of national significance in the "Arts in Education" Program as formerly authorized by part C of title III of such Act, and

(3) programs in alcohol and drug abuse education as formerly authorized by the Alcohol and Drug Abuse Education Act, at least in amounts necessary to sustain the activities described in this sentence at the level of operations during fiscal year 1981, and then utilize the remainder of such funds for the other authorized activities described in subsection (a).

21 USC 1001, note.

Subchapter E—General Provisions

MAINTENANCE OF EFFORT; FEDERAL FUNDS SUPPLEMENTARY

20 USC 3861.

Sec. 585. (a)(1) Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this chapter for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the preceding fiscal year was not less than 90 per centum of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

(2) The Secretary shall reduce the amount of the allocation of funds under this chapter in any fiscal year in the exact proportion to which the State fails to meet the requirements of paragraph (1) by falling below 90 per centum of both the fiscal effort per student and aggregate expenditures (using the measure most favorable to the State), and no such lesser amount shall be used for computing the effort required under paragraph (1) for subsequent years.

(3) The Secretary may waive, for one fiscal year only, the requirements of this subsection if he determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

(b) A State or local educational agency may use and allocate funds received under this chapter only so as to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds made available under this chapter, be made available from non-Federal sources, and in no case may such funds be used so as to supplant funds from non-Federal sources.

(c) The Secretary is specifically authorized to issue regulations to enforce the provisions of this section.

Waiver of requirements.

Regulations.

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

20 USC 3862.

Sec. 586. (a)(1) To the extent consistent with the number of children in the school district of a local educational agency which is eligible to receive funds under this chapter or which serves the area in which a program or project assisted under this chapter is located who are enrolled in private nonprofit elementary and secondary schools, or with respect to instructional or personnel training programs funded by the State educational agency from funds reserved for State use

Note. p. 472

42 USC 2000e.

20 USC 3851.

20 USC 3041.

through arrangements which shall be subject to the requirements of this section.

Waiver of requirements.

(e)(1) If the Secretary determines that a State or a local educational agency has substantially failed or is unwilling to provide for the participation on an equitable basis of children enrolled in private elementary and secondary schools as required by this section, he may waive such requirements and shall arrange for the provision of services to such children through arrangements which shall be subject to the requirements of this section.

(2) Pending final resolution of any investigation or complaint that could result in a determination under this subsection or subsection (d), the Secretary may withhold from the allocation of the affected State or local educational agency the amount he estimated would be necessary to pay the cost of those services.

(f) Any determination by the Secretary under this section shall continue in effect until the Secretary determines that there will no longer be any failure or inability on the part of the State or local educational agency to meet the requirements of subsections (a) and (b).

(g) When the Secretary arranges for services pursuant to this section, he shall, after consultation with the appropriate public and private school officials, pay the cost of such services, including the administrative costs of arranging for those services, from the appropriate allotment of the State under this chapter.

(h)(1) The Secretary shall not take any final action under this section until the State educational agency and the local educational agency affected by such action have had an opportunity, for at least forty-five days after receiving written notice thereof, to submit written objections and to appear before the Secretary or his designee to show cause why that action should not be taken.

(2) If a State or local educational agency is dissatisfied with the Secretary's final action after a proceeding under paragraph (1) of this subsection, it may within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based this action, as provided in section 2112 of title 28, United States Code.

(3) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(4) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(i) Any bypass determination by the Secretary under titles II through VI and VIII and IX of the Elementary and Secondary Education Act of 1965 prior to the effective date of this chapter shall remain in effect to the extent consistent with the purposes of this chapter.

20 USC 2881,  
3191, 3281, 3311.

under section 565, such agency after consultation with appropriate private school officials, shall provide for the benefit of such children in such schools secular, neutral, and nonideological services, materials, and equipment including the participation of the teachers of such children (and other educational personnel serving such children) in training programs, and the repair, minor remodeling, or construction of public facilities as may be necessary for their provision (consistent with subsection (c) of this section), or, if such service, materials, and equipment are not feasible or necessary in one or more such private schools as determined by the local educational agency after consultation with the appropriate private school officials, shall provide such other arrangements as will assure equitable participation of such children in the purposes and benefits of this chapter.

(2) If no program or project is carried out under subsection (a)(1) of this section in the school district of a local educational agency, the State educational agency shall make arrangements, such as through contracts with nonprofit agencies or organizations, under which children in private schools in that district are provided with services and materials to the extent that would have occurred if the local educational agency had received funds under this chapter.

(3) The requirements of this section relating to the participation of children, teachers, and other personnel serving such children shall apply to programs and projects carried out under this chapter by a State or local educational agency, whether directly or through grants to or contracts with other public or private agencies, institutions, or organizations.

(b) Expenditures for programs pursuant to subsection (a) shall be equal (consistent with the number of children to be served) to expenditures for programs under this chapter for children enrolled in the public schools of the local educational agency, taking into account the needs of the individual children and other factors which relate to such expenditures, and when funds available to a local educational agency under this chapter are used to concentrate programs or projects on a particular group, attendance area, or grade or age level, children enrolled in private schools who are included within the group, attendance area, or grade or age level selected for such concentration shall, after consultation with the appropriate private school officials, be assured equitable participation in the purposes and benefits of such programs or projects.

(c)(1) The control of funds provided under this chapter and title to materials, equipment, and property repaired, remodeled, or constructed therewith shall be in a public agency for the uses and purposes provided in this chapter, and a public agency shall administer such funds and property.

(2) The provision of services pursuant to this section shall be provided by employees of a public agency or through contract by such public agency with a person, an association, agency, or corporation who or which, in the provision of such services, is independent of such private school and of any religious organizations, and such employment or contract shall be under the control and supervision of such public agency, and the funds provided under this chapter shall not be commingled with State or local funds.

(d) If by reason of any provision of law a State or local educational agency is prohibited from providing for the participation in programs of children enrolled in private elementary and secondary schools, as required by this section, the Secretary shall waive such requirements and shall arrange for the provision of services to such children

Contract authority.

Waiver of requirements.



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REFRALS

Sec. 587. (a) Effective October 1, 1982, the provisions of—  
 (1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965;  
 (2) part A and section 532 of title V of the Higher Education Act of 1965;

20 USC 2881,  
 2841, 3081, 3141,  
 3191, 3281, 3311,  
 3341

(3) the Alcohol and Drug Abuse Education Act; and  
 (4) the Career Education Incentive Act;  
 are repealed.

20 USC 1101,  
 1119a,  
 21 USC 1001  
 note

(b) Effective October 1, 1984, subchapter C of chapter 8 of subtitle A of title VI of this Act, relating to Follow-Through programs is repealed.

20 USC 2601  
 note,  
 Part, p. 508.

CHAPTER 3—GENERAL PROVISIONS

FEDERAL REGULATIONS

Sec. 591. (a) The Secretary is authorized to issue regulations—  
 (1) relating to the discharge of duties specifically assigned to the Secretary under this subtitle;

20 USC 3871.

(2) relating to proper fiscal accounting for funds appropriated under this subtitle and the method of making payments authorized under this subtitle; and

(3) which are deemed necessary to reasonably insure that there is compliance with the specific requirements and assurances required by this subtitle.

(b) In all other matters relating to the details of planning, developing, implementing, and evaluating programs and projects by State and local educational agencies the Secretary shall not issue regulations, but may consult with appropriate State, local, and private educational agencies and, upon request, provide technical assistance, information, and suggested guidelines designed to promote the development and implementation of effective instructional programs and to otherwise assist in carrying out the purposes of this subtitle.

(c) Regulations issued pursuant to this subtitle shall not have the standing of a Federal statute for the purposes of judicial review.

WITHHOLDING OF PAYMENTS

Sec. 592. (a) Whenever the Secretary after reasonable notice to any State educational agency and an opportunity for a hearing on the record, finds that there has been a failure to comply substantially with any assurances required to be given or conditions required to be met under this subtitle the Secretary shall notify such agency of these findings and that beginning sixty days after the date of such notification, further payments will not be made to the State under this subtitle, or affected chapter thereof (or, in his discretion, that the State educational agency shall reduce or terminate further payments under the subtitle or affected chapter thereof, to specified local educational agencies or State agencies affected by the failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, (1) no further payments shall be made to the State under the subtitle or affected chapter thereof, or (2) payments by the State educational agency under the subtitle or affected chapter thereof shall be limited to local educational agencies and State agencies not affected by the failure, or (3) payments to particular local educational agencies shall be reduced, as the case may be.

20 USC 3872.

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(b) Upon submission to a State of a notice under subsection (a) that the Secretary is withholding payments, the Secretary shall take such action as may be necessary to bring his action to the attention of the public within the State.

JUDICIAL REVIEW

Sec. 593. (a) If any State is dissatisfied with the Secretary's action under section 592(a), such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The filing of such petition shall act to suspend any withholding of funds by the Secretary pending the judgment of the court and prior to a final action on any review of such judgment. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

20 USC 3873

(b) A State educational agency shall be presumed to have complied with this subtitle, but the findings of fact by the Secretary, if supported by the weight of evidence, may overcome such presumption. The court may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings.

(c) Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

AVAILABILITY OF APPROPRIATIONS

Sec. 594. Notwithstanding any other provision of law, unless expressly in limitation of this section, funds appropriated in any fiscal year to carry out activities under this subtitle shall become available for obligation on July 1 of such fiscal year and shall remain available for obligation until the end of the succeeding fiscal year.

20 USC 3874.

DEFINITIONS

Sec. 595. (a) Except as otherwise provided herein as used in this subtitle—

(1) the term "State" means a State, Puerto Rico, Guam, the District of Columbia, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands;

(2) the term "Secretary" means the Secretary of Education;

(3) the term "State educational agency" means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools;

(4) the term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term includes any other public institution or agency having

20 USC 3875.



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administrative control and direction of a public elementary or secondary school:

- (5) the term "parent" includes a legal guardian or other person standing in loco parentis;
- (6) the term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that such term does not include any education provided beyond grade twelve;
- (7) the term "elementary school" means a day or residential school which provides elementary education, as determined under State law, and the term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade twelve;
- (8) the term "construction" includes the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities;
- (9) the term "equipment" includes machinery, utilities, and building equipment and any necessary enclosure or structures to house them, and includes all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books, periodicals, documents, and other related materials; and
- (10) the term "school facilities" means classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading, and improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.

(b) Any term used in provisions referenced by section 564 and not defined in this section shall have the same meaning as that term was given in title I of the Elementary and Secondary Education Act of 1965 in effect prior to October 1, 1981.

APPLICATION OF OTHER LAWS

Sec. 596. (a) Sections 434, 435, and 436 of the General Education Provisions Act (relating to "State Educational Agency Monitoring and Agency Application") shall not apply to programs authorized under this subtitle except to the extent that they relate to fiscal control and fund accounting procedures (including the title to property acquired with Federal funds), and shall not be construed to authorize the Secretary to require any reports or take any actions not specifically authorized by this subtitle.

(b) Section 412 of the General Education Provisions Act shall apply to any funds appropriated for any fiscal year pursuant to this subtitle.

20 USC 2701.

20 USC 3876.  
20 USC 1252a.  
1252d, 1252e.

20 USC 1225.

PREVENTIVE HEALTH, HEALTH SERVICES, AND PRIMARY CARE HEALTH BLOCK GRANTS

Sec. 901. Effective October 1, 1981, the Public Health Service Act is amended by adding at the end the following new title:

"TITLE XIX—BLOCK GRANTS

"PART A—PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

"AUTHORIZATION OF APPROPRIATIONS

42 USC 300w.

"Sec. 1901. (a) For the purpose of allotments under section 1902, there is authorized to be appropriated \$95,000,000 for fiscal year 1982, \$96,500,000 for fiscal year 1983, and \$98,500,000 for fiscal year 1984.

(b) Of the amount appropriated for any fiscal year under subsection (a), at least \$3,000,000 shall be made available for allotments under section 1902(b).

"ALLOTMENTS

42 USC 300w-1

"Sec. 1902. (a)(1) From the amounts appropriated under section 1901 for any fiscal year and available for allotment under this subsection, the Secretary shall allot to each State an amount which bears the same ratio to the available amounts for that fiscal year as the amounts provided by the Secretary under the provisions of law listed in paragraph (2) to the State and entities in the State for fiscal year 1981 bore to the total amount appropriated for such provisions of law for fiscal year 1981.

(2) The provisions of law as in effect on September 30, 1981, following the provisions of law as in effect on September 30, 1981:

42 USC 247b.

"(A) The authority for grants under section 317 for preventive health services programs for the control of rodents.

"(B) The authority for grants under section 317 for establishing and maintaining community and school-based fluoridation programs.

"(C) The authority for grants under section 317 for preventive health services programs for hypertension.

"(D) Sections 401 and 402 of the Health Services and Centers Amendments of 1978.

"(E) Section 314(d).

42 USC 2347b-1.  
247b-2.  
42 USC 246.

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42 USC 255  
42 USC  
390d-1-390d-3

"(F) Section 339(a).

"(G) Sections 1202, 1203, and 1204.

"(b) From the amount required to be made available under section 1901(b) for allotments under this subsection for any fiscal year, the Secretary shall make allotments to each State on the basis of the population of the State.

"(c) To the extent that all the funds appropriated under section 1901 for a fiscal year and available for allotment in such fiscal year are not otherwise allotted to States because—

"(1) one or more States have not submitted an application or description of activities in accordance with section 1905 for the fiscal year;

"(2) one or more States have notified the Secretary that they do not intend to use the full amount of their allotment; or

"(3) some State allotments are offset or repaid under section 1906(b)(3);

such excess shall be allotted among each of the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this subsection.

"(d)(1) If the Secretary—

"(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this part be provided directly by the Secretary to such tribe or organization, and

"(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secretary under this part,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (a) for the fiscal year the amount determined under paragraph (2).

"(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under subsection (a) an amount equal to the amount which bears the same ratio to the State's allotment for the fiscal year involved as the total amount provided or allotted for fiscal year 1981 by the Secretary to such tribe or tribal organization under the provisions of law referred to in subsection (a) bore to the total amount provided or allotted for such fiscal year by the Secretary to the State and entities (including Indian tribes and tribal organizations) in the State under such provisions of law.

"(3) The amount reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(4) In order for an Indian tribe or tribal organization to be eligible for a grant for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe.

"(5) The terms 'Indian tribe' and 'tribal organization' have the same meaning given such terms in sections 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

"(e) The Secretary shall conduct a study for the purpose of devising a formula for the equitable distribution of funds available for allotment to the States under this section. In conducting the study, the Secretary shall take into account—

"(1) the financial resources of the various States,

"(2) the populations of the States, and

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"(3) any other factor which the Secretary may consider appropriate.

Before June 30, 1982, the Secretary shall submit a report to the Congress respecting the development of a formula and make such recommendations as the Secretary may deem appropriate in order to ensure the most equitable distribution of funds under allotments under this section.

## "PAYMENTS UNDER ALLOTMENTS TO STATES

"Sec. 1903. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), to each State from its allotment under section 1902 (other than any amount reserved under section 1902(d)) from amounts appropriated for that fiscal year.

"(2) Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available for the next fiscal year to such State for the purposes for which it was made.

"(b) The Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

"(1) the fair market value of any supplies or equipment furnished the State, and

"(2) the amount of the pay, allowances, and travel expenses of any officer or employee of the Government when detailed to the State and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 1904. The amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

## "USE OF ALLOTMENTS

"Sec. 1904. (a)(1) Except as provided in subsections (b) and (c), amounts paid to a State under section 1903 from its allotment under section 1902(a) and amounts transferred by the State for use under this part may be used for the following:

"(A) Preventive health service programs for the control of rodents and community and school-based fluoridation programs.

"(B) Establishing and maintaining preventive health service programs for screening for, the detection, diagnosis, prevention, and referral for treatment of, and follow-up on compliance with treatment prescribed for, hypertension.

"(C) Community based programs for the purpose of demonstrating and evaluating optimal methods for organizing and delivering comprehensive preventive health services to defined populations, comprehensive programs designed to deter smoking and the use of alcoholic beverages among children and adolescents, and other risk-reduction and health education programs.

"(D) Comprehensive public health services.

"(E) Demonstrate the establishment of home health agencies (as defined in section 1861(m) of the Social Security Act) in areas where the services of such agencies are not available. Amounts

42 USC 300w-2.

42 USC 300w-3.

42 USC 1395x.

provided for such agencies may not be used for the direct provision of health services.

"(F) Feasibility studies and planning for emergency medical services systems and the establishment, expansion, and improvement of such systems. Amounts for such systems may not be used for the costs of the operation of the systems or the purchase of equipment for the systems.

"(G) Providing services to rape victims and for rape prevention.

Amounts provided for the activities referred to in the preceding sentence may also be used for related planning, administration, and educational activities.

"(2) Except as provided in subsection (b), amounts paid to a State under section 1903 from its allotment under section 1902(b) may only be used for providing services to rape victims and for rape prevention.

"(3) The Secretary may provide technical assistance to States in planning and operating activities to be carried out under this part.

"(b) A State may not use amounts paid to it under section 1903 to—

"(1) provide inpatient services,

"(2) make cash payments to intended recipients of health services,

"(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment,

"(4) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds, or

"(5) provide financial assistance to any entity other than a public or nonprofit private entity.

Except as provided in subsection (a)(1)(E), the Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part.

"(c) A State may transfer not more than 7 percent of the amount allotted to the State under section 1902(a) for any fiscal year for use by the State under parts B and C of this title and title V of the Social Security Act in such fiscal year as follows: At any time in the first three quarters of the fiscal year a State may transfer not more than 3 percent of the allotment of the State for the fiscal year for such use, and in the last quarter of a fiscal year a State may transfer for such use not more than the remainder of the amount of its allotment which may be transferred.

"(d) Of the amount paid to any State under section 1903, not more than 10 percent paid from each of its allotments under subsections (a) and (b) of section 1902 may be used for administering the funds made available under section 1903. The State will pay from non-Federal sources the remaining costs of administering such funds.

#### "APPLICATION AND DESCRIPTION OF ACTIVITIES

"Sec. 1905. (a) In order to receive an allotment for a fiscal year under section 1902 each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

"(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1902, no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1903 for such fiscal year.

"(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State—

"(1) agrees to use the funds allotted to it under section 1902 in accordance with the requirements of this part;

"(2) except as provided in subsection (e) shall make grants for a fiscal year 1982 to each entity within the State which received a grant or contract under section 1202, 1203, or 1204 in fiscal year 1981 and which would be eligible to receive a grant or contract under such section (as in effect on September 30, 1981) for such fiscal year if such grants or contracts were made under such section;

"(3) agrees to establish reasonable criteria to evaluate the effective performance of entities which receive funds from the allotment of the State under this part and procedures for procedural and substantive independent State review of the failure by the State to provide funds for any such entity.

"(4) agrees to make grants for preventive health service programs for hypertension in amounts equal to—

"(A) for fiscal year 1982, 75 percent of the total amount provided by the Secretary in fiscal year 1981 to the State and entities in the State under section 317 for such programs,

"(B) for fiscal year 1983, 70 percent of such total amount,

and

"(C) for fiscal year 1984, 60 percent of such total amount.

"(5) agrees to permit and cooperate with Federal investigations undertaken in accordance with section 1907;

"(6) has identified those populations, areas, and localities in the State with a need for the services for which funds may be provided by the State under this part;

"(7) agrees that Federal funds made available under section 1903 for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would be made available for the programs and activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds; and

"(8) has in effect a system to protect from inappropriate disclosure patient and rape victim records maintained by the State in connection with an activity funded under this part or by any entity which is receiving payments from the allotment of the State under this part.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

"(d) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 1903 for the fiscal year for which the application is submitted, including information on the programs and activities to be supported and services to be provided. The description shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public

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amounts against the amount of any allotment to which the State is or may become entitled under this part.

Public inspection.

