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93D CONGRESS }
2d Session }

HOUSE OF REPRESENTATIVES }

REPORT
{ No. 93-1639



COMMUNITY SERVICES

DECEMBER 19, 1974.—Ordered to be printed

Mr. PERKINS, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 14449]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to extend programs under the Economic Opportunity Act of 1964, including Headstart, community action, and community economic development programs; and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

SHORT TITLE AND DEFINITIONS

SEC. 3. The Economic Opportunity Act of 1964 is amended by adding after Section 2 the following new sections:

"Short Title

"SEC. 101. This title and titles II through IX of this Act may be cited as the 'Community Services Act of 1974'.

"Definitions

"Sec. 102. As used in this Act—

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

"(2) the term 'United States' when used in a geographical sense includes all those places named in the previous sentence and all other places continental or insular, subject to the jurisdiction of the United States;

"(3) the term 'financial assistance' when used in title II, part B of title III, and title VIII includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

"(4) the term 'Secretary' means the Secretary of Health, Education, and Welfare;

"(5) the term 'Administration' means the Community Services