"(4) The State shall make copies of the reports and audits required by this section available for public inspection within the State. "(5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part and the certification provided by the State under section 1906.

Report to Congress.

"(6) Not later than October 1, 1983, the Secretary shall report to the Congress on the activities of the States that have received funds under this part and may include in the report any recommendations for appropriate changes in legislation.

Post, p. 753.

"(c) Title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to audits of funds allotted under this part.

"WITHHOLDING

Notice and hearing 42 USC 300w-6.

"Sec. 1907. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not use its allotment in accordance with the requirements of this part or the certification provided under section 1906. The Secretary shall withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur.

"(2) The Secretary may not institute proceedings to withhold funds under paragraph (1) unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with the requirements of this part or the certification provided under section 1906. Investigations required by this paragraph shall be conducted within the affected State by qualified investigators.

"(3) The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirements of this part or certifications provided under section 1906.

"(4) The Secretary may not withhold funds under paragraph (1) from a State for a minor failure to comply with the requirements of this part or certifications provided under section 1906.

"(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part and certifications provided under section 1906.

"(2) The Comptroller General of the United States may conduct investigations of the use of funds received under this part by a State in order to insure compliance with the requirements of this part and certifications provided under section 1906.

"(c) Each State, and each entity which has received funds from an allotment made to a State under this part, shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

"(d)(1) In conducting any investigation in a State, the Secretary or the Comptroller General of the United States may not make a request for any information not readily available to such State or an entity which has received funds from an allotment made to the State under

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agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this part, and any revision shall be subject to the requirements of the preceding sentence.

"(e) A State shall be required to make a grant to an entity as prescribed by subsection (c)(2) unless—

"(1) the State recommends on the basis of—

"(A) any Federal finding, Federal administrative action, or judicial proceeding with respect to any such entity, or

"(B) a review of such entity in accordance with the criteria and procedures required under subsection (c)(3), and

that the State be required to make such grants; and

"(2) the Secretary approves the recommendation of the State under paragraph (1) based upon a substantive and procedural review of the record made by the State in making its recommendation under paragraph (1).

"REPORTS AND AUDITS

42 USC 300w-5.

"Sec. 1906. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to determine whether funds were expended in accordance with this part and consistent with the needs within the State identified pursuant to section 1905(c)(6), (B) to secure a description of the activities of the State under this part, and (C) to secure a record of the purposes for which funds were spent, of the recipients of such funds, and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency).

"(2) In determining the information that States must include in the report required by this subsection, the Secretary may not establish reporting requirements that are burdensome.

"(b)(1) Each State shall establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under section 1903 and funds transferred under section 1904(c) for use under this part.

"(2) Each State shall annually audit its expenditures from payments received under section 1903. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, in so far as practical, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary.

Notice and hearing

"(3) Each State shall, after being provided by the Secretary with adequate notice and opportunity for a hearing within the State, repay to the United States amounts found not to have been expended in accordance with the requirements of this part or the certification provided by the State under section 1905. If such repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing within the State, offset such

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shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.

PART B—ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES BLOCK GRANT

AUTHORIZATION OF APPROPRIATIONS

Sec. 1911. For the purpose of grants and allotments under section 1912, there is authorized to be appropriated \$491,000,000 for fiscal year 1982, \$511,000,000 for fiscal year 1983, and \$532,000,000 for fiscal year 1984.

42 USC 300x

GRANTS AND ALLOTMENTS

Sec. 1912. (a)(1) The Secretary may use not more than 1 percent of the amount appropriated under section 1911 for any fiscal year to make grants to public and nonprofit private entities for projects for the training and retraining of employees adversely affected by changes in the delivery of mental health services and for providing such employees assistance in securing employment.

42 USC 300x-1

(2) No grant may be made by the Secretary under paragraph (1) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain and be accompanied by such information, as the Secretary may specify. No such application may be approved unless it contains assurances that the applicant will use the funds provided only for the purposes specified in the approved application and will establish such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement and accounting of Federal funds paid to the applicant under paragraph (1).

(b)(1) From the remainder of the amount appropriated under section 1911 for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such remainder for that fiscal year as the amounts—

94 Stat. 3166

(A) which would have been provided by the Secretary to the State and entities in the State under the Community Mental Health Centers Act and the Mental Health Systems Act for fiscal year 1981 if the Secretary had obligated all the funds for mental health services available for such Acts under Public Law 96-536, and

(B) provided by the Secretary to the State and entities in the State under the laws referred to in subparagraphs (C) and (D) of paragraph (2) for fiscal year 1980,

42 USC 2689 note.

94 Stat. 1564

42 USC 9401 note.

bore to the total amount appropriated for mental health services for fiscal year 1981 under Public Law 96-536 under the Community Mental Health Centers Act and the Mental Health Systems Act and the total amount appropriated for fiscal year 1980 for the provisions of law referred to in subparagraphs (C) and (D) of paragraph (2).

(2) The provisions of law referred to in paragraph (1) are the following provisions of law as in effect on the day before the date of the enactment of the Omnibus Budget Reconciliation Act of 1981:

- (A) The Community Mental Health Centers Act.
(B) The Mental Health Systems Act.
(C) Sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970.

42 USC 4571.

4578.

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this part or make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.
(2) Paragraph (1) does not apply to the collection, compilation, or transmittal of data in the course of a judicial proceeding.

NONDISCRIMINATION

Sec. 1908. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this part are considered to be programs and activities receiving Federal financial assistance.

42 USC 300w-7.

42 USC 6101

29 USC 794

20 USC 1681

42 USC 2000d.

(2) No person shall on the ground of sex or religion be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this part.

(b) Whenever the Secretary finds that a State, or an entity that has received a payment from an allotment to a State under section 1902, has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), the Secretary shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

- (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted,
(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable, or
(3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever he has reason to believe that a State or an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a)(1) or in violation of subsection (a)(2), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

CRIMINAL PENALTY FOR FALSE STATEMENTS

Sec. 1909. Whoever—

42 USC 300w-8.

(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this part, or

(2) having knowledge of the occurrence of any event affecting his initial or continued right to any such payment conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount than is due or when no such payment is authorized,

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insure the most equitable distribution of funds under allotments under subsection (b).

"PAYMENTS UNDER ALLOTMENTS TO STATES

42 USC 390r-2

"Sec. 1913. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4218), to each State from its allotment under section 1912(b) (other than any amount reserved under section 1912(c)) from amounts appropriated for that fiscal year.

"(2) Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available to such State for the purposes for which it was made for the next fiscal year.

"(b) The Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

"(1) the fair market value of any supplies or equipment furnished the State, and

"(2) the amount of the pay, allowances, and travel expenses of any officer or employee of the Government when detailed to the State and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 1914. The amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

"USE OF ALLOTMENTS

42 USC 390r-3

"Sec. 1914. (a)(1) Except as provided in subsections (b) and (c), amounts paid to a State under section 1913 and amounts transferred by the State for use under this part may be used by the State for—

"(A) planning, establishing, maintaining, coordinating, and evaluating projects for the development of more effective prevention, treatment, and rehabilitation programs and activities to deal with alcohol and drug abuse; and

"(B) grants to community mental health centers in accordance with section 1915(c) and grants to community mental health centers for the provision of the following services:

"(i) Services for chronically mentally ill individuals, which include identification of chronically mentally ill individuals and assistance to such individuals in gaining access to essential services through the assignment of case managers.

"(ii) Identification and assessment of severely mentally disturbed children and adolescents and provision of appropriate services to such individuals.

"(iii) Identification and assessment of mentally ill elderly individuals and provision of appropriate services to such individuals.

"(iv) Services for identifiable populations which are currently underserved in the State.

"(v) Coordination of mental health and health care services provided within health care centers.

"(D) Sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act.

"(3) To the extent that all the funds appropriated under section 1911 for a fiscal year and available for allotment in such fiscal year are not otherwise allotted to States because—

"(A) one or more States have not submitted an application or description of activities in accordance with section 1915 for the fiscal year;

"(B) one or more States have notified the Secretary that they do not intend to use the full amount of their allotment; or

"(C) some State allotments are offset or repaid under section 1915(b)(3);

such excess shall be allotted among each of the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this paragraph.

"(c)(1) If the Secretary—

"(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this part be provided directly by the Secretary to such tribe or organization, and

"(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secretary under this part,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (b) for the fiscal year the amount determined under paragraph (2).

"(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under subsection (b) an amount equal to the amount which bears the same ratio to the State's allotment for the fiscal year involved as the total amount provided or allotted for fiscal year 1980 by the Secretary to such tribe or tribal organization under the provisions of law referred to in subsection (b)(2) bore to the total amount provided or allotted for such fiscal year by the Secretary to the State and entities (including Indian tribes and tribal organizations) in the State under such provisions of law.

"(3) The amount reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(4) In order for an Indian tribe or tribal organization to be eligible for a grant for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe.

"(5) The terms 'Indian tribe' and 'tribal organization' have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

"(d) The Secretary shall conduct a study for the purpose of devising a formula for the equitable distribution of funds available for allotment to the States under subsection (b). In conducting the study, the Secretary shall take into account—

"(1) the financial resources of the various States,

"(2) the populations of the States, and

"(3) any other factor which the Secretary may consider appropriate.

Before June 30, 1982, the Secretary shall submit a report to the Congress respecting the development of a formula and make such recommendations as the Secretary may deem appropriate in order to

"Indian tribe," and "tribal organization." 42 USC 450b.

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Amounts provided for the activities referred to in the preceding sentence may also be used for related planning, administration, and educational activities.

"(2) The Secretary may provide technical assistance to States in planning and operating activities to be carried out under this part.

"(b) A State may not use amounts paid to it under section 1913 to—  
 "(1) provide inpatient services in the case of amounts provided for community mental health centers or provide inpatient hospital services in the case of amounts provided for alcohol or drug abuse programs,  
 "(2) make cash payments to intended recipients of health services,  
 "(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment,  
 "(4) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds, or  
 "(5) provide financial assistance to any entity other than a public or nonprofit private entity.

The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part.

"(c) A State may transfer not more than 7 percent of the amount allotted to the State under section 1912 for any fiscal year for use by the State under parts A and C of this title and title V of the Social Security Act in such fiscal year as follows: At any time in the first three quarters of the fiscal year a State may transfer not more than 3 percent of the allotment of the State for the fiscal year for such use, and in the last quarter of a fiscal year a State may transfer for such use not more than the remainder of the amount of its allotment which may be transferred.

"(d) Of the amount paid to any State under section 1913, not more than 10 percent may be used for administering the funds made available under such section. The State will pay from non-Federal sources the remaining costs of administering such funds.

"APPLICATION AND DESCRIPTION OF ACTIVITIES

"Sec. 1915. (a) In order to receive an allotment for a fiscal year under section 1912(b) each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

"(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1912(b), no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1913 for such fiscal year.

"(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify as follows:

"(1) The State agrees to use the funds allotted to it under section 1912 in accordance with the requirements of this part.

"(2) Except as provided in subsection (e), for fiscal years 1982, 1983, and 1984, the State agrees to make grants, subject to

Artic. pp. 535, 543  
 42 USC 701

42 USC 300r-4.

paragraphs (3) and (4), to each community mental health center within the State which received a grant under the Community Mental Health Centers Act in fiscal year 1981 and which would be eligible to receive a grant for its operation under that Act (as in effect on the day before the date of the enactment of the Omnibus Budget Reconciliation Act of 1981) for such fiscal year if such grants were made under such Act.

"(3) The State agrees to make grants to community mental health centers in the State for the provision of comprehensive mental health services—

"(A) principally to individuals residing in a defined geographic area (hereinafter in this section referred to as a mental health service area), with special attention to individuals who are chronically mentally ill,

"(B) within the limits of its capacity, to any individual residing or employed in its mental health service area regardless of ability to pay for such services, current or past health condition, or any other factor, and

"(C) which are available and accessible promptly, as appropriate and in a manner which preserves human dignity and assures continuity and high quality care.

"(4) The State agrees to require that any community mental health center in the State receiving a grant from the State under this part, provide—

"(A) outpatient services, including specialized outpatient services for children, the elderly, individuals who are chronically mentally ill, and residents of its mental health service area who have been discharged from inpatient treatment at a mental health facility,

"(B) 24-hour-a-day emergency care services,

"(C) day treatment or other partial hospitalization services,

"(D) screening for patients being considered for admission to State mental health facilities to determine the appropriateness of such admission, and

"(E) consultation and education services.

"(5) The State agrees to establish reasonable criteria to evaluate the effective performance of entities which receive funds from the State under this part and procedural and substantive independent State review procedures of the failure by the State to provide funds for any such entity.

"(6)(A) The State agrees to use the funds allotted to it under section 1912 for fiscal year 1982 for the mental health and alcohol and drug abuse activities prescribed by section 1914(a) as follows:

"(i) The amount provided for mental health activities shall not exceed an amount which bears the same relationship to the funds allotted to the State for such fiscal year as the funds for mental health services which would have been received by the State and entities in the State in fiscal year 1981 under the Community Mental Health Centers Act and the Mental Health Systems Act if the Secretary had obligated all of the funds appropriated for such Acts under Public Law 96-536 bore to the funds which would have been so received by the State and entities in the State in such fiscal year under such Acts and the funds received by the State and entities in the State in fiscal year 1980 under sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation

94 Stat. 1564  
 42 USC 9401  
 note

94 Stat. 3166



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42 USC 4571,  
4578,  
21 USC 1176,  
1179

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Act of 1970 and sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act.

"(ii) The amount provided for alcohol and drug abuse activities shall not exceed an amount which bears the same relationship to the funds allotted to the State for such fiscal year as the funds received by the State and entities in the State in fiscal year 1980 under sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 and sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act bore to the funds received by the State and entities in the State in such fiscal year under such sections and the funds for mental health services which would have been received by the State and entities in the State in fiscal year 1981 under the Community Mental Health Centers Act and the Mental Health Systems Act if the Secretary had obligated all of the funds appropriated for such Acts under Public Law 96-586.

"(B) The State agrees to use 95 percent of the funds allotted to it under section 1912 for fiscal year 1983 for the mental health and alcohol and drug abuse activities prescribed by section 1914(a) as prescribed by subparagraph (A).

"(C) The State agrees to use 85 percent of the funds allotted to it under section 1912 for fiscal year 1984 for the mental health and alcohol and drug abuse activities prescribed by section 1914(a) as prescribed by subparagraph (A).

"(7) In any fiscal year, the State agrees to use funds for the alcohol and drug abuse activities prescribed by section 1914(a) as follows:

"(A) Not less than 35 percent of the amount to be made available for such activities shall be used for programs and activities relating to alcoholism and alcohol abuse.

"(B) Not less than 35 percent of the amount to be made available for such activities shall be used for programs and activities relating to drug abuse.

"(8) Of the amount to be used in any fiscal year for alcohol or drug abuse activities, the State agrees to use not less than 20 percent of such amount for prevention and early intervention programs designed to discourage the abuse of alcohol or drugs, or both.

"(9) The State agrees to permit and cooperate with Federal investigations undertaken in accordance with section 1917.

"(10) That the State has identified those populations, areas, and localities in the State with a need for mental health, alcohol abuse and alcoholism, and drug abuse services.

"(11) That the Federal funds made available under section 1913 for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the programs and activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds.

"(12) That the State has in effect a system to protect from inappropriate disclosure patient records maintained by the State in connection with an activity funded under this part or by any entity which is receiving payments from the allotment of the State under this part.

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"(13) That the State shall develop and implement arrangements, which are not excessively burdensome on the State, to locate jobs for employees affected adversely by actions taken by the State mental health authority to emphasize outpatient mental health services.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

"(d) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 1913 for the fiscal year for which the application is submitted, including information on the programs and activities to be supported and services to be provided. The description shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this part, and any revision shall be subject to the requirements of the preceding sentence.

"(e) A State shall be required to make a grant to a community mental health center under subsection (c)(2) unless—

"(1) the State recommends on the basis of—  
"(A) any Federal finding, Federal administrative action, or judicial proceeding with respect to any such community mental health center, or

"(B) a review of such center in accordance with the criteria and procedures required under subsection (c)(5),

that the State not be required to make such grants; and  
"(2) the Secretary approves the recommendation of the State under paragraph (1) based upon a substantive and procedural review of the record made by the State in making its recommendation under paragraph (1) which review demonstrates that the community mental health center is not providing services as prescribed by paragraphs (3) and (4) of subsection (c) or is engaged in a substantial misuse of funds.

## "REPORTS AND AUDITS

42 USC 300r-5

Sec. 1916. (a) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (1) to determine whether funds were expended in accordance with this part and consistent with the needs within the State identified pursuant to section 1915(c)(10), (2) to secure a description of the activities of the State under this part, and (3) to secure a record of the purposes for which funds were spent, of the recipients of such funds, and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency).

"(2) In determining the information that States must include in the report required by this subsection, the Secretary may not establish reporting requirements which are burdensome.



"(b)(1) Each State shall establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under section 1913 and funds transferred for use under this part.

"(2) Each State shall annually audit its expenditures from payments received under section 1913. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, in so far as practical, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary.

"(3) Each State shall, after being provided by the Secretary with adequate notice and opportunity for a hearing within the affected State, repay to the United States amounts found not to have been expended in accordance with the requirements of this part or the certification provided under section 1915. If such repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing, offset such amounts against the amount of any allotment to which the State is or may become entitled under section 1912.

"(4) The State shall make copies of the reports and audits required by this section available for public inspection within the State.

"(5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part.

"(6) Not later than October 1, 1983, the Secretary shall report to the Congress on the activities of the States which have received funds under this part and may include in the report any recommendations for appropriate changes in legislation.

"(c) The provisions of title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to the audit of funds allotted under this part.

#### "WITHHOLDING

"Sec. 1917. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not use its allotment in accordance with the requirements of this part or the certification provided under section 1915. The Secretary shall withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur.

"(2) The Secretary may not institute proceedings to withhold funds under paragraph (1) unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with the requirements of this part or the certification provided under section 1915. Investigations required by this paragraph shall be conducted within the affected State by qualified investigators.

"(3) The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirements of this part or the certification provided under section 1915.

"(4) The Secretary may not withhold funds under paragraph (1) from a State for a minor failure to comply with the requirements of this part or the certification provided under section 1915.

"(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part and the certification provided under section 1915.

"(2) The Comptroller General of the United States may conduct investigations of the use of funds received under this part by a State in order to insure compliance with the requirements of this part and the certification provided under section 1915.

"(c) Each State, and each entity which has received funds from an allotment made to a State under this part, shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

"(d)(1) In conducting any investigation in a State, the Secretary or the Comptroller General of the United States may not make a request for information not readily available to such State or an entity which has received funds from an allotment made to the State under this part or make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.

"(2) Paragraph (1) does not apply to the collection, compilation, or transmittal of data in the course of a judicial proceeding.

#### "NONDISCRIMINATION

42 USC 300r-7.

42 USC 6101  
not USC 704  
20 USC 1681  
42 USC 2000d.

"Sec. 1918. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this part, are considered to be programs and activities receiving Federal financial assistance.

"(2) No person shall on the ground of sex or religion be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this part.

"(b) Whenever the Secretary finds that a State, or an entity that has received a payment from an allotment to a State under section 1912, has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), the Secretary shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

"(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted.

"(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable, or

"(3) take such other action as may be provided by law.

"(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever he has reason to believe that a State or an entity is engaged in a pattern or practice in violation of a provision

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of law referred to in subsection (a)(1) or in violation of subsection (a)(2), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

## "CRIMINAL PENALTY FOR FALSE STATEMENTS

"Sec. 1919. Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this part, or

"(2) having knowledge of the occurrence of any event affecting his initial or continued right to any such payment conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount than is due or when no such payment is authorized, shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.

## "TRANSITION PROVISION

"Sec. 1920. If at the request of a State the Secretary uses the allotment of the State during the transition period prescribed by title XVII of the Omnibus Budget Reconciliation Act of 1981 for grants under this part, the Secretary shall make the grants in accordance with the requirements of paragraphs (6), (7), and (8) of section 1915(c). The Secretary shall deduct from the allotment of the State the amount the Secretary (after consultation with the State) requires to fund such programs.

## "PART C—PRIMARY CARE BLOCK GRANTS

## "PLANNING GRANTS

"Sec. 1921. (a) The Secretary may make grants to any State to undertake planning and other administrative activities to enable the State to administer allotments provided to it under this part. The amount of any grant to a State shall be determined by the Secretary but may not exceed \$150,000.

"(b) No grant may be made under subsection (a) unless an application therefore is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe.

"(c) For grants under subsection (a), there are authorized to be appropriated \$2,500,000 for fiscal year 1982.

## "AUTHORIZATION OF APPROPRIATIONS

"Sec. 1922. For allotments under section 1924 and for grants under section 330, there is authorized to be appropriated \$302,500,000 for fiscal year 1983, and \$327,000,000 for fiscal year 1984.

## "GRANTS UNDER SECTION 330

Sec. 1923. If a State does not submit an application for an allotment under section 1924 for a fiscal year or does not qualify for such an allotment for such fiscal year, the Secretary shall use funds appropriated under section 1922 to make grants under section 330 to commu-

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nity health centers within the State. Before making grants under section 330 for community health centers within a State the Secretary shall consult with the chief executive officer of the State and with appropriate local officials. The amount of funds from appropriations under section 1922 which may be used for grants for a fiscal year under section 330 for community health centers shall be the amount remaining after allotments are made under section 1924 for such fiscal year.

## "ALLOTMENTS

"Sec. 1924 (a). If a State submits an application under section 1927 for an allotment for a fiscal year and is determined by the Secretary to be eligible under such section for such an allotment, the Secretary shall allot to such State from the amount appropriated under section 1922 for such fiscal year an amount which bears the same ratio to the amount appropriated under section 1922 for that fiscal year as the amount granted for fiscal year 1982 by the Secretary to community health centers in the State under section 330 bore to the amount granted for that fiscal year by the Secretary under such section to centers in all States from appropriations for that fiscal year.

"(b)(1) If the Secretary—

"(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this part be provided directly by the Secretary to such tribe or organization, and

"(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secretary under this part,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (a) for the fiscal year the amount determined under paragraph (2).

"(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under subsection (a) an amount equal to the amount which bears the same ratio to the State's allotment for the fiscal year involved as the total amount granted for fiscal year 1982 by the Secretary to such tribe or tribal organization under section 330 bore to the total amount granted for such fiscal year by the Secretary to the State and entities (including Indian tribes and tribal organizations) in the State under section 330.

"(3) From the amount reserved by the Secretary on the basis of a determination under this subsection, the Secretary shall make grants under section 330 to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(4) The terms 'Indian tribe' and 'tribal organization' have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

## "PAYMENTS UNDER ALLOTMENTS TO STATES

"Sec. 1925. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), from amounts appropriated for allotments (other than any amount reserved under section 1924(b)) under section 1924(a) to each State which receives such an allotment.

"(2) Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available to such

42 USC 300x-8.

42 USC 300x-9.  
Post, p. 753.

42 USC 300y.

42 USC 300y-1.

42 USC 254c.

42 USC 300y-2.

42 USC 254c

42 USC 300y-3.

25 USC 450b.

42 USC 300y-4.

State for the purposes for which it was made for the next fiscal year if the Secretary determines that the State acted in accordance with section 1925(a)(1) and there is good cause for funds remaining unobligated.

"(b) The Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

"(1) the fair market value of any supplies or equipment furnished to the State, and

"(2) the amount of the pay, allowances, and travel expenses of any officer or employee of the Government when detailed to the State and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 1926. The amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

#### "GRANTS TO COMMUNITY HEALTH CENTERS

42 USC 300y-5.

"Sec. 1926. (a)(1) In fiscal years 1983 and 1984 each State shall use for grants under paragraphs (2) and (3) the entire amount allotted to it under section 1924 for such fiscal year and the entire amount required to be made available under paragraph (4).

"(2) From the amounts paid to it under section 1925 for fiscal year 1983 and from the State funds required to be made available under paragraph (4) for such fiscal year, each State shall make grants to each community health center which received a grant for its operation under section 330(d) for fiscal year 1982 and which meets the requirements of this paragraph. A grant may be made under this paragraph to a community health center only—

"(A) if the center has made an application to the State in accordance with section 330(e), and

"(B) if the center meets the requirements for receiving a grant under section 330 for its operation.

The amount of a grant under this paragraph to a center shall be not less than the amount the center received under section 330(d) for fiscal year 1982. If the State determines under subparagraph (B) that a community health center which has applied for a grant does not meet the requirements referred to in that subparagraph, the Secretary shall review the State's determination. If the Secretary finds that the center does not meet such requirements, the State may withhold a grant to the center under this paragraph.

"(3) In fiscal years 1983 and 1984, each State shall make grants to community health centers within the State which serve medically underserved populations and which meet the requirements of this paragraph. A grant under this paragraph for fiscal year 1983 shall be made from any amount not obligated under paragraph (2) or (4) for such fiscal year, and a grant for fiscal year 1984 shall be made from the amounts paid to it under section 1925 for the fiscal year and from the State funds required to be made available under paragraph (4) for the fiscal year. A grant may be made under this paragraph to a community health center only—

42 USC 254c.

"(A) if the center has made an application to the State in accordance with section 330(e), and

"(B) if the center meets the requirements for receiving a grant under section 330 for its operation.

The limitation prescribed by section 330(g)(3) shall apply with respect to grants under this paragraph. States shall make grants under this paragraph in such a manner that medically underserved populations which have been served by community health centers and which are still medically underserved populations will continue to receive health care, and in making such grants a State shall not, to the extent practicable, disrupt established provider-patient relationships.

"(4)(A) In fiscal year 1983 a State which receives an allotment under section 1924 for that fiscal year shall make available, from State funds, for the grants described in paragraphs (2) and (3) and for State administrative expenses for such grants for that fiscal year an amount equal to 20 percent of its allotment. In fiscal year 1984 a State shall make available, from State funds, for the grants described in paragraphs (2) and (3) and for State administrative expenses for such grants for such fiscal year an amount equal to one-third of its allotment.

"(B) A State, at the request of a community health center, may reduce the amount of the State's contribution under subparagraph (A) to the center by—

"(i) the fair market value of any supplies or equipment furnished to the center, and

"(ii) the amount of the pay, allowances, and travel expenses of any officer or employee of the State when detailed to the center and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the center and for the purpose of activities centers assisted under this section. The amount by which any payment is so reduced shall be available for payment by the State of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid by the State under subparagraph (A).

"(5) A State may not use any funds paid to it under section 1925 for the purposes of administration of the grants required by paragraphs (2) and (3).

"(6) For purposes of this part—

"(A) the term 'community health center' has the same meaning as that term has under section 330(a), and

"(B) a medically underserved population is such a population designated by the Secretary under section 330(b)(3).

"(b) A State may not use amounts paid to it under section 1925 to—

- "(1) provide inpatient services, except in fiscal year 1983 in the case of a community health center which used funds provided under section 330 for fiscal year 1982 to provide such services,
- "(2) make cash payments to intended recipients of health services,
- "(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment,
- "(4) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds, or

"Community health center."

"(5) provide financial assistance to any entity other than a public or nonprofit private community health center. The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part. The prohibition prescribed by this subsection (other than paragraph (4)) shall apply with respect to any amount required to be made available under subsection (a)(4).

"APPLICATION; ASSURANCES; DESCRIPTION OF ACTIVITIES

42 USC 300y-6

"Sec. 1927. (a) No State may receive an allotment for a fiscal year under section 1924(a) unless an application therefor has been submitted to and approved by the Secretary. Such an application shall be submitted before the beginning of the fiscal year for which the allotment applied for will be made. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

"(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1924, no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1925 for such fiscal year.

"(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees—

"(1) to use the funds allotted to it under section 1924 in accordance with the requirements of section 1926; and

"(2) to establish, after providing reasonable notice and opportunity for the submission of comments, reasonable criteria to evaluate the fiscal, managerial, and clinical performance of community health centers; and

"(3) to establish procedural and substantive independent State review procedures relating to the failure by the State to provide funds for any such center and to the reduction of the funds paid to a community health center in fiscal year 1984 to an amount which is significantly less than the amount paid to the center by the State under section 1926 in fiscal year 1983.

The application of a State shall also contain assurances, satisfactory to the Secretary, that the State has the administrative capability to administer grants under section 1926, to determine the need for services of community health centers by medically underserved populations, and to evaluate the performance of community health centers.

"(d)(1) The chief executive officer of the State shall, as part of the application required by subsection (a), prepare and furnish to the Secretary (in accordance with such form as the Secretary shall provide) a description of the intended use of the payments the State will receive under section 1925 for that fiscal year and the funds the State is required to obligate under section 1926(a)(4) for that fiscal year.

"(2) The description required by paragraph (1) shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during develop-

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ment of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted under this part, and any revision shall be subject to the requirements of the preceding sentence.

"REPORTS AND AUDITS

42 USC 300y-7

"Sec. 1928. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to determine whether funds were expended in accordance with sections 1926 and 1927(c), (B) to secure a description of the activities under this part, and (C) to secure a record of the purposes for which funds were spent, of the recipients of such funds and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency).

"(2) In determining the information that States must include in the report required by this subsection, the Secretary may not establish reporting requirements which are burdensome.

"(b)(1) Each State shall establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under section 1925.

"(2) Each State shall annually audit its expenditures from payments received under section 1925. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, to the extent practicable, in accordance with the Comptroller's General standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary.

"(3) Each State shall, after being provided by the Secretary with adequate notice and opportunity for a hearing within the affected State, repay to the United States amounts found not to have been expended in accordance with the requirements of section 1926 or the certification and assurances provided under section 1927. If such repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing, offset such amounts against the amount of any allotment to which the State is or may become entitled under section 1924.

Public inspection.

"(4) The State shall make copies of the reports and audits required by this section available for public inspection within the State.

"(5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part.

"(6) Not later than January 1, 1984, the Secretary shall report to the Congress on the activities of the States which have received funds under this part and may include in the report any recommendations for appropriate changes in legislation.

“WITHHOLDING

Notice and hearing 42 USC 300y-8

“Sec. 1929 (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State and subject to paragraphs (2) and (3) of this subsection, withhold funds from any State which does not use its allotment in accordance with the requirements of section 1926 or 1927. The Secretary shall withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur. If the Secretary withholds funds from a State for its failure to provide grants to community health centers in accordance with section 1926, the Secretary shall use the funds withheld to make such grants in accordance with such section.
“(2) The Secretary may not institute proceedings to withhold funds under this section unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with this part. Investigations required by this paragraph shall be conducted within the affected State by qualified investigators.
“(3) The Secretary may not withhold funds under this subsection from a State for a minor failure to comply with the provisions of this part.
“(4) The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirements of this part.
“(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part.
“(2) The Comptroller General of the United States may conduct an investigation of the use of funds received under this part by a State in order to insure compliance with the requirements of this part.
“(c) A State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.
“(d)(1) In conducting any investigation, the Secretary or the Comptroller General of the United States may not request any information not readily available to such State or to any community health center which has received a grant under this part and may not make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.
“(2) Paragraph (1) does not apply to the collection, compilation, or transmittal of data in the course of a judicial proceeding.

“NONDISCRIMINATION

“Sec. 1930. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this part are considered to be programs and activities receiving Federal financial assistance.

42 USC 300y-9. 42 USC 6101 note. 29 USC 794. 20 USC 1681. 42 USC 2000d.

“(2) No person shall on the ground of sex or religion be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this part.
“(b) Whenever the Secretary finds that a State or an entity that has received a payment from an allotment to a State under section 1924 has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), the Secretary shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

“(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted.

“(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable, or

“(3) take such other action as may be provided by law.

“(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever he has reason to believe that a State or an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a)(1) or in violation of subsection (a)(2), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

42 USC 2000d. 42 USC 6101 note. 29 USC 794.

“CRIMINAL PENALTY FOR FALSE STATEMENTS

“Sec. 1931. Whoever—

“(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this part, or

“(2) having knowledge of the occurrence of any event affecting his initial or continued right to any such payment conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount than is due or when no such payment is authorized,

shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.

“ADMINISTRATION

“Sec. 1932. Title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to the grant program authorized by this part.”

Post. p. 753.

REPEALS AND CONFORMING AMENDMENTS

Sec. 902. (a) Sections 401 and 402 of the Health Services and Centers Amendments of 1978 are repealed.

(b) Sections 314(d) and subpart III of part D of title III of the Public Health Service Act are repealed.

(c)(1) The second sentence of section 311(a) of the Public Health Service Act is amended—

(A) by inserting “and with respect to other public health matters” after “diseases”, and

42 USC 247b-1. 247b-2. 42 USC 246. 42 USC 243.

PRIMARY CARE

95 STAT. 561

PUBLIC LAW 97-35—AUG. 13, 1981

(4) Section 1518(e)(1)(X)(XI) of such Act is amended by striking out "the Community Mental Health Centers Act, sections 409 and 410 of the Mental Health Systems Act, sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970".

(5) Section 1521(d)(2)(A) of such Act is amended—  
 (A) by striking out "the Community Mental Health Centers Act," and inserting in lieu thereof "or"; and  
 (B) by striking out "and the Drug Abuse Office and Treatment Act of 1972".

(B) by striking out "and in carrying out the purposes of section 314".

(2) The first sentence of section 311(b) of such Act is amended by striking out "the purposes of section 314" and inserting in lieu thereof "public health activities".

(X)(1) Sections 1201, 1202, 1203, 1204, 1205(d), 1206, 1207(a), 1208, 1209, and 1210, and part B of title XII of the Public Health Service Act are repealed.

(2) Title XII of such Act is amended by striking out—

"PART A—ASSISTANCE FOR EMERGENCY MEDICAL SERVICES SYSTEMS".

(3) Section 1205 of such Act is redesignated as section 1201.

(4) Section 1207(b) of such Act is redesignated as section 1202.

(5) Section 260 of such Act is amended by striking out "(120)(2)".

(e)(1) Section 101, part B of title I, titles II and III, and sections 502, 602, 801, and 806 of the Mental Health Systems Act are repealed.

(2)(A) Section 225 of the Community Mental Health Centers Act is transferred to title V of the Public Health Service Act, inserted after section 514, redesignated as section 515, and amended (A) by striking out "this title" and inserting in lieu thereof "the Community Mental Health Centers Act" and (B) by inserting "of the Community Mental Health Centers Act" after "section 222".

(B) The Community Mental Health Centers Act is repealed.

(f)(1) Title I of the Mental Health Systems Act is amended—  
 (A) by striking out "PART A—DEMONSTRATIONS";  
 (B) by striking out "OTHER" in the section heading for section 102; and  
 (C) by striking out paragraphs (3), (4), (6), and (7) of section 102, and by redesignating paragraph (5) of such section as paragraph (3).

(2) The table of contents in the first section of such Act is amended by striking out the items relating to sections 101, 105, 106, 107, 201 through 208, 301 through 303, 305 through 309, 315 through 317, 321, 325 through 328, 502, 602, 801, and 806, parts A and B of title I, title II, title III, and parts A, B, C, D, and E of title III.

(3) The table of section 102 in such table of contents is amended to read as follows:

"Sec. 102. Definitions."  
 (20) Section 601(a) of such Act is amended—  
 (A) by striking out "community mental health centers and other" in paragraph (5); and  
 (B) by striking out paragraph (6).  
 (g)(1) The second sentence of section 455(a) of the Public Health Service Act is amended by striking out "the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (other than part C of title II), and the Mental Health Systems Act".

(2) Section 507 of such Act is amended by striking out "appropriate facilities available under the Community Mental Health Centers Act for construction and staffing of community mental health centers and alcoholism and narcotic addiction, drug abuse, and drug dependence facilities."  
 (3) Section 513 of such Act is amended by striking out "the Mental Retardation Facilities Construction Act, the Community Mental Health Centers Act,".

(6) Section 1524(c)(6)(A) of such Act is amended by striking out "the Community Mental Health Centers Act, section 409 or 410 of the Drug Abuse Office and Treatment Act of 1972, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970".

(h) The amendments made by this section shall take effect October 1, 1981.

ONE-YEAR EXTENSION OF COMMUNITY HEALTH CENTERS AND PRIMARY CARE RESEARCH AND DEMONSTRATIONS

SEC. 903. (a) The first sentence of section 330(g)(2) (42 U.S.C. 2545(g)(2)) of the Public Health Service Act is amended by striking out "and" after "1980" and by striking out the period and inserting in lieu thereof the following: "and \$280,000,000 for the fiscal year ending September 30, 1982. For authorizations for appropriations for fiscal years 1983 and 1984, see section 1922".

(b)(1) Section 340(g)(2) of the Public Health Service Act (42 U.S.C. 2556(g)(2)) is amended by striking out "and" after "1980" and by striking out the period and inserting in lieu thereof the following: "and \$3,000,000 for the fiscal year ending September 30, 1982. No funds may be appropriated under this paragraph or paragraph (1) for a fiscal year beginning after September 30, 1982".

(c) Effective October 1, 1982, section 340 of such Act is repealed.

SERVICES TO MIGRANTS BY COMMUNITY HEALTH CENTERS

SEC. 904. The Secretary of Health and Human Services shall review the performance of community health centers which have received grants under section 329 of the Public Health Service Act (relating to migrant health centers) to determine if the community health centers have provided services to migrants in a manner which is consistent with the needs of the migrants. In determining if the services have been provided in such a manner, the Secretary shall consider the hours of operation of a center, the bilingual capabilities of a center's staff, and the ability of the center's staff to detect, report, and treat adverse health effects resulting from exposure to pesticides. The Secretary shall report the results of the review conducted under this section to the Congress not later than six months after the date of the enactment of this section and shall include in the report actions taken by the Secretary to assure that community health centers receiving grants under such section 329 will provide services to migrants in a manner consistent with their needs.

(42 USC 300d-4.  
 42 USC 300d-6  
 42 USC 301.  
 Repeals  
 94 Stat. 1564  
 42 USC 9411.  
 42 USC 9421.  
 42 USC 9431.  
 42 USC 9451.  
 42 USC 9502.  
 42 USC 9512.  
 42 USC 9521.  
 42 USC 9523.  
 42 USC 229d.  
 2689m.  
 Repeal.  
 42 USC 2689  
 note.  
 42 USC 9411.  
 42 USC 9412.

(42 USC 9511.  
 94 Stat. 1608.  
 42 USC 289k-1.  
 42 USC 225a.  
 42 USC 228e.

94 Stat. 1504  
 42 USC 300f-2.  
 42 USC 300m-3  
 Effective date note  
 42 USC 225d  
 Anla. p. 552.  
 Repeal.  
 42 USC 254b  
 Report to Congress.

**CRITERIA FOR DETERMINING AREAS AND POPULATION GROUPS IN NEED OF SERVICES OF COMMUNITY HEALTH CENTERS**

Sac. 905. (a) Section 330(b)(3) of the Public Health Service Act (42 U.S.C. 2544(b)(3)) is amended by adding at the end the following: "After the date of the enactment of part A of title XIX, the Secretary may not designate a medically underserved population or remove the designation of such a population unless the Secretary provides reasonable notice and opportunity for comment and consults with the chief executive officer of the State in which the population is located and appropriate local officials. The Secretary shall prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall include infant mortality in an area or population group, other factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group."

(b) Section 330(e)(2) of such Act is amended by inserting before the second sentence the following: "Such an application shall also include a demonstration by the applicant that the area or a population group to be served by the applicant has a shortage of personal health services and that the center will be located so that it will provide services to the greatest number of persons residing in such area or included in such population group. Such a demonstration shall be made on the basis of the criteria prescribed by the Secretary under subsection (b)(3) or on any other criteria which the Secretary may prescribe to determine if the area or population group to be served by the applicant has a shortage of personal health services."

**AUDITS OF GRANTS TO COMMUNITY HEALTH CENTERS**

Sac. 906 Section 330 of the Public Health Service Act (42 U.S.C. 2544c) is amended by adding at the end the following:

"(h)(1) Each entity which receives a grant under subsection (d) shall provide for an independent annual financial audit of any books, accounts, financial records, files, and other papers and property which relate to the disposition or use of the funds received under such grant and such other funds received by or allocated to the project for which such grant was made. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the funds received, each such audit shall be conducted in accordance with generally accepted accounting principles. Each audit shall evaluate—

"(A) the entity's implementation of the guidelines established by the Secretary respecting cost accounting,

"(B) the processes used by the entity to meet the financial and program reporting requirements of the Secretary, and

"(C) the billing and collection procedures of the entity and the relation of the procedures to its fee schedule and schedule of discounts and to the availability of health insurance and public programs to pay for the health services it provides.

A report of each such audit shall be filed with the Secretary at such time and in such manner as the Secretary may require.

"(2) Each entity which receives a grant under subsection (d) shall establish and maintain such records as the Secretary shall by regulation require to facilitate the audit required by paragraph (1). The Secretary may specify by regulation the form and manner in which such records shall be established and maintained.

Recordkeeping.

"(3) Each entity which is required to establish and maintain records or to provide for an audit under this subsection shall make such books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of such entity upon a reasonable request therefor. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have the authority to conduct such examination, copying, and reproduction.

"(4) The Secretary may, under appropriate circumstances, waive the application of all or part of the requirements of this subsection to a community health center."

MATERNAL AND CHILD HEALTH SERVICES

95 STAT. 818

PUBLIC LAW 97-35—AUG. 13, 1981

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95 STAT. 819

diagnosis, hospitalization, and aftercare for children who are crippled or who are suffering from conditions leading to crippling.

and for the purpose of enabling the Secretary to provide for special projects of regional and national significance, research, and training with respect to maternal and child health and crippled children, for genetic disease testing, counseling, and information development and dissemination programs, and for grants relating to hemophilia (with-out regard to age), there are authorized to be appropriated \$373,000,000 for fiscal year 1982 and for each fiscal year thereafter.

"(b) For purposes of this title:

"(1) The term 'consolidated health programs' means the programs administered under the provisions of—

"(A) this title (relating to maternal and child health and crippled children's services);

42 USC 1382d

"(B) section 1615(c) of this Act (relating to supplemental security income for disabled children);

42 USC 247a

1801, 1820a

1820b-1

"(C) sections 316 (relating to lead-based paint poisoning prevention programs), 1101 (relating to genetic disease programs), 1121 (relating to sudden infant death syndrome programs) and 1131 (relating to hemophilia treatment centers) of the Public Health Service Act, and

"(D) title IV of the Health Services and Centers Amendments of 1978 (Public Law 95-626; relating to adolescent pregnancy grants),

42 USC 247b-1

as such provisions were in effect before the date of the enactment of the Maternal and Child Health Services Block Grant Act.

"Low income"

"(2) The term 'low income' means, with respect to an individual or family, such an individual or family with an income determined to be below the nonfarm income official poverty line defined by the Office of Management and Budget and revised annually in accordance with section 624 of the Economic Opportunity Act of 1964.

Sec. 2192. (a) Title V of the Social Security Act is amended to read as follows:

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

"TITLE V—MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 501. (a) For the purpose of enabling each State—

"(1) to assure mothers and children (in particular those with low income or with limited availability of health services) access to quality maternal and child health services;

"(2) to reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children, to reduce the need for inpatient and long-term care services, to increase the number of children (especially preschool children) appropriately immunized against disease and the number of low income children receiving health assessments and follow-up diagnostic and treatment services, and otherwise to promote the health of mothers and children (especially by providing preventive and primary care services for low income children, and prenatal, delivery, and postpartum care for low income mothers)

"(3) to provide rehabilitation services for blind and disabled individuals under the age of 16 receiving benefits under title XVI of this Act, and

"(4) to provide services for locating, and for medical, surgical, corrective, and other services, and care for, and facilities for

42 USC 701

42 USC 1381

"ALLOTMENTS TO STATES AND FEDERAL SET-ASIDE

42 USC 702

"Sec. 502. (a)(1) Of the amount appropriated under section 501(a), the Secretary shall retain an amount equal to 15 percent thereof in the case of fiscal year 1982, and an amount equal to not less than 10, nor more than 15, percent thereof in the case of each fiscal year thereafter, for the purpose of carrying out (through grants, contracts, or otherwise) special projects of regional and national significance, training, and research and for the funding of genetic disease testing, counseling, and information development, and dissemination programs and of comprehensive hemophilia diagnostic and treatment centers. The authority of the Secretary to enter into any contracts under this title is effective for any fiscal year only to such extent or in such amounts as are provided in appropriations Acts.

"(2) For purposes of paragraph (1)—

"(A) amounts retained by the Secretary for training shall be used to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children; and

"(B) amounts retained by the Secretary for research shall be used to make grants to, contracts with, or jointly financed cooperative agreements with, public or nonprofit institutions of higher learning and public or nonprofit private agencies and organizations engaged in research or in maternal and child



health or crippled children's programs for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof.

"(3) No funds may be made available by the Secretary under this subsection unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain and be accompanied by such information as the Secretary may specify. No such application will be approved unless it contains assurances that the applicant will use the funds provided only for the purposes specified in the approved application and will establish such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement and accounting of Federal funds paid to the applicant under this title.

"(b) From the remaining amounts appropriated under section 504(a) for any fiscal year, the Secretary shall allot to each State which has transmitted a description of intended activities and statement of assurances for the fiscal year under section 505, an amount determined as follows:

"(1) The Secretary shall determine, for each State—

"(A)(i) the amount provided or allotted by the Secretary to the State and to entities in the State under the provisions of the consolidated health programs (as defined in section 501(b)(1)), other than for any of the projects or programs described in subsection (a), from appropriations for fiscal year 1981,

"(ii) the proportion that such amount for that State bears to the total of such amounts for all the States, and

"(B)(i) the number of low income children in the State, and  
 "(ii) the proportion that such number of children for that State bears to the total of such numbers of children for all the States.

"(2)(A) For each of fiscal years 1982 and 1983, each such State shall be allotted for that fiscal year an amount equal to the State's proportion (determined under paragraph (1)(A)(ii)) of the amounts available for allotment to all the States under this subsection for that fiscal year.

"(B) For fiscal years beginning with fiscal year 1984, if the amount available for allotment under this subsection for that fiscal year—

"(i) does not exceed the amount available under this subsection for allotment for fiscal year 1983, each such State shall be allotted for that fiscal year an amount equal to the State's proportion (determined under paragraph (1)(A)(ii)) of the amounts available for allotment to all the States under this subsection for that fiscal year, or

"(ii) exceeds the amounts available under this subsection for allotment for fiscal year 1983, each such State shall be allotted for that fiscal year an amount equal to the sum of—

"(1) the amount of the allotment to the State under this subsection in fiscal year 1983 (without regard to paragraph (3) of this subsection), and

"(2) the State's proportion (determined under paragraph (1)(B)(ii)) of the amount by which the allotment available under this subsection for all the States for that fiscal year exceeds the amount that was available under this subsection for allotment for all the States for fiscal year 1983.

"(3)(A) To the extent that all the funds appropriated under this title for a fiscal year are not otherwise allotted to States either because all the States have not qualified for such allotments under section 505 for the fiscal year or because some States have indicated in their descriptions of activities under section 505 that they do not intend to use the full amount of such allotments, such excess shall be allotted among the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this subparagraph.

"(B) To the extent that all the funds appropriated under this title for a fiscal year are not otherwise allotted to States because some State allotments are offset under section 506(b)(2), such excess shall be allotted among the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this subparagraph.

#### "PAYMENTS TO STATES

42 USC 703

"Sec. 503. (a) From the sums appropriated therefor and the amounts available under section 502(b), the Secretary shall make payments as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State provided such an allotment under section 502(b), for each quarter, of an amount equal to four-sevenths of the total of the sums expended by the State during such quarter in carrying out the provisions of this title.

"(b) Any amount payable to a State under this title from allotments for a fiscal year which remains unobligated at the end of each year shall remain available to such State for obligation during the next fiscal year. No payment may be made to a State under this title from allotments for a fiscal year for expenditures made after the following fiscal year.

"(c) The Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

"(1) the fair market value of any supplies or equipment furnished the State, and

"(2) the amount of the pay, allowances, and travel expenses of any officer or employee of the Government when detailed to the State and the amount of any other costs incurred in connection with the detail of such officer or employee.

When the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 505 on a temporary basis, the amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

#### "USE OF ALLOTMENT FUNDS

42 USC 704

"Sec. 504. (a) Except as otherwise provided under this section, a State may use amounts paid to it under section 503 for the provision of health services and related activities (including planning, administration, education, and evaluation) consistent with its description of intended expenditures and statement of assurances transmitted under section 505.

"(b) Amounts described in subsection (a) may not be used for—

"(1) inpatient services, other than inpatient services provided to crippled children or to high-risk pregnant women and infants and such other inpatient services as the Secretary may approve;

"(2) cash payments to intended recipients of health services;

"(3) the purchase or improvement of land, the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility, or the purchase of major medical equipment;

"(4) satisfying any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or

"(5) providing funds for research or training to any entity other than a public or nonprofit private entity.

The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this title.

"(c) A State may use a portion of the amounts described in subsection (a) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, and administering programs funded under this title.

"DESCRIPTION OF INTENDED EXPENDITURES AND STATEMENT OF ASSURANCES

"Sec. 505. In order to be entitled to payments for allotments under section 502 for a fiscal year, a State must prepare and transmit to the Secretary—

"(1) a report describing the intended use of payments the State is to receive under this title for the fiscal year, including (A) a description of those populations, areas, and localities in the State which the State has identified as needing maternal and child health services, (B) a statement of goals and objectives for meeting those needs, (C) information on the types of services to be provided and the categories or characteristics of individuals to be served, and (D) data the State intends to collect respecting activities conducted with such payments; and

"(2) a statement of assurances that represents to the Secretary that—

"(A) the State will provide a fair method (as determined by the State) for allocating funds allotted to the State under this title among such individuals, areas, and localities identified under paragraph (1)(A) as needing maternal and child health services, and the State will identify and apply guidelines for the appropriate frequency and content of, and appropriate referral and followup with respect to, health care assessments and services financially assisted by the State under this title and methods for assuring quality assessments and services;

"(B) funds allotted to the State under this title will only be used, consistent with section 508, to carry out the purposes of this title or to continue activities previously conducted under the consolidated health programs (described in section 502(b)(1));

"(C) the State will use—

"(i) a substantial proportion of the sums expended by the State for carrying out this title for the provision of health services to mothers and children, with special

consideration given (where appropriate) to the continuation of the funding of special projects in the State previously funded under this title (as in effect before the date of the enactment of the Maternal and Child Health Services Block Grant Act), and

"(ii) a reasonable proportion (based upon the State's previous use of funds under this title) of such sums to carry out the purposes described in paragraphs (1) through (3) of section 501(a);

"(D) if the State imposes any charges for the provision of health services assisted by the State under this title, such charges (i) will be pursuant to a public schedule of charges, (ii) will not be imposed with respect to services provided to low income mothers or children, and (iii) will be adjusted to reflect the income, resources, and family size of the individual provided the services; and

"(E) the State agency (or agencies) administering the State's program under this title will participate—

"(i) in the coordination of activities between such program and the early and periodic screening, diagnosis, and treatment program under title XIX, to ensure that such programs are carried out without duplication of effort,

"(ii) in the arrangement and carrying out of coordination agreements described in section 1902(a)(11) (relating to coordination of care and services available under this title and title XIX), and

"(iii) in the coordination of activities within the State with programs carried out under this title and related Federal grant programs (including supplemental food programs for mothers, infants, and children, related education programs, and other health, developmental disability, and family planning programs).

The description and statement shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and statement and after its transmittal. The description and statement shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in any element of such description or statement, and any revision shall be subject to the requirements of the preceding sentence.

"REPORTS AND AUDITS

"Sec. 506. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this title. In order properly to evaluate and to compare the performance of different States assisted under this title and to assure the proper expenditure of funds under this title, such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to secure an accurate description of those activities, (B) to secure a complete record of the purposes for which funds were spent, of the recipients of such funds, and of the progress made toward achieving the purposes of this title, and (C) to determine the extent to which funds were expended consistent with the State's description and statement transmitted under section 505. Copies of the report shall be

provided, upon request, to any interested public agency, and each such agency may provide its views on these reports to the Congress.

"(2) The Secretary shall annually report to the Congress on activities funded under section 502(a) and shall provide for transmission of a copy of such report to each State.

"(b)(1) Each State shall, not less often than once every two years, audit its expenditures from amounts received under this title. Such State audits shall be conducted by an entity independent of the State agency administering a program funded under this title in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions and generally accepted auditing standards. Within 30 days following the completion of each audit report, the State shall submit a copy of that audit report to the Secretary.

"(2) Each State shall repay to the United States amounts found by the Secretary, after notice and opportunity for a hearing to the State, not to have been expended in accordance with this title and, if such repayment is not made, the Secretary may offset such amounts against the amount of any allotment to which the State is or may become entitled under this title or may otherwise recover such amounts.

"(3) The Secretary may, after notice and opportunity for a hearing, withhold payment of funds to any State which is not using its allotment under this title in accordance with this title. The Secretary may withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur.

"(c) The State shall make copies of the reports and audits required by this section available for public inspection within the State.

"(d)(1) For the purpose of evaluating and reviewing the block grant established under this title, the Secretary and the Comptroller General shall have access to any books, accounts, records, correspondence, or other documents that are related to such block grant, and that are in the possession, custody, or control of States, political subdivisions thereof, or any of their grantees.

"(2) In conjunction with an evaluation or review under paragraph (1), no State or political subdivision thereof (or grantee of either) shall be required to create or prepare new records to comply with paragraph (1).

"(3) For other provisions relating to deposit, accounting, reports, and auditing with respect to Federal grants to States, see section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212).

"CRIMINAL PENALTY FOR FALSE STATEMENTS

42 USC 707

"Sec. 507. (a) Whoever—

"(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this title, or

"(2) having knowledge of the occurrence of any event affecting his initial or continued right to any such payment conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount than is due or when no such payment is authorized,

shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.

"(b) For civil monetary penalties for certain submissions of false claims, see section 1128A of this Act.

"NONDISCRIMINATION

42 USC 708

"Sec. 508. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this title are considered to be programs and activities receiving Federal financial assistance.

"(2) No person shall on the ground of sex or religion be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this title.

"(b) Whenever the Secretary finds that a State, or an entity that has received a payment from an allotment to a State under section 502(b), has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

"(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted,

"(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable, or

"(3) take such other action as may be provided by law.

"(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever he has reason to believe that the entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a)(1) or in violation of subsection (a)(2), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

"ADMINISTRATION OF TITLE AND STATE PROGRAMS

42 USC 709

"Sec. 509. (a) The Secretary shall designate an identifiable administrative unit with expertise in maternal and child health within the Department of Health and Human Services, which unit shall be responsible for—

"(1) the Federal program described in section 502(a);

"(2) promoting coordination at the Federal level of the activities authorized under this title and under title XIX of this Act, especially early and periodic screening, diagnosis and treatment, related activities funded by the Departments of Agriculture and Education, and under health block grants and categorical health programs, such as immunizations, administered by the Secretary.

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"(3) disseminating information to the States in such areas as preventive health services and advances in the care and treatment of mothers and children;

"(4) providing technical assistance, upon request, to the States in such areas as program planning, establishment of goals and objectives, standards of care, and evaluation;

"(5) in cooperation with the National Center for Health Statistics and in a manner that avoids duplication of data collection, collection, maintenance, and dissemination of information relating to the health status and health service needs of mothers and children in the United States; and

"(6) assisting in the preparation of reports to the Congress on the activities funded and accomplishments achieved under this title from the information required to be reported by the States under sections 505 and 506.

"(b) The State health agency of each State shall be responsible for the administration (or supervision of the administration) of programs carried out with allotments made to the State under this title, except that, in the case of a State which on July 1, 1967, provided for administration (or supervision thereof) of the State plan under this title (as in effect on such date) by a State agency other than the State health agency, that State shall be considered to comply the requirement of this subsection if it would otherwise comply but for the fact that such other State agency administrators (or supervisors the administration of) any such program providing services for crippled children."

42 USC 706 note

(b)(1) The Secretary of Health and Human Services shall, no later than October 1, 1984, report to the Congress on the activities of States receiving allotments under title V of the Social Security Act (as amended by this section) and include in such report any recommendations for appropriate changes in legislation.

(2) The Secretary of Health and Human Services, in consultation with the Comptroller General, shall examine alternative formulas for the allotment of funds to States under section 502(b) of the Social Security Act (as amended by this section) which might be used as a substitute for the method of allotting funds described in such section, which provide for the equitable distribution of such funds to States (as defined for purposes of such section), and which take into account—

(A) the populations of the States,

(B) the number of live births in the States,

(C) the number of crippled children in the States,

(D) the number of low income mothers and children in the States,

(E) the financial resources of the various States, and

(F) such other factors as the Secretary deems appropriate, and shall report to the Congress thereon not later than June 30, 1982.

REPEALS AND CONFORMING AMENDMENTS

SEC. 2193. (a)(1)(A) Section 316(g) of the Public Health Service Act is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$8,300,000 for the fiscal year ending September 30, 1982" before the period.

(B) Section 1101(b) of such Act is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$9,680,000 for the fiscal year ending September 30, 1982" before the period.

(C) Section 1121(d)(1) of such Act is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$2,075,000 for fiscal year 1982" before the period.

(D) Section 1131(f) of such Act is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$2,765,000 for the fiscal year ending September 30, 1982" before the period.

(2) Section 607 of the Health Services and Centers Amendments of 1978 (Public Law 95-626) is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$8,530,000 for the fiscal year ending September 30, 1982" before the period.

(3) Section 501 of the Social Security Act (as in effect before the date the amendment made by section 2192(a) becomes effective) is amended by striking out "for each fiscal year thereafter" and inserting in lieu thereof "and for each of the next three fiscal years, and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, \$317,580,000 for the fiscal year ending September 30, 1982."

42 USC 701

(4)(A) Section 1615(e)(1) of the Social Security Act is amended by inserting "and subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act" after "paragraphs (2) and (3)".

42 USC 1382d

(B) Effective for fiscal year 1982, section 1615(e)(3) of such Act is amended by striking out "\$30,000,000" and inserting in lieu thereof "\$24,070,000".

(b)(1) Sections 316, 1101, 1121 and 1131 of the Public Health Service Act are repealed.

(2) Section 1104(a) of such Act is amended by inserting "and" at the end of paragraph (8), by striking out paragraph (4), and by redesignating paragraph (5) as paragraph (4).

(3) Section 1104 of such Act is further amended (A) by striking out subsections (b) and (d), (B) by striking out "or under section 1101" in subsection (c), and (C) by redesignating subsection (c) as subsection (b).

42 USC 300b-5, 236

(4) Sections 1106 and 227 of such Act are repealed.

42 USC 300b-6

(5) Section 1107 of such Act is amended by striking out "appropriated under section 1101(b)", and inserting in lieu thereof "allotted for use under section 502(a) of the Social Security Act".

42 USC 1308

(c)(1) Section 1108(d) of the Social Security Act is amended by striking out "section 502(a)" and all that follows through "1967" and inserting in lieu thereof "section 421".

42 USC 1301

(2) Section 1101(a)(9)(D) of such Act is amended by striking out "V, XVIII, and XIX", and inserting in lieu thereof "XVIII and XIX".

42 USC 1320a-1

(3) Section 1122 of such Act is amended—

(A) by striking out "V, XVIII, and XIX" and inserting in lieu thereof "XVIII or XIX";

(B) by striking out "V, XVIII, or X", in subsection (d)(2) and inserting in lieu thereof "XVIII or XIX".

42 USC 1320b-8

(4) Section 1129 of such Act is amended—

(A) by striking out "V or" each place it appears in subsection (a), and

(B) by striking out "V, XVIII, or" in subsection (b)(2) and inserting in lieu thereof "XVIII or".

42 USC 1320b-2

(5) Section 1132(a)(1) of such Act is amended by striking out "V,".

42 USC 1320b-4

(6) Section 1134 of such Act is amended by striking out "V, XVIII," and inserting in lieu thereof "XVIII".

42 USC 1320c-21

(7) Section 1172(4) of such Act is amended by striking out "V,".

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(8)(A) Subsection (a) of section 1615 of such Act is amended by striking out "appropriate State agency administering the State plan under subsection (b) of this section, and (except in such cases" and inserting in lieu thereof "State agency administering the State program under title V, and (except for individuals who have not attained age 16 and except in such other cases".

(B) Subsections (b) and (e) of such section are repealed.

(9) Section 1861(w)(2) of such Act is amended by striking out "V or".

(9) Section 1902(a)(1)(B) of such Act is amended—

(A) by striking out "for part or all of the cost of plans or projects under" and inserting in lieu thereof "under (or through an allotment under)", and

(B) by striking out "such plan or project under title V" and inserting in lieu thereof "such title or allotment".

(d)(1) The second sentence of section 402(a)(1) of the Social Security Amendments of 1967 (P.L. 90-248) is amended—

(A) by striking out "title XVIII of such Act," and inserting in lieu thereof "title XVIII of such Act and", and

(B) by striking out the " and a program established by a plan of a State approved under title V of such Act".

(2) Section 402(a)(2) of such Act is amended by striking out "titles V and XIX" and inserting in lieu thereof "title XIX" both places it occurs.

(3) Section 402(b) of such Act is amended by striking out "XIX, and V" and inserting in lieu thereof "and XIX".

(e)(1) Section 222(a)(1) of the Social Security Amendments of 1972 (P.L. 92-603) is amended by striking out "titles XIX and V" and inserting in lieu thereof "title XIX".

(2) The first sentence of section 222(a)(3) of such Act is amended by striking out "XIX, and V" and inserting in lieu thereof "and XIX".

(3) Section 222(a)(4) of such Act is amended by striking out "titles V and XIX" and inserting in lieu thereof "title XIX" both places it appears.

(f) Titles VI and VII of the Health Services and Centers Amendments of 1978 (P.L. 95-626) are repealed.

(g) Section 914(d) of the Omnibus Reconciliation Act of 1980 (P.L. 96-499; 94 Stat. 2622) is amended by striking out "V, XVIII," and inserting in lieu thereof "XVIII".

EFFECTIVE DATE, TRANSITION

Sec. 2194. (a) Except as otherwise provided in this section, the amendments made by sections 2192 and 2193 of this subtitle do not apply to any grant made, or contract entered into, or amounts payable to States under State plans before the earlier of—

(1) October 1, 1982, or

(2)(A) in the case of such grants, contracts, or payments under consolidated State programs (as defined in subsection (c)(2)(C)) to a State (or entities in the State), the date the State is first entitled to an allotment under title V of the Social Security Act (as amended by this subtitle), or

(B) in the case of grants and contracts under consolidated Federal programs (as defined in subsection (c)(2)(B)), October 1, 1981, or such later date (before October 1, 1982) as the Secretary determines to be appropriate.

(b)(1) The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") may not provide for any allotment to a State under title V of the Social Security Act (as

amended by this subtitle) for a calendar quarter in fiscal year 1982 unless the State has notified the Secretary, at least 30 days (or 15 days in the case of the first calendar quarter of the fiscal year) before the beginning of the calendar quarter, that the State requests an allotment for that calendar quarter (and subsequent calendar quarters).

(2)(A) Any grants or contracts entered into under the authorities of the consolidated State programs (as defined in subsection (c)(2)(C)) after the date of the enactment of this subtitle shall permit the termination of such grant or contract upon three months notice by the State in which the grantee or contractor is located.

(B) The Secretary shall not make or renew any grants or contracts under the provisions of the consolidated State programs (as defined in subsection (c)(2)(C)) to a State (or an entity in the State) after the date the State becomes entitled to an allotment of funds under title V of the Social Security Act (as amended by this subtitle).

(3)(A) In the case of funds appropriated for fiscal year 1982 for consolidated health programs (as defined in subsection (c)(2)(A)), such funds shall (notwithstanding any other provision of law) be available for use under title V of the Social Security Act (as amended by this subtitle), subject to subparagraphs (B) and (C).

(B) Notwithstanding any other provision of law—

(i) the amount that may be made available for expenditures for the consolidated Federal programs for fiscal year 1982 and for projects and programs under section 502(a) of the Social Security Act (as amended by this subtitle) may not exceed the amount provided for projects and programs under such section 502(a) for that fiscal year, and

(ii) the amount that may be made available to a State (or entities in the State) for carrying out the consolidated State programs for fiscal year 1982 and for allotments to the State under section 502(b) of the Social Security Act (as amended by this subtitle) may not exceed the amount which is allotted to the State for that fiscal year under such section (without regard to paragraphs (3) and (4) thereof).

(C) For fiscal year 1982, the Secretary shall reduce the amount which would otherwise be available—

(i) for expenditures by the Secretary under section 502(a) of the Social Security Act (as amended by this subtitle) by the amounts for consolidated Federal programs (as defined in subsection (c)(2)(B)) from funds for fiscal year 1982, and

(ii) for allotment to each of the States under section 502(b) of such Act (as so amended) by the amounts which the Secretary determines or estimates are payable to that State (or entities in the State) under the consolidated State programs (as defined in subsection (c)(2)(C)) from funds for fiscal year 1982.

(c) For purposes of this section:

(1) The term "State" has the meaning given such term for purposes of title V of the Social Security Act.

(2)(A) The term "consolidated health programs" has the meaning given such term in section 501(b) of the Social Security Act (as amended by this subtitle).

(B) The term "consolidated Federal programs" means the consolidated health programs—

(i) of special projects grants under sections 503 and 504, and training grants under section 511, of the Social Security Act,

Definitions.

(1) October 1, 1982, or

(2)(A) in the case of such grants, contracts, or payments under consolidated State programs (as defined in subsection (c)(2)(C)) to a State (or entities in the State), the date the State is first entitled to an allotment under title V of the Social Security Act (as amended by this subtitle), or

(B) in the case of grants and contracts under consolidated Federal programs (as defined in subsection (c)(2)(B)), October 1, 1981, or such later date (before October 1, 1982) as the Secretary determines to be appropriate.

(b)(1) The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") may not provide for any allotment to a State under title V of the Social Security Act (as

42 USC 1382a

Ante. p. 818

42 USC 1385x  
42 USC 1386a

42 USC 1382b-1

42 USC 1385b-1  
note.

42 USC 300a-21,  
300a-41.  
42 USC 1320a-8  
note.

42 USC 701 note

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95 STAT. 511

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95 STAT. 830

(ii) of grants and contracts for genetic disease projects and programs under section 1101 of the Public Health Service Act, and

42 USC 300b

(iii) of grants or contracts for comprehensive hemophilia diagnostic and treatment centers under section 1131 of the Public Health Service Act, as such sections are in effect before the date of the enactment of this subtitle.

42 USC 300c-21

(C) The term "consolidated State programs" means the consolidated health programs, other than the consolidated Federal programs.

Ante, p. 762

(d) The provisions of chapter 2 of subtitle C of title XVII of this Act shall not apply to this subtitle (or the programs under the amendments made by this title) and, specifically, section 1745 of this Act shall not apply to financial and compliance audits conducted under section 506(b) of the Social Security Act (as amended by this subtitle).

Ante, p. 764

42 USC, ion

**COMMUNITY SERVICES GRANTS AUTHORIZED**

42 USC 9901

Sac. 672. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State.

(b) There is authorized to be appropriated \$889,375,000 for the fiscal year 1982 and for each of the 4 succeeding fiscal years to carry out the provisions of this subtitle.

**DEFINITIONS**

42 USC 9902

Sac. 673. For purposes of this subtitle:

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(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle;

the Secretary shall reserve from amounts which would otherwise be allotted to such State under this subtitle for the fiscal year the amount determined under paragraph (2).

(2) The Secretary shall reserve for the purpose of paragraph (1) from sums that would otherwise be allotted to such State not less than 100 percent of an amount which bears the same ratio to the State's allotment for the fiscal year involved as the population of all eligible Indians for whom a determination under this paragraph has been made bears to the population of all individuals eligible for assistance under this subtitle in such State.

(3) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

(4) In order for an Indian tribe or tribal organization to be eligible for an award for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe by regulation.

(5) The terms "Indian tribe" and "tribal organization" mean those tribes, bands, or other organized groups of Indians recognized in the State in which they reside or considered by the Secretary of the Interior to be an Indian tribe or an Indian organization for any purpose.

"Indian tribe" and "tribal organization."

42 USC 904.

APPLICATIONS AND REQUIREMENTS

Sac. 675. (a) Each State desiring to receive an allotment for a fiscal year under this subtitle shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will comply with subsection (b) and will meet the conditions enumerated in subsection (c).

(b) After the expiration of the first fiscal year in which a State received funds under this subtitle, no funds shall be allotted to such State for any fiscal year under this subtitle unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under this subtitle for such fiscal year.

(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to—

- (1) use the funds available under this subtitle—
  - (A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;
  - (B) to provide activities designed to assist low-income participants including the elderly poor—
    - (i) to secure and retain meaningful employment;
    - (ii) to attain an adequate education;
    - (iii) to make better use of available income;
    - (iv) to obtain and maintain adequate housing and a suitable living environment;
    - (v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services,

(1) The term "eligible entity" means any organization which was officially designated as a community action agency or a community action program under the provisions of section 210 of the Economic Opportunity Act of 1964 for fiscal year 1981, unless such community action agency or a community action program lost its designation under section 210 of such Act as a result of a failure to comply with the provisions of such Act.

(2) The term "poverty line" means the official poverty line established by the Director of the Office of Management and Budget. The Secretary shall revise the poverty line annually (or at any shorter interval the Secretary deems feasible and desirable) which shall be used as a criterion of eligibility in community service block grant programs. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

(3) The term "Secretary" means the Secretary of Health and Human Services.

(4) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

STATE ALLOCATIONS

Sac. 674. (a)(1) The Secretary shall from the amount appropriated under section 672 for each fiscal year which remains after—

(A) the Secretary makes the apportionment required in subsection (b)(1); and

(B) the Secretary determines the amount necessary for the purposes of section 681(b);

allot to each State an amount which bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such part, except that no State shall receive less than one-quarter of 1 percent of the amount appropriated under section 672 for such fiscal year.

(2) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(b)(1) The Secretary shall apportion one-half of 1 percent of the amount appropriated under section 672 for each fiscal year on the basis of need among Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this subtitle upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this subtitle, and which are consistent with the requirements of section 675.

(c)(1) If, with respect to any State, the Secretary—

- (A) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

42 USC 903.

42 USC 2806.

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nutritious food, housing, and employment-related assistance;

(vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;

(vii) to achieve greater participation in the affairs of the community; and

(viii) to make more effective use of other programs related to the purposes of this subtitle;

(C) to provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;

(D) to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and

(E) to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

(2)(A)(i) use, for fiscal year 1982 only, not less than 90 percent of the funds allotted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers; and

(ii) use, for fiscal year 1983 and for each subsequent fiscal year, not less than 90 percent of the funds allotted to the State under section 674 to make grants to political subdivisions of the State for the political subdivisions to use for the purposes described in clause (1) directly or to nonprofit private community organizations which have a board which meets the requirements of clause (3), or to migrant and seasonal farm worker organizations; and

(B) provide assurances that the State will not expend more than 5 percent of its allotment under section 674 for administrative expenses at the State level;

(3) provide assurances that, in the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (B) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community;

(4) give special consideration in the designation of local community action agencies under this subtitle to any community action agency which is receiving funds under any Federal antipoverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State

shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made;

(5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, for the provisions set forth in this subtitle to services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, or the energy crisis intervention program under title XXVI of this Act (relating to low-income home energy assistance);

(6) prohibit any political activities in accordance with subsection (e);

(7) prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity;

(8) provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under title XXVI of this Act (relating to low-income home energy assistance) conducted in such community;

(9) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the assistance provided under this subtitle, and provide that at least every year each State shall prepare, in accordance with subsection (f), an audit of its expenditures of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

(10) permit and cooperate with Federal investigations undertaken in accordance with section 679.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.

(d)(1) In addition to the requirements of subsection (c), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained in subsection (c). The chief executive officer of each State may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

5 USC 1501 et seq.

5 USC 1502

(e) For purposes of chapter 15 of title 5, United States Code, any nonprofit private organization receiving assistance under this subtitle which has responsibility for planning, developing, and coordinating community antipoverty programs shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 1502(a) of such title, any such organization receiving assistance under this subtitle shall be deemed to be a State or local agency.

(f) Each audit required by subsection (c)(9) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State



COMMUNITY SERVICES

(b) Payments to a State from its allotment for any fiscal year shall be expended by the State in such fiscal year or in the succeeding fiscal year.

WITHHOLDING

Sac. 679. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this subtitle and the assurances such State provided under section 675.

Notice and hearing 42 USC 9908.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle or the assurances provided by the State under section 675. For purposes of this paragraph, a violation of any one of the assurances contained in section 675(c) that constitutes a disregard of that assurance shall be considered a serious complaint.

Investigations

(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle.

(2) Whenever the Secretary determines that there is a pattern of complaints from any State in any fiscal year, he shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

(3) The Comptroller General of the United States may conduct an investigation of the use of funds received under this subtitle by a State in order to ensure compliance with the provisions of this subtitle.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

(d) In conducting any investigation under subsection (b), the Secretary may not request any information not readily available to such State or require that any information be compiled, collected, or transmitted in any new form not already available.

42 USC 9909.

LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

Sac. 680. (a) Except as provided in subsection (b), grants made under this subtitle (other than amounts made available under section 681(b)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

(b) The Secretary may waive the limitation contained in subsection (a) upon the State's request for such a waiver if he finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the State's ability to carry out the purposes of this subtitle.

shall submit a copy of such audit to the legislature of the State and to the Secretary.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this subtitle in order to assure that expenditures are consistent with the provisions of this subtitle and to determine the effectiveness of the State in accomplishing the purposes of this subtitle.

ADMINISTRATION

Sac. 676. (a) There is established in the Department of Health and Human Services an Office of Community Services. The Office shall be headed by a Director.

(b) The Secretary shall carry out his functions under this subtitle through the Office of Community Services established in subsection (a).

Office of Community Services Establishment 42 USC 9905.

NONDISCRIMINATION PROVISIONS

Sac. 677. (a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.

(b) Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that the State is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

42 USC 9906.

42 USC 9001 note.

29 USC 794.

42 USC 2000d.

PAYMENTS TO STATES

Sac. 678. (a) From its allotment under section 674, the Secretary shall make payments to each State in accordance with section 208 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4218), for use under this subtitle.

42 USC 9907.

COMMUNITY SERVICES

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DISCRETIONARY AUTHORITY OF SECRETARY

Sec. 681. (a) The Secretary is authorized, either directly or through grants, loans, or guarantees to States and public and other organizations and agencies, or contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies, to provide for—

- (1) training related to the purposes of this subtitle; and
(2) ongoing activities of national or regional significance related to the purposes of this subtitle, including special emphasis programs for—
(A) special programs of assistance to private, locally initiated community development programs which sponsor enterprises providing employment and business development opportunities for low-income residents of the area;
(B) Rural Development Loan Fund revolving loans and guarantees under subchapter A of chapter 8 of subtitle A of this title;

- (C) community development credit union programs administered under subchapter A of chapter 8 of subtitle A of this title;
(D) technical assistance and training programs in rural housing and community facilities development;
(E) assistance for migrants and seasonal farmworkers; and
(F) national or regional programs designed to provide recreational activities for low-income youth.

(b) Of the amounts appropriated under section 672(b) for any fiscal year, not more than 9 percent of such amounts shall be available to the Secretary for purposes of carrying out this section and subchapter A of chapter 8 of subtitle A of this title.

TRANSITION PROVISIONS

Sec. 682. (a)(1) The purpose of this section is to permit, for fiscal year 1982 only, States to choose to operate programs under the block grant established by this subtitle or to have the Secretary operate programs under the provisions of law repealed by section 683(a).

(2) The Secretary shall carry out the provisions of this section through the Office of Community Services established in section 678(a).

(b)(1) Notwithstanding the provisions of section 683(a) or any other provision of law, a State may, for fiscal year 1982 only, make a determination that the State chooses not to operate programs under the block grant established by this subtitle. If the State makes such a determination, the State's allotment under section 674 shall be used within the State by the Secretary to carry out programs (in accordance with paragraph (4)) under the provisions of law in effect on September 30, 1981, but repealed by section 683(a).

(2) The provisions of paragraph (1) apply to the provisions of law referred to in such paragraph, regardless of whether there is a specific termination provision or other provision of law repealing or otherwise terminating any program subject to this Act.

(3) Each State which, pursuant to paragraph (1), determines to have the Secretary operate programs under the provisions of law in effect on September 30, 1981, but repealed by section 683(a), shall give notice to the Secretary of such determination. Such notice shall be submitted to the Secretary prior to the beginning of the first quarter of fiscal year 1982 and at least 30 days before the beginning of any

other quarter during such fiscal year. For purposes of this section, the quarter for fiscal year 1982 shall commence on October 1, January 1, April 1, and July 1 of fiscal year 1982.

(4) In any case in which the Secretary carries out programs under paragraph (1), the Secretary shall provide for the carrying out of such programs by making grants for such purpose to eligible entities (as defined in section 673(1)).

(c) The Secretary shall provide such assistance to the States as the States may require in order to carry out the provisions of this section. (d) The Secretary may reserve not more than 5 percent of any State's allotment for administration of such State's programs under the block grant established by this subtitle, if such State has made a determination that the State chooses not to operate programs under the block grant established by this subtitle, and the Secretary is carrying out such State's programs under the provisions of law in effect on September 30, 1981.

(e) Upon the enactment of this Act, the Director of the Office of Management and Budget is authorized to provide for termination of the affairs of the Community Services Administration. He shall provide for the transfer or other disposition of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with implementation of the authorities terminated by section 683(a) as necessary to effectuate the purposes of this subtitle.

REPEALER; REAUTHORIZATION PROVISIONS; TECHNICAL AND CONFORMING PROVISIONS

Sec. 683. (a) Effective October 1, 1981, the Economic Opportunity Act of 1964, other than titles VIII and X of such Act, is repealed.

(b) There is authorized to be appropriated such sums as may be necessary for each of the fiscal years 1982, 1983, and 1984, to carry out title VIII of the Economic Opportunity Act of 1964.

(c)(1) Any reference in any provision of law to the poverty line set forth in section 624 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673(2) of this Act.

(2) Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to private nonprofit community organizations eligible to receive funds under this subtitle.

(3) No action or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any agency administering the Act repealed by subsection (a) of this section shall abate by reason of the enactment of this Act.

42 USC 9912 Repeal.

42 USC 2701.

42 USC 2991.

42 USC 2971c.

95 STAT. 518 PUBLIC LAW 97-35—AUG. 13, 1981

42 USC 9910.

Am. p. 489.

42 USC 9911.

TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

TITLE XX BLOCK GRANTS

Sec. 2352. (a) Title XX of the Social Security Act is amended to read as follows:

"TITLE XX—BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

"PURPOSES OF TITLE; AUTHORIZATION OF APPROPRIATIONS

42 USC 1397.

"Sec. 2001. For the purposes of consolidating Federal assistance to States for social services into a single grant, increasing State flexibility in using social service grants, and encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goals of—

"(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;

"(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency;

"(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;

"(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and

"(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

there are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this title.

"PAYMENTS TO STATES

42 USC 1397a.

"Sec. 2002. (a)(1) Each State shall be entitled to payment under this title for each fiscal year in an amount equal to its allotment for such

TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

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fiscal year, to be used by such State for services directed at the goals set forth in section 2001, subject to the requirements of this title.

"(2) For purposes of paragraph (1)—

"(A) services which are directed at the goals set forth in section 2001 include, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, family planning services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services and appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts; and

"(B) expenditures for such services may include expenditures for—

- "(i) administration (including planning and evaluation);
- "(ii) personnel training and retraining directly related to the provision of those services (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions); and
- "(iii) conferences or workshops, and training or retraining through grants to nonprofit organizations within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 or to individuals with social services expertise, or through financial assistance to individuals participating in such conferences, workshops, and training or retraining (and this clause shall apply with respect to all persons involved in the delivery of such services).

"(b) The Secretary shall make payments in accordance with section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State from its allotment for use under this title.

"(c) Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

"(d) A State may transfer up to 10 percent of its allotment under section 203 for any fiscal year for its use for that year under other provisions of Federal law providing block grants for support of health services, health promotion and disease prevention activities, or low-income home energy assistance (or any combination of those activities). Amounts allotted to a State under any provisions of Federal law referred to in the preceding sentence and transferred by a State for use in carrying out the purposes of this title shall be treated as if they were paid to the State under this title but shall not affect the computation of the State's allotment under this title. The State shall inform the Secretary of any such transfer of funds.

"(e) A State may use a portion of the amounts described in subsection (a) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering programs funded under this title.

"ALLOTMENTS

"Sec. 2003. (a) The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands shall be an amount which bears the same

Services

Expenditures

26 USC 501.

Technical assistance

42 USC 1397b

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ratio to the amount specified in subsection (c) as the amount which was specified for allocation to the particular jurisdiction involved for the fiscal year 1981 under section 2002(a)(2)(C) of this Act (as in effect prior to the enactment of this section) bore to \$2,900,000,000.

"(b) The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

"(1) the amount specified in subsection (c), reduced by

"(2) the total amount allotted to those jurisdictions for that fiscal year under subsection (a),

as the population of that State bears to the population of all the States as determined by the Secretary (on the basis of the most recent data available from the Department of Commerce) and promulgated (subject to subsection (d)) prior to the first day of the third month of the preceding fiscal year.

"(c) The amount specified for purposes of subsections (a) and (b) shall be—

"(1) \$2,400,000,000 for the fiscal year 1982;

"(2) \$2,450,000,000 for the fiscal year 1983;

"(3) \$2,500,000,000 for the fiscal year 1984;

"(4) \$2,600,000,000 for the fiscal year 1985; and

"(5) \$2,700,000,000 for the fiscal year 1986 or any succeeding fiscal year.

"(d) The determination and promulgation required by subsection (b) with respect to the fiscal year 1982 shall be made as soon as possible after the enactment of the Omnibus Budget Reconciliation Act of 1981.

Anti. p. 357.

"STATE ADMINISTRATION

"Sec. 2004. Prior to expenditure by a State of payments made to it under section 2002 for any fiscal year, the State shall report on the intended use of the payments the State is to receive under this title, including information on the types of activities to be supported and the categories or characteristics of individuals to be served. The report shall be transmitted to the Secretary and made public within the State in such manner as to facilitate comment by any person (including any Federal or other public agency) during development of the report and after its completion. The report shall be revised throughout the year as may be necessary to reflect substantial changes in the activities assisted under this title, and any revision shall be subject to the requirements of the previous sentence.

"LIMITATIONS ON USE OF GRANTS

"Sec. 2005. (a) Except as provided in subsection (b), grants made under this title may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this title—

"(1) for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility;

"(2) for the provision of cash payments for costs of subsistence or for the provision of room and board (other than costs of subsistence during rehabilitation, room and board provided for a short term as an integral but subordinate part of a social service, or temporary emergency shelter provided as a protective service);

Public report 42 USC 1397c.

42 USC 1397d.

TITLE XX BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

95 STAT. 871

PUBLIC LAW 97-35—AUG. 13, 1981

CHILD DAY CARE SERVICES

Grants to qualified provider 42 USC 1397f

"Sec. 2007. (a) Subject to subsection (b), sums granted by a State to a qualified provider of child day care services (as defined in subsection (c)) to assist such provider in meeting its work incentive program expenses (as defined in subsection (c)) with respect to individuals employed in jobs related to the provision of child day care services in one or more child day care facilities of such provider, shall be deemed for purposes of section 2002 to constitute expenditures made by the State in accordance with the provisions of this title for the provision of child day care services.

"(b) The provisions of subsection (a) shall not be applicable with respect to any grant made to a particular qualified provider of child day care services to the extent that (as determined by the Secretary) such grant is or will be used to pay wages to any employee at an annual rate in excess of \$6,000, in the case of a public or nonprofit private provider, or at an annual rate in excess of \$5,000, or to pay more than 80 percent of the wages of any employee, in the case of any other provider.

Definitions

"(c) For purposes of this subsection—  
"(1) the term 'qualified provider of child day care services' includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 percent thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under a program conducted pursuant to this title; and  
"(2) the term 'work incentive program expenses' means expenses of a qualified provider of child day care services which constitute work incentive program expenses as defined in section 50B(a)(1) of the Internal Revenue Code of 1954, or which would constitute work incentive program expenses as so defined if the provider were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code."

26 USC 50B

26 USC 40  
42 USC 1301  
Ante, p. 867.

(b) Section 1101(a)(1) of such Act is amended by adding at the end thereof the following new sentence: "Such term when used in title XX also includes the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands."

CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT

42 USC 303

Sec. 2353. (a)(1) Section 3(a) of the Social Security Act is amended—  
(A) by amending paragraph (4) to read as follows:

"(4) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and efficient administration of the State plan—  
"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus  
"(B) one-half of the remainder of such expenditures."

(B) by striking out paragraph (5).

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"(3) for payment of the wages of any individual as a social service (other than payment of the wages of welfare recipients employed in the provision of child day care services);

"(4) for the provision of medical care (other than family planning services, rehabilitation services, or initial detoxification of an alcoholic or drug dependent individual) unless it is an integral but subordinate part of a social service for which grants may be used under this title;

"(5) for social services (except services to an alcoholic or drug dependent individual or rehabilitation services) provided in and by employees of any hospital, skilled nursing facility, intermediate care facility, or prison, to any individual living in such institution;

"(6) for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income;

"(7) for any child day care services unless such services meet applicable standards of State and local law; or

"(8) for the provision of cash payments as a service (except as otherwise provided in this section).

"(b) The Secretary may waive the limitation contained in subsection (a) (1) and (4) upon the State's request for such a waiver if he finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this title.

Waiver

REPORTS AND AUDITS

"Sec. 2006. (a) Each State shall prepare reports on its activities carried out with funds made available (or transferred for use) under this title. Reports shall be in such form, contain such information, and be of such frequency (but not less often than every two years) as the State finds necessary to provide an accurate description of such activities, to secure a complete record of the purposes for which funds were spent, and to determine the extent to which funds were spent in a manner consistent with the reports required by section 2004. The State shall make copies of the reports required by this section available for public inspection within the State and shall transmit a copy to the Secretary. Copies shall also be provided, upon request, to any interested public agency, and each such agency may provide its views on these reports to the Congress.

42 USC 1397e

Copies

"(b) Each State shall, not less often than every two years, audit its expenditures from amounts received (or transferred for use) under this title. Such State audits shall be conducted by an entity independent of any agency administering activities funded under this title, in accordance with generally accepted auditing principles. Within 30 days following the completion of each audit, the State shall submit a copy of that audit to the legislature of the State and to the Secretary. Each State shall repay to the United States amounts ultimately found not to have been expended in accordance with this title, or the Secretary may offset such amounts against any other amount which the State is or may become entitled under this title.

"(c) For other provisions requiring States to account for Federal grants, see section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212).

Unexpended funds



(1) by striking out "titles XIX and XX" each place it appears and inserting in lieu thereof "title XIX", and  
 (2) by striking out "title XIX or XX" and inserting in lieu thereof "title XIX".

(p) Section 1620(c) of such Act is amended by striking out the matter following the end of paragraph (7).

(q) Section 407(d)(1) of such Act is amended by striking out "a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or" and inserting in lieu thereof "a community work experience program under section 409, or".

(r) Section 471(a)(10) of such Act is amended by striking out "standards referred to in section 2003(d)(1)(F)" and inserting in lieu thereof "standards in effect in the State with respect to child day care services under title XX".

(s) Section 3(f) of the Social Security Amendments of 1974 (Public Law 93-647) is repealed.

EFFECTIVE DATE

94 Stat. 446.  
 42 USC 1382i.  
 42 USC 607.  
*Ante*, p. 846.

42 USC 671.

42 USC 1397a  
*note*.

42 USC 1397  
*note*.

Sec. 2354. Except as otherwise explicitly provided, the provisions of this subtitle, and the repeals and amendments made by this subtitle, shall become effective on October 1, 1981.

STUDY OF STATE SOCIAL SERVICE PROGRAMS

Sec. 2355. The Secretary of Health and Human Services shall conduct a study to identify criteria and mechanisms which may be useful for the States in assessing the effectiveness and efficiency of the State social service programs carried out with funds made available under title XX of the Social Security Act. The study shall include consideration of Federal incentive payments as an option in rewarding States having high performance social service programs. The Secretary shall report the results of such study to the Congress within one year after the date of the enactment of this Act.

42 USC 1397  
*note*.

*Ante*, p. 867.

Report to Congress.

HOME ENERGY GRANTS AUTHORIZED

Sec. 2602. (a) The Secretary of Health and Human Services is authorized to make grants, in accordance with the provisions of this 42 USC 9621.

LOW-INCOME HOME ENERGY ASSISTANCE

95 STAT. 894 PUBLIC LAW 97-35—AUG. 13, 1981 95 STAT. 895

title, to States to assist eligible households to meet the costs of home energy.  
 (b) There is authorized to be appropriated to carry out the purposes of this title \$1,875,000,000 for each of the fiscal years 1982, 1983, and 1984.

Appropriation authorization

DEFINITIONS

- Sac. 2603. As used in this title:
- (1) The term "energy crisis intervention" means weather-related and supply shortage emergencies.
  - (2)(A) The term "household" means all individuals who occupy a housing unit.
  - (B) For purposes of subparagraph (A), 1 or more rooms shall be treated as a housing unit when occupied as a separate living quarters.
  - (3) The term "home energy" means a source of heating or cooling in residential dwellings.
  - (4) The term "poverty level" means, with respect to a household in any State, the income poverty guidelines for the nonfarm population of the United States as prescribed by the Office of Management and Budget (and as adjusted annually pursuant to section 673(2) of this Act) as applicable to such State.
  - (5) The term "Secretary" means the Secretary of Health and Human Services.
  - (6) The term "State" means each of the several States and the District of Columbia.
  - (7) The term "State median income" means the State median income promulgated by the Secretary in accordance with procedures established under section 2002(a)(6) of the Social Security Act (as such procedures were in effect on the day before the date of the enactment of this Act) and adjusted, in accordance with regulations prescribed by the Secretary, to take into account the number of individuals in the household.

Ante, p. 511.

STATE ALLOTMENTS

- Sac. 2604. (a)(1)(A) Except as provided in subparagraph (B), the Secretary shall, from that percentage of the amount appropriated under section 2602(b) for each fiscal year which is remaining after the amount of allotments for such fiscal year under subsection (b)(1) is determined by the Secretary, allot to each State an amount equal to such remaining percentage multiplied by the State's allotment percentage.
- (B) From the sums appropriated therefor, if for any period a State has a plan which is described in section 2605(c)(1), the Secretary shall pay to such State an amount equal to 100 percent of the expenditures of such State made during such period in carrying out such plan, including administrative costs (subject to the provisions of section 2605(b)(9)(B)), with respect to households described in section 2605(b)(2).
- (2)(A) For purposes of paragraph (1), a State's allotment percentage is the percentage which the amount the State was eligible to receive for fiscal year 1981 under the allotment formulas of the Home Energy Assistance Act of 1980 bears to the total amount available for allotment under such formulas.
- (B) For purposes of subparagraph (A), the allotment formulas of the Home Energy Assistance Act of 1980 shall be treated as including the rules provided by, and the rules referred to in, section 101(j) of the

42 USC 8623.

Payment to States.

Allotment percentage.

Post, p. 992.

joint resolution entitled "Joint resolution making further continuing appropriations for the fiscal year 1981, and for other purposes", approved December 16, 1980 (Public Law 96-536; 94 Stat. 3168), except that such allotment formulas shall not include the reallocation procedures established in section 260.108 of title 45, Code of Federal Regulations (relating to reallocation of funds under the low-income energy assistance program).

(3) If the sums appropriated for any fiscal year for making grants under this title are not sufficient to pay in full the total amount allocated to a State under paragraph (1) for such fiscal year, the amount which all States will receive under this title for such fiscal year shall be ratably reduced.

Apportionment percentages.

(b)(1) The Secretary shall apportion not less than one-tenth of 1 percent, and not more than one-half of 1 percent, of the amounts appropriated for each fiscal year to carry out this title on the basis of need among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands. The Secretary shall determine the total amount to be apportioned under this paragraph for any fiscal year (which shall not exceed one-half of 1 percent) after evaluating the extent to which each jurisdiction specified in the preceding sentence requires assistance under this paragraph for the fiscal year involved.

Grants.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this title upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this title, and which are consistent with the requirements of section 2605.

Energy crisis intervention, reserved funds.

(c) Of the funds available to each State under subsection (a), a reasonable amount based on data from prior years shall be reserved by each State for energy crisis intervention.

(d)(1) If, with respect to any State, the Secretary—

- (A) receives a request from the governing organization of an Indian tribe within the State that assistance under this title be made directly to such organization; and
- (B) determines that the members of such tribe would be better served by means of grants made directly to provide benefits under this title;

the Secretary shall reserve from amounts which would otherwise be paid to such State from amounts allotted to it under this title for the fiscal year involved the amount determined under paragraph (2).

(2) The amount determined under this paragraph for a fiscal year is the amount which bears the same ratio to the amount which would (but for this subsection) be allotted to such State under this title for such fiscal year (other than by reason of section 2607(b)(2)) as the number of Indian households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State with respect to which a determination under this subsection is made bears to the number of all households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State.

(3) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to—

- (A) the tribal organization serving the individuals for whom such a determination has been made; or
- (B) in any case where there is no tribal organization serving an individual for whom such a determination has been made, such other entity as the Secretary determines has the capacity to provide assistance pursuant to this title.



(ii) supplemental security income payments under title XVI of the Social Security Act;  
 (iii) food stamps under the Food Stamp Act of 1977; or  
 (iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or  
 (B) households with incomes which do not exceed the greater of—  
 (i) an amount equal to 150 percent of the poverty level for such State; or  
 (ii) an amount equal to 80 percent of the State median income;

42 USC 1381  
 7 USC 2011 note

38 USC 521 note

42 USC 601  
 42 USC 1397

42 USC 601

42 USC 2701  
 note

(3) conduct outreach activities designed to ensure that eligible households, especially households with elderly individuals or handicapped individuals, or both, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;  
 (4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;  
 (5) provide, in a manner consistent with the efficient and timely payment of benefits, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size;  
 (6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—  
 (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and  
 (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

42 USC 601  
 42 USC 1397  
 42 USC 6851  
 note  
 42 USC 2701  
 note

42 USC 2701  
 note

(4) in order for a tribal organization or other entity to be eligible for an allotment under this subsection for a fiscal year, it shall submit to the Secretary a plan (in lieu of being under the State's plan) for such fiscal year which meets such criteria as the Secretary may by regulations prescribe.

(5) At the option of a State, any portion of such State's allotment under this title may be reserved by the Secretary for the purpose of making direct payments to households described in section 2602(b)(2)(A)(ii) (taking into account the application of section 2602(1)), for low-income energy assistance in accordance with guidelines issued by the Secretary.

(6) A State may transfer up to 10 percent of its allotment under this section for any fiscal year for its use for such fiscal year under other provisions of Federal law providing block grants for—

- (1) support of activities under subtitle B of title VI (relating to community services block grant program);
- (2) support of activities under title XX of the Social Security Act; or
- (3) support of preventive health services, alcohol, drug, and mental health services, and primary care under title XIX of the Public Health Service Act, and maternal and child health services under title V of the Social Security Act;

or any combination of the activities described in paragraphs (1), (2), and (3). Amounts allotted to a State under any provisions of Federal law referred to in the preceding sentence and transferred by a State for use in carrying out the purposes of this title shall be treated as if they were paid to the State under this title but shall not affect the computation of the State's allotment under this title. The State shall inform the Secretary of any such transfer of funds.

APPLICATIONS AND REQUIREMENTS

Sec. 2605. (a)(1) Each State desiring to receive an allotment for any fiscal year under this title shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will meet the conditions enumerated in subsection (b).

(2) After the expiration of the first fiscal year for which a State receives funds under this title, no funds shall be allotted to such State for any fiscal year under this title unless such State conducts public hearings with respect to the proposed use and distribution of funds to be provided under this title for such fiscal year.

(b) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to—

- (1) use the funds available under this title for the purposes described in section 2602(a) and otherwise in accordance with the requirements of this title, and agrees not to use such funds for any payments other than payments specified in this subsection;
- (2) make payments under this title only with respect to—  
 (A) households in which 1 or more individuals are receiving—  
 (i) aid to families with dependent children under the State's plan approved under part A of title IV of the Social Security Act (other than such aid in the form of foster care in accordance with section 408 of such Act);

Plan, submitted to Secretary

Transfer of allotment

42 USC 1397

42 USC 299  
 42 USC 501

42 USC 8624

Hearings

State agreements

42 USC 601  
 42 USC 608

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(7) if the State chooses to pay home energy suppliers directly, establish procedures to—

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated any differently because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) assure that any home energy supplier receiving direct payments agrees not to discriminate, either in the cost of the goods supplied or the services provided, against the eligible household on whose behalf payments are made;

(8) provide assurances that the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that—  
(A) in each fiscal year, the State may use for planning and administering; the use of funds available under this title an amount not to exceed 10 percent of its allotment under this title for such fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining costs;

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that at least every year the State shall prepare an audit of its expenditures of amounts received under this title and amounts transferred to carry out the purposes of this title;

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for public participation in the development of the plan described in subsection (c); and

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.

(c)(1) As part of the annual application required in subsection (a), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained in subsection (b). The chief executive officer may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State involved in such a manner as will facilitate review of, and comment upon, such plan.

Audit.

Compliance plan.

Public inspection.

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Waiver

(d) Whenever the Secretary determines that a waiver of any requirement in subsection (b) is necessary to assist in promoting the objectives of this title, the Secretary may waive such requirement to the extent and for the period the Secretary finds necessary to enable the State involved to carry out the program under the plan.

(e) Each audit required by subsection (b)(10) shall be conducted by an entity independent of any agency administering activities or services carried out under this title and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the legislature of the State and to the Secretary.

(f) Notwithstanding any other provision of law, the amount of any home energy assistance payments or allowances provided to an eligible household under this title shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this title or the Secretary State is or may become entitled under this title.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this title in order to assure that expenditures are consistent with the provisions of this title and to determine the effectiveness of the State in accomplishing the purposes of this title.

(i) A household which is described in subsection (b)(2)(A) solely by reason of clause (i) thereof shall not be treated as a household described in subsection (b)(2) if the eligibility of the household is dependent upon—

(1) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e)(1) of the Social Security Act, by reason of being in an institution receiving payments under title XIX of the Social Security Act with respect to such individual;

(2) an individual to whom the reduction specified in section 1612(a)(2)(A)(i) of the Social Security Act applies; or

(3) a child described in section 1614(M)(2) of the Social Security Act who is living together with a parent, or the spouse of a parent, of the child.

(j) In verifying income eligibility for purposes of subsection (b)(2)(B), the State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under subtitle B of title VI of this Act (relating to community services block grant programs), under any other provision of law which carries out programs, which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act, or under other income assistance or service programs (as determined by the State).

(k) Not more than 15 percent of the greater of—  
(1) the funds allotted to a State under this title for any fiscal year; or  
(2) the funds available to such State under this title for such fiscal year.

may be used by the State for low-cost residential weatherization or other energy-related home repair for low-income households.

Repayment to U.S.

Grant expenditures evaluation

42 USC 1362  
42 USC 1397

42 USC 1362a

42 USC 1362c

42 USC 601  
42 USC 1397

42 USC 2701  
note.

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that, after the 30-day period beginning on the date of the notice to such chief executive officer, such amount may be reallocated; and

(C) the State does not request, under paragraph (2), that such amount be held available for such State for the following fiscal year.

then such amount shall be treated by the Secretary for purposes of this title as an amount appropriated for the following fiscal year to be allotted under section 2604 for such following fiscal year.

(2)(A) Any State may request that an amount allotted to such State for a fiscal year be held available for such State for the following fiscal year. Any amount so held available for the following fiscal year shall not be taken into account in computing the allotment of such State for such fiscal year under this title.

(B) No amount may be held available under this paragraph for a State from a prior fiscal year to the extent such amount exceeds 25 percent of the amount allotted to such State for such prior fiscal year. For purposes of the preceding sentence, the amount allotted to a State for a fiscal year shall be determined without regard to any amount held available under this paragraph for such State for such fiscal year from the prior fiscal year.

(3) During the 30-day period described in paragraph (1)(B), comments may be submitted to the Secretary. After considering such comments, the Secretary shall notify the chief executive officer of the State of any decision to reallocate funds, and shall publish such decision in the Federal Register.

WITHHOLDING

Sec. 2608. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this title and the assurances such State provided under section 2605.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this title or the assurances provided by the State under section 2605. For purposes of this paragraph, a violation of any one of the assurances contained in section 2605(b) that constitutes a disregard of such assurance shall be considered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this title in order to evaluate compliance with the provisions of this title.

(2) Whenever the Secretary determines that there is a pattern of complaints from any State in any fiscal year, he shall conduct an investigation of the use of funds received under this title by such State in order to ensure compliance with the provisions of this title.

(3) The Comptroller General of the United States may conduct an investigation of the use of funds received under this title by a State in order to ensure compliance with the provisions of this title.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

Publication in Federal Register.

Notice and hearing 42 USC 8627.

Records availability.

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(1)(1) Any State may use amounts provided under this title for the purpose of providing credits against State tax to energy suppliers who supply home energy at reduced rates to low-income households.

(2) Any such credit provided by a State shall not exceed the amount of the loss of revenue to such supplier on account of such reduced rate.

(3) Any certification for such tax credits shall be made by the State, but such State may use Federal data available to such State with respect to recipients of supplemental security income benefits if timely delivery of benefits to households described in subsection (b) and suppliers will not be impeded by the use of such data.

NONDISCRIMINATION PROVISIONS

Sec. 2606. (a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 also shall apply to any such program or activity.

(b) Whenever the Secretary determines that a State that has received a payment under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that the State is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

PAYMENTS TO STATES

Sec. 2607. (a) From its allotment under section 2604, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968, for use under this title.

(b)(1) If—

(A) the Secretary determines that, as of September 1 of any fiscal year, an amount allotted to a State under section 2604 for any fiscal year will not be used by such State during such fiscal year;

(B) the Secretary—

(i) notifies the chief executive officer of such State; and  
(ii) publishes a timely notice in the Federal Register;

42 USC 8625.

42 USC 6101 note.  
29 USC 794.

Noncompliance

42 USC 20004.

Civil action.

42 USC 8626.

42 USC 4213.

Conditions.

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(d) In conducting any investigation under subsection (b), the Secretary may not request any information not readily available to such State or require that any information be compiled, collected, or transmitted in any new form not already available.

## LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

42 USC 8628.

Sec. 2609. Grants made under this title may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this title, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

## STUDIES

Data.  
42 USC 8629.

Sec. 2610. (a) The Secretary, after consultation with the Secretary of Energy, shall provide for the collection of data, including—

- (1) information concerning home energy consumption;
- (2) the cost and type of fuels used;
- (3) the type of fuel used by various income groups;
- (4) the number and income levels of households assisted by this title; and
- (5) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this title.

(b) The Secretary shall submit an annual report to the Congress containing a summary of data collected under subsection (a).

Report to  
Congress.

## REPEALER

42 USC 8601  
note.

Sec. 2611. Effective October 1, 1981, the Home Energy Assistance Act of 1980 is repealed.

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meet an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the grantees; and

"(C) hold one or more public hearings to obtain the views of citizens on community development and housing needs.

In preparing the final statement, the grantee shall consider any such comments and views and may, if deemed appropriate by the grantee, modify the proposed statement. The final statement shall be made available to the public, and a copy shall be furnished to the Secretary together with the certifications required under subsection (b) and, where appropriate, subsection (c).

"(b) Any grant under section 106 shall be made only if the grantee certifies to the satisfaction of the Secretary that—

"(1) the grantee is in full compliance with the requirements of subsection (a)(2)(A), (B), and (C) and has made the final statement available to the public;

"(2) the grant will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-284;

"(3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight; the projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs; and

"(4) the grantee will comply with the other provisions of this title and with other applicable laws.

"(c)(1) Any grant made under section 106(b) shall be made only if the unit of general local government certifies that it is following a current housing assistance plan which has been approved by the Secretary and which—

"(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower income persons (including elderly and handicapped persons, large families, owners of homes requiring rehabilitation assistance, and persons displaced or to be displaced) residing in or expected to reside in the community as a result of existing or projected changes in employment opportunities and population in the community (and those elderly persons residing in or expected to reside in the community), or as estimated in a community accepted State or regional housing opportunity plan approved by the Secretary, and identifies housing stock which is in a deteriorated condition, including the impact of conversion of rental housing to condominium or cooperative ownership on such needs;

"(B) specifies a realistic annual goal for the number of dwelling units or lower income persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units, including existing rental and owner occupied dwelling units to be upgraded and thereby preserved, (ii) the sizes and types of housing projects and assistance best suited to the needs of lower income persons in the community, and (iii) in the case of subsidized rehabilitation, adequate provisions to assure that a preponderance of persons assisted should be of low and moderate income; and

PART 1—COMMUNITY AND ECONOMIC DEVELOPMENT

AUTHORIZATIONS

Sac. 301. Section 103 of the Housing and Community Development Act of 1974 is amended to read as follows:

42 USC 5303.

AUTHORIZATIONS

"Sac. 103. The Secretary is authorized to make grants to States, units of general local government, and Indian tribes to carry out activities in accordance with the provisions of this title. There are authorized to be appropriated for these purposes not to exceed \$4,166,000,000 for each of the fiscal years 1982 and 1983. Sums appropriated pursuant to this section shall remain available until expended."

Grants.

Appropriation

STATEMENT OF ACTIVITIES AND REVIEW

Sac. 302. (a) The caption of section 104 of the Housing and Community Development Act of 1974 is amended to read as follows: "STATEMENT OF ACTIVITIES AND REVIEW".

(b) Subsections (a), (b), and (c) of section 104 of such Act are amended to read as follows:

42 USC 5304.

"(a)(1) Prior to the receipt in any fiscal year of a grant under section 106(b) by any metropolitan city or urban county, under section 106(d) by any State, or under section 106(d)(2)(B) by any unit of general local government, the grantee shall have prepared a final statement of community development objectives and projected use of funds and shall have provided the Secretary with the certifications required in subsection (b) and, where appropriate, subsection (c). In the case of metropolitan cities and urban counties receiving grants pursuant to section 106(b) and in the case of units of general local government receiving grants pursuant to section 106(d)(2)(B), the statement of projected use of funds shall consist of proposed community development activities. In the case of States receiving grants pursuant to section 106(d), the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.

"(2) In order to permit public examination and appraisal of such statements, to enhance the public accountability of grantees, and to facilitate coordination of activities with different levels of government, the grantee shall—

"(A) furnish citizens information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken;

"(B) publish a proposed statement in such manner to afford affected citizens or, as appropriate, units of general local govern-

42 USC 5306; Part P. 389.

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95 STAT. 386

42 USC 5304.

(e) Section 104(f) of such Act, as redesignated by subsection (d) of this section, is amended—  
 (1) by striking out “applicants” in paragraph (1) and inserting in lieu thereof “recipients of assistance under this title”;

(2) by striking out “applicant” wherever it appears and inserting in lieu thereof “recipient of assistance under this title”;

(3) by striking out “applications and” in the last sentence of paragraph (2); and  
 (4) by adding the following new paragraph at the end thereof: “(4) In the case of grants made to States pursuant to section 106(d), the State shall perform those actions of the Secretary described in paragraph (2) and the performance of such actions shall be deemed to satisfy the Secretary’s responsibilities referred to in the second sentence of such paragraph.”

Post, p. 389.

(f) Section 104(g) of such Act, as redesignated by subsection (d) of this section, is amended—  
 (1) by striking out paragraph (1) and inserting in lieu thereof the following:

“(1) Units of general local government receiving assistance under this title may receive funds, in one payment, in an amount not to exceed the total amount designated in the grant (or, in the case of a unit of general local government receiving a distribution from a State pursuant to section 106(d), not to exceed the total amount of such distribution) for use in establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities assisted under this title. Rehabilitation activities authorized under this section shall begin within 45 days after receipt of such payment.”; and  
 (2) by striking out the last two sentences of paragraph (2).

ELIGIBLE ACTIVITIES

42 USC 5305.

SEC. 303. (a) Section 105(a) of the Housing and Community Development Act of 1974 is amended—  
 (1) by striking out paragraph (8) and inserting in lieu thereof the following:

“(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 10 per centum of the amount of any assistance to a unit of general local government under this title may be used for activities under this paragraph.”;

(2) by inserting the following before the semicolon at the end of paragraph (13), and including the carrying out of activities as described in section 701(e) of the Housing Act of 1964 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981”;

(3) by striking out “and” at the end of paragraph (15);

94 Stat. 1662.  
 Antc. p. 384.

“(C) indicates the general locations of proposed housing for lower income persons, with the objective of (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, and the reclamation of the housing stock where feasible through the use of a broad range of techniques for housing restoration by local government, the private sector, or community organizations, including provision of a reasonable opportunity for tenants displaced as a result of such activities to relocate in their immediate neighborhood, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons, and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects.”

“(2) The Secretary shall establish such dates and manner for the submission of housing assistance plans described in paragraph (1) as the Secretary may prescribe.”

(c)(1) Section 104(d) of such Act is amended to read as follows:  
 “(d) Each grantee shall submit to the Secretary, at a time determined by the Secretary, a performance report concerning the use of funds made available under section 106, together with an assessment by the grantee of the relationship of such use to the objectives identified in the grantee’s statement under subsection (a). The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

“(1) in the case of grants made under section 106(b) or section 106(d)(2)(B), whether the grantee has carried out its activities and, where applicable, its housing assistance plan in a timely manner, whether the grantee has carried out those activities and its certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and whether the grantee has a continuing capacity to carry out those activities in a timely manner; and

“(2) in the case of grants to States made under section 106(d), whether the State has distributed funds to units of general local government in a timely manner and in conformance to the method of distribution described in its statement, whether the State has carried out its certifications in compliance with the requirements of this title and other applicable laws, and whether the State has made such reviews and audits of the units of general local government as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria described in paragraph (1) of this subsection. The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with the Secretary’s findings under this subsection. With respect to assistance made available to units of general local government under section 106(d), the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary’s reviews and audits under this subsection, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future assistance to such units of general local government.”

(2) The amendment made by paragraph (1) shall take effect on October 1, 1982.

(d) Section 104 of such Act is amended by striking out subsections (e) and (f) and redesignating subsections (g), (h), (i), and (j) as subsections (e), (f), (g), and (h).

42 USC 5304.  
 Report.

Post, p. 389.

Post, p. 389.

Effective date.  
 42 USC 5304  
 note.  
 42 USC 5304.

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"(C) in no event may the share of reallocated funds for any metropolitan city or urban county exceed 25 per centum of the amount awarded to the city or county under section 106(b) of the fiscal year in which the reallocated funds under this paragraph become available.

Any amounts allocated under section 106(b) which become available for reallocation and for which no metropolitan city or urban county qualifies under this paragraph shall be added to amounts available for allocation under such section 106(b) in the succeeding fiscal year.

"(2) Notwithstanding any other provision of this title, the Secretary shall make grants from amounts authorized for use under section 106(b) by the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1981, in accordance with the provisions of this title which governed grants with respect to such amounts, as such provisions existed prior to the effective date of the Housing and Community Development Amendments of 1981, except that any such amounts which are not obligated before January 1, 1982, shall be reallocated in accordance with paragraph (1)."

(d) Section 106(d)(1) of such Act, as redesignated by subsection (b) of this section, is amended—

(1) by striking out "section 103(a)" and all that follows through "nometropolitan areas of each State" in the first sentence and inserting in lieu thereof the following: "section 103 for grants in any year (excluding the amounts provided for use in accordance with section 107 and section 119), 30 per centum shall be allocated among the States for use in nomettlement areas. The allocation for each State shall be"; and

(2) by striking out "nometropolitan" wherever it appears and inserting in lieu thereof "nomettlement";

(e) Section 106(d) of such Act, as redesignated by subsection (b) of this section, is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2)(A) Amounts allocated under paragraph (1) shall be distributed to units of general local government located in nomettlement areas of the State to carry out activities in accordance with the provisions of this title—

"(i) by the State, consistent with the statement submitted under section 104(e); or

"(ii) by the Secretary, in any case described in subparagraph (B), for use by units of general local government in accordance with paragraph (3)(B).

Notwithstanding any provision of this title, the Secretary shall make grants from amounts authorized for use in nomettlement areas by the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1981, in accordance with the provisions of this title which governed grants with respect to such amounts, as such provisions existed prior to the effective date of the Housing and Community Development Amendments of 1981. Any amounts under the preceding sentence (except amounts for which preapplications have been approved by the Secretary prior to October 1, 1981, and which have been obligated by January 1, 1982) which are or become available for obligation after fiscal year 1981 shall be available for distribution in the State in which the grants from such amounts were made, by the State or by the Secretary, whichever is distributing the State allocation in the fiscal year in which such amounts are or become available.

"(B) The Secretary shall distribute amounts allocated under paragraph (1) where—

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(4) by striking out the period at the end of paragraph (16) and inserting in lieu thereof "; and"; and

(5) by adding at the end thereof the following new paragraph: "(17) provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project."

(b) In fiscal years 1982, 1983, and 1984, the Secretary may waive the limitation on the amount of funds which may be used for public services activities under section 106(a)(8) of the Housing and Community Development Act of 1974, as amended by this Act, in the case of a unit of general local government which, during fiscal year 1981, allocated more than 10 per centum of funds received under title I of the Housing and Community Development Act of 1974 for such activities.

ALLOCATION AND DISTRIBUTION OF FUNDS

Sec. 304. (a) Section 106(a) of the Housing and Community Development Act of 1974 is amended to read as follows:

"(a) Of the amount approved in an appropriation Act under section 103 for grants in any year (excluding the amounts provided for use in accordance with section 107 and section 119), 70 per centum shall be allocated by the Secretary to metropolitan cities and urban counties. Except as otherwise specifically authorized, each metropolitan city and urban county shall be entitled to an annual grant from such allocation in an amount not exceeding its basic amount computed pursuant to paragraph (1) or (2) of subsection (b)."

(b) Section 106 of such Act is amended by striking out subsection (c) and redesignating subsections (d), (e), (f), and (g) as subsections (c), (d), (e), and (f), respectively.

(c) Section 106(c), as redesignated by subsection (b) of this section, is amended to read as follows:

"(c)(1) Except as provided in paragraph (2), any amounts allocated to a metropolitan city or an urban county pursuant to the preceding provisions of this section which are not received by the city or county for a fiscal year because of failure to meet the requirements of section 104(a), (b), or (c), or which become available as a result of actions under section 104(d) or 111, shall be reallocated in the succeeding fiscal year to the other metropolitan cities and urban counties in the same metropolitan area which certify to the satisfaction of the Secretary that they would be adversely affected by the loss of such amounts from the metropolitan area. The amount of the share of funds reallocated under this paragraph for any metropolitan city or urban county shall bear the same ratio to the total of such reallocated funds in the metropolitan area as the amount of funds awarded to the city or county for the fiscal year in which the reallocated funds become available bears to the total amount of funds awarded to all metropolitan cities and urban counties in the same metropolitan area for that fiscal year, except that—

"(A) in determining the amounts awarded to cities or counties for purposes of calculating shares pursuant to this sentence, there shall be excluded from the award of any city or county any amounts which become available as a result of actions against such city or county under section 111;

"(B) in reallocating amounts resulting from an action under section 104(d) or section 111, the city or county against whom any such action was taken shall be excluded from the calculation of shares for purposes of reallocating the amounts becoming available as a result of such action; and

95 STAT. 388

Waiver.  
42 USC 5306  
note.

Anle, p. 387.

42 USC 501.

42 USC 5306.

Anle, p. 384.

Post, pp. 391,  
392.

42 USC 5306.

Reallocated  
funds.

Anle, p. 384.  
Anle, p. 386.  
42 USC 5311.

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42 USC 5306

94 Stat. 3044

Anle, p. 384.

Anle, p. 388.

Anle, p. 384.

94 Stat. 3044.

Anle, p. 384.

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95 STAT. 390

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DISCRETIONARY FUND

Sec. 306. Section 107 of the Housing and Community Development Act of 1974 is amended to read as follows:

"DISCRETIONARY FUND

"Sec. 107. (a) Of the total amount approved in appropriation Acts under section 103 for each of the fiscal years 1982 and 1983, not more than \$60,000,000 for each of the fiscal years 1982 and 1983 may be set aside in a special discretionary fund for grants under subsection (b). Grants under this section are in addition to any other grants which may be made under this title to the same entities for the same purposes.

"(b) From amounts set aside under subsection (a), the Secretary is authorized to make grants—  
 "(1) in behalf of new communities assisted under title VII of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under title X of the National Housing Act which meet the eligibility standards set forth in title VII of the Housing and Urban Development Act of 1970 and which were the subject of an application or preapplication under such title prior to January 14, 1975;  
 "(2) in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;  
 "(3) to Indian tribes; and  
 "(4) to States, units of general local government, Indian tribes, or areawide planning organizations for the purpose of providing technical assistance in planning, developing, and administering assistance under this title, and to States and units of general local government for implementing special projects otherwise authorized under this title. The Secretary may also provide, directly or through contracts, technical assistance under this paragraph to such governmental units, or to a group designated by such a governmental unit for the purpose of assisting that governmental unit to carry out assistance under this title.

"(c) Amounts set aside for use under subsection (b) in any fiscal year but not used in that year shall remain available for use in subsequent fiscal years in accordance with the provisions of that subsection.

"(d)(1) Except as provided in paragraph (2), no grant may be made under this section or section 119 unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with Public Law 88-552 and Public Law 90-284.  
 "(2) No grant may be made to an Indian tribe under this section or its program will be conducted and administered in conformity with title II of Public Law 90-284. The Secretary may waive, in connection with grants to Indian tribes, the provisions of section 109 and section 110.  
 "(3) The Secretary may accept a certification from the applicant that it has complied with the requirements of paragraph (1) or (2), as appropriate."

42 USC 5307.  
 Antz. p. 384.  
 42 USC 4501.  
 42 USC 3901.  
 12 USC 1749aa.

Technical assistance.

Post, p. 392.

42 USC 2000a note; 82 Stat. 73.

Waiver. 25 USC 1301. 42 USC 5309, 5310.

95 STAT. 390

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"(i) the State has elected, in such manner and before such time as the Secretary may prescribe, not to distribute such amounts; or  
 "(ii) the State has failed to submit the certifications described in subparagraph (C).  
 "(C) To receive and distribute amounts allocated under paragraph (1), the Governor must certify that the State, with respect to units of general local government in nonentitlement areas—  
 "(i) engages or will engage in planning for community development activities;  
 "(ii) provides or will provide technical assistance to units of general local government in connection with community development programs;  
 "(iii) will provide, out of State resources, funds for community development activities in an amount which is at least 10 per centum of the amounts allocated for use in the State pursuant to paragraph (1); and  
 "(iv) has consulted with local elected officials from among units of general local government located in nonentitlement areas of that State in determining the method of distribution of funds required by subparagraph (A).  
 "(3)(A) If the State receives and distributes such amounts, it shall be responsible for the administration of funds so distributed. The State shall pay from its own resources all administrative expenses incurred by the State in carrying out its responsibilities under this title, except that from the amounts received for distribution in nonentitlement areas, the State may deduct an amount not to exceed 50 per centum of the costs incurred by the State in carrying out such responsibilities. Amounts so deducted shall not exceed 2 per centum of the amount so received.  
 "(B) If the Secretary distributes such amounts, the distribution shall be made in accordance with determinations of the Secretary pursuant to statements submitted and the other requirements of section 104 (other than subsection (c)) and in accordance with regulations and procedures prescribed by the Secretary.  
 "(C) Any amounts allocated for use in a State under this subsection which become available as a result of actions under section 104(d) or 111 shall—  
 "(i) in the case of actions against units of general local government in nonentitlement areas, be added to amounts available for distribution in the State in the fiscal year in which the amounts become so available; or  
 "(ii) in the case of actions against the State, be added to amounts available for distribution in the State in the succeeding fiscal year.  
 Amounts reallocated under this subparagraph shall be available for distribution by the State or by the Secretary, whichever is distributing the State allocation in the fiscal year in which such reallocated amounts are added.  
 "(4) In computing amounts under paragraph (1), Indian tribes shall be excluded."  
 (f) Section 106(f), as redesignated by subsection (b) of this section, is amended by striking out "(1)" and all that follows through "106(e)" and inserting in lieu thereof "all basic grant entitlement amounts".

Antz. p. 384.  
 Antz. p. 386.



COMMUNITY DEVELOPMENT

Contents

age of housing; the extent of poverty; the extent of population lag; growth of per capita income; and, where data are available, the extent of unemployment and job lag.

"(2) A city or urban county which fails to meet the minimum standards established pursuant to paragraph (1) shall be eligible for assistance under this section if it meets the requirements of the first sentence of such paragraph and—

"(A) in the case of a city with a population of fifty thousand persons or more or an urban county, contains an area (i) composed of one or more contiguous census tracts, enumeration districts, or block groups, as defined by the United States Bureau of the Census, having at least a population of ten thousand persons or 10 per centum of the population of the city or urban county; (ii) in which at least 70 per centum of the residents have incomes below 80 per centum of the median income of the city or urban county; and (iii) in which at least 30 per centum of the residents have incomes below the national poverty level; or

"(B) in the case of a city with a population of less than fifty thousand persons, contains an area (i) composed of one or more contiguous census tracts, enumeration districts, or block groups or other areas defined by the United States Bureau of the Census for which data certified by the United States Bureau of the Census are available having at least a population of two thousand five hundred persons or (ii) in which at least 70 per centum of the residents have incomes below 80 per centum of the median income of the city; and (iii) in which at least 30 per centum of the residents have incomes below the national poverty level.

The Secretary shall use up to, but not more than, 20 per centum of the funds appropriated for use in any fiscal year under this section for the purpose of making grants to cities and urban counties eligible under this paragraph.

"(c) Applications for assistance under this section shall—

"(1) in the case of an application for a grant under subsection (b)(2), include documentation of grant eligibility in accordance with the standards described in that subsection;

"(2) set forth the activities for which assistance is sought, including (A) an estimate of the costs and general location of the activities; (B) a summary of the public and private resources which are expected to be made available in connection with the activities, including how the activities will take advantage of unique opportunities to attract private investment; and (C) an analysis of the economic benefits which the activities are expected to produce;

"(3) contain a certification satisfactory to the Secretary that the applicant, prior to submission of its application, (A) has held public hearings to obtain the views of citizens, particularly residents of the area in which the proposed activities are to be carried out, and (B) has analyzed the impact of these proposed activities on the residents, particularly those of low and moderate income, of the residential neighborhood, and on the neighborhood in which they are to be carried out; and

"(4) contain a certification satisfactory to the Secretary that the applicant, prior to submission of its application, (A) has identified all properties, if any, which are included on the National Register of Historic Places and which, as determined by the applicant, will be affected by the project for which the application is made; (B) has identified all other properties, if any,

NONDISCRIMINATION

Sac. 306. Section 109(a) of the Housing and Community Development Act of 1974 is amended by adding the following new sentence at the end thereof: "Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity."

42 USC 5309.

42 USC 6101 note.

29 USC 794.

TRANSITIONAL PROVISIONS

Sac. 307. (a) Any amounts appropriated for any fiscal year before fiscal year 1982 in a Department of Housing and Urban Development—Independent Agencies Appropriation Act or a Supplemental Appropriation Act under the head "COMMUNITY DEVELOPMENT GRANTS" which are or become available for obligation on or after October 1, 1981, shall remain available as provided by law, and shall be used in accordance with the following:

(1) funds authorized for use under section 106(b) of the Housing and Community Development Act of 1974 ("such Act") before October 1, 1981, shall be available for use as provided by section 106(c) of such Act as amended by this Act;

(2) funds authorized for use under section 107 of such Act before October 1, 1981, shall be available for use as provided by section 107(a) of such Act as amended by this Act; and

(3) funds authorized for use under section 106(c) or (e) of such Act before October 1, 1981, shall be available for use as provided by section 106(d)(2)(A) of such Act as amended by this Act.

(b) Any grant or loan which, prior to the effective date of any provision of this part, was obligated and governed by any authority amended by any provision of this part shall continue to be governed by the provisions of such authority as they existed immediately before such effective date.

42 USC 5306 note.

42 USC 5306.

94 Stat. 1621.

42 USC 5307.

94 Stat. 1618.

94 Stat. 1621.

42 USC 5306.

URBAN DEVELOPMENT ACTION GRANTS

Sac. 308. (a) Section 119 of the Housing and Community Development Act of 1974 is amended to read as follows:

42 USC 5318.

"URBAN DEVELOPMENT ACTION GRANTS

"Sac. 119. (a) The Secretary is authorized to make urban development action grants to cities and urban counties which are experiencing severe economic distress to help stimulate economic development activity needed to aid in economic recovery. Of the total amount approved in appropriation Acts under section 103 for each of the fiscal years 1982 and 1983, not more than \$500,000,000 shall be available for each of the fiscal years 1982 and 1983 for grants under this section.

"(b)(1) Urban development action grants shall be made only to cities and urban counties which have, in the determination of the Secretary, demonstrated results in providing housing for low- and moderate-income persons and in providing equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups. The Secretary shall issue regulations establishing criteria in accordance with the preceding sentence and setting forth minimum standards for determining the level of economic distress of cities and urban counties for eligibility for such grants. These standards shall take into account factors such as the

42 USC 5303.

Regulations.

COMMUNITY DEVELOPMENT

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which will be affected by such project and which, as determined by the applicant, may meet the criteria established by the Secretary of the Interior for inclusion on such Register; together with documentation relating to the inclusion of such properties on the Register; (C) has determined the effect, as determined by the applicant, of the project on the properties identified pursuant to clauses (A) and (B); and (D) will comply with the requirements of section 121.

94 Stat. 1620.  
42 USC 5320.  
Selection criteria established.

"(d)(1) Except in the case of a city or urban county eligible under subsection (b)(2), the Secretary shall establish selection criteria for grants under this section which must include (A) as the primary criterion, the comparative degree of economic distress among applicants, as measured (in the case of a metropolitan city or urban county) by the differences in the extent of growth lag, the extent of poverty, and the adjusted age of housing in the metropolitan city or urban county; (B) other factors determined to be relevant by the Secretary in assessing the comparative degree of economic deterioration in cities and urban counties; and (C) at least the following other criteria: demonstrated performance of the city or urban county in housing and community development programs; the extent to which the grant will stimulate economic recovery by leveraging private investment; the number of permanent jobs to be created and their relation to the amount of grant funds requested; the proportion of permanent jobs accessible to lower income persons and minorities, including persons who are unemployed; the impact of the proposed activities on the fiscal base of the city or urban county and its relation to the amount of grant funds requested; the extent to which State or local government funding or special economic incentives have been committed; and the feasibility of accomplishing the proposed activities in a timely fashion within the grant amount available.

"(2) For the purpose of making grants with respect to areas described in subsection (b)(2), the Secretary shall establish selection criteria, which must include (A) factors determined to be relevant by the Secretary in assessing the comparative degree of economic deterioration among eligible areas, and (B) such other criteria as the Secretary may determine, including at a minimum the criteria listed in paragraph (1)(C) of this subsection.

"(e) The Secretary may not approve any grant to a city or urban county eligible under subsection (b)(2) unless—

"(1) the grant will be used in connection with a project located in an area described in subsection (b)(2), except that the Secretary may waive this requirement where the Secretary determines (A) that there is no suitable site for the project within that area, (B) the project will be located directly adjacent to that area, and (C) the project will contribute substantially to the economic development of that area;

"(2) the city or urban county has demonstrated to the satisfaction of the Secretary that basic services supplied by the city or urban county to the area described in subsection (b)(2) are at least equivalent, as measured by per capita expenditures, to those supplied to other areas within the city or urban county which are similar in population size and physical characteristics and which have median incomes above the median income for the city or urban county;

"(3) the grant will be used in connection with a project which will directly benefit the low- and moderate-income families and individuals residing in the area described in subsection (b)(2); and

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"(4) the city or urban county makes available, from its own funds or from funds received from the State or under any Federal program which permits the use of financial assistance to meet the non-Federal share requirements of Federal grant-in-aid programs, an amount equal to 20 per centum of the grant to be available under this section to be used in carrying out the activities described in the application.

"(f) Activities assisted under this section may include such activities, in addition to those authorized under section 105(a), as the Secretary determines to be consistent with the purposes of this section.

42 USC 5305.

Reviews and audits.

"(g) The Secretary shall, at least on an annual basis, make reviews and audits of recipients of grants under this section as necessary to determine the progress made in carrying out activities substantially in accordance with approved plans and timetables. The Secretary may adjust, reduce, or withdraw grant funds, or take other action as appropriate in accordance with the findings of these reviews and audits, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future grants made to the recipient.

"(h) No assistance may be provided under this section for projects intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another, unless the Secretary finds that the relocation does not significantly and adversely affect the unemployment or economic base of the area from which the industrial or commercial plant or facility is to be relocated.

Industrial or commercial plants or facilities, assistance.

"(i) Not less than 25 per centum of the funds made available for grants under this section shall be used for cities with populations of less than fifty thousand persons which are not central cities of a metropolitan statistical area.

"(j) A grant may be made under this section only where the Secretary determines that there is a strong probability that (1) the non-Federal investment in the project would not be made without the grant, and (2) the grant would not substitute for non-Federal funds which are otherwise available to the project.

"(k) In making grants under this section, the Secretary shall take such steps as the Secretary deems appropriate to assure that the amount of the grant provided is the least necessary to make the project feasible.

"(l) For purposes of this section, the Secretary may reduce or waive the requirement in section 102(a)(5)(B)(ii) that a town or township be closely settled.

42 USC 5302.

"(m) In the case of any application which identifies any property in accordance with subsection (c)(4)(B), the Secretary may not commit funds with respect to an approved application unless the applicant has certified to the Secretary that the appropriate State historic preservation officer and the Secretary of the Interior have been provided an opportunity to take action in accordance with the provisions of section 121(b).

94 Stat. 1620.  
42 USC 5320.

"City."

"(n)(1) For the purposes of this section, the term 'city' includes Guam, the Virgin Islands, and Indian tribes.

"(2) The Secretary may not approve a grant to an Indian tribe under this section unless the tribe (A) is located on a reservation or in an Alaskan Native Village, and (B) is an eligible recipient under the State and Local Fiscal Assistance Act of 1972.

"(o) If no amounts are set aside under, or amounts are precluded from being appropriated for this section for fiscal years after fiscal year 1983, any amount which is or becomes available for use under

31 USC 1221 note.

this section after fiscal year 1983 shall be added to amounts appropriated under section 103.

(b) Section 121 of such Act is amended by striking out "subsection (c)(7)(B)" in subsection (b) and inserting in lieu thereof "subsection (c)(4)(B)".

(c) The amendments made by subsections (a) and (b) shall become effective on the effective date of regulations implementing such subsections. As soon as practicable, but not later than January 1, 1982, the Secretary shall issue such final rules and regulations as the Secretary determines are necessary to carry out such subsections.

COMMUNITY DEVELOPMENT TECHNICAL AMENDMENTS

Sec. 309. (a) Section 102(a) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out paragraphs (18) and (19);

(2) by inserting immediately after paragraph (6) the following:

"(7) The term 'nonentitlement area' means an area which is not a metropolitan city or part of an urban county," and

(3) by redesignating the remaining paragraphs accordingly.

(b) Section 102(c) of such Act is amended by striking out "Community Development Program in whole or in part" and inserting in lieu thereof "activities assisted under this title".

(c) The first sentence of section 102(d) of such Act is amended—

(1) by striking out "103(a)(1)" and inserting in lieu thereof "103"; and

(2) by striking out "unless the application by the urban county is disapproved or withdrawn prior to or during such three-year period" and inserting in lieu thereof "unless the urban county does not receive a grant for any year during such three-year period".

(d) Section 104(j) of such Act is amended by striking out "planning a joint community development program, meeting the application requirements of this section, and implementing such program" and inserting in lieu thereof "submitting a statement under section 104(a) and carrying out activities under this title".

(e) The caption of section 105 of such Act is amended to read as follows: "URBAN ACTIVITIES".

(f) Section 105(a) of such Act is amended—

(1) by striking out the first sentence and "These activities" in the second sentence and inserting in lieu thereof "Activities assisted under this title";

(2) by striking out "program" in paragraph (6);

(3) by striking out "the Community Development Program" in paragraph (9) and inserting in lieu thereof "activities assisted under this title";

(4) by striking out "to the community development program" in paragraph (11);

(5) by striking out "as specifically" and all that follows through "104(a)(1)" in paragraph (14) and inserting in lieu thereof "which are carried out by public or private nonprofit entities"; and

(6) by striking out "(as specifically described in the application submitted pursuant to section 104)" in paragraph (15).

(g) Section 105(b) of such Act is amended by striking out "a grant" and inserting in lieu thereof "assistance".

(h) The second sentence of section 106(b)(4) of such Act is amended by striking out "for a grant under subsection (c) or (e)" and inserting

42 USC 5303  
94 Stat 1620  
42 USC 5320

Effective date  
42 USC 5318  
note  
Rules and  
regulations

42 USC 5302

"Nonentitlement  
area"

94 Stat. 1614  
42 USC 5302

94 Stat. 1615  
42 USC 5304

42 USC 5306

94 Stat. 1618

94 Stat. 1615  
42 USC 5306

in lieu thereof the following: "to receive assistance under subsection (d)".

(i) Section 108(d)(2) of such Act is amended by striking out "approved or".

(j) The first sentence of section 110 of such Act is amended by striking out "grants" and inserting in lieu thereof "assistance".

(k) The first sentence of section 112(a) of such Act is amended by striking out "103(a)" and inserting in lieu thereof "103".

(l) Section 113(a)(2) of such Act is amended by striking out "as approved by the Secretary".

(m) Section 116(b) of such Act is amended to read as follows:

"(b) In the case of funds available for any fiscal year, the Secretary shall not consider any statement under section 104(a), unless such statement is submitted on or prior to such date (in that fiscal year) as the Secretary shall establish as the final date for submission of statements in that year."

42 USC 5306

42 USC 5310

42 USC 5312

42 USC 5313

94 Stat. 1622  
42 USC 5316

COMMUNITY DEVELOPMENT MISCELLANEOUS AMENDMENTS

Sec. 310. (a) Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by inserting the following before the period at the end thereof: "or until September 30, 1982, whichever is later".

(b) Section 102(a)(6) of such Act is amended by inserting at the end thereof the following: "Any urban county (A) which qualified as an urban county in fiscal year 1981, (B) the population of which includes all of the population of the county (other than the population of metropolitan cities therein), and (C) the population of which for fiscal year 1982 falls below the amount required by clause (B) of the preceding sentence by reason of the 1980 decennial census shall be considered as meeting the population requirements of such clause for fiscal year 1982 and shall not be subject to the provisions of section 102(d) in that fiscal year."

42 USC 5302

REHABILITATION LOANS

Sec. 311. (a) Subsection (a)(1)(D) of section 312 of the Housing Act of 1964 is amended by striking out "an approved community development program" and inserting in lieu thereof "community development activities".

(b) Subsection (d) of such section is amended—

(1) by inserting "and" after "October 1, 1979," in the first sentence;

(2) by striking out "and not to exceed \$129,000,000 for the fiscal year beginning on October 1, 1981," in the first sentence; and

(3) by striking out the last sentence.

(c) Subsection (h) of such section is amended by striking out "1982" each place it appears and inserting in lieu thereof "1983".

(d) Subsection (j)(1) of such section is amended by striking out the second sentence.

42 USC 1452b

94 Stat. 1622

URBAN HOMESTEADING

Sec. 312. The first sentence of section 810(h) of the Housing and Community Development Act of 1974 is amended by striking out "and not to exceed \$26,000,000 for the fiscal year 1979" and inserting in lieu thereof "not to exceed \$26,000,000 for the fiscal year 1979, and not to exceed \$13,467,000 for the fiscal year 1983".

12 USC 1706e

COMMUNITY DEVELOPMENT

95 STAT. 398

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## REPEALERS

Sac. 313. (a) Title VII of the Housing and Community Development Amendments of 1978 is hereby repealed.  
 (b) Section 701 of the Housing Act of 1954 is hereby repealed.

42 USC 8121  
 note.  
 94 Stat. 1662.  
 40 USC 461.

## NEIGHBORHOOD REINVESTMENT CORPORATION

Sac. 314. Section 609(a) of the Neighborhood Reinvestment Corporation Act is amended—  
 (1) by striking out "and" after "1980,"; and  
 (2) by inserting the following before the period at the end thereof: ", and not to exceed \$14,950,000 for fiscal year 1982".

94 Stat. 1645.  
 42 USC 8107.

## REPORT ON BLOCK GRANT PROGRAM

Report to  
 Congress.

Sac. 315. Not later than 270 days after the date of enactment of this Act, the Secretary of Housing and Urban Development shall report to the Congress on administrative and legislative steps that can be taken to—

- (1) require all grantees to concentrate their block grant funds in distressed geographic areas small enough so that visible improvements can be achieved in a reasonable time period and to ensure that claimed benefits to low- and moderate-income persons are, in actuality, occurring;
- (2) reduce the broad list of activities currently eligible so that funds can be focused on those activities which meet the cities' most urgent revitalization needs;
- (3) develop overall income eligibility requirements for recipients of block grant supported rehabilitation; and
- (4) limit eligible rehabilitation work to that which is essential to restore the housing unit to a decent, safe, and sanitary or energy efficient condition, specifically prohibiting nonessential and luxury items, so that more homes needing basic repairs can be rehabilitated.

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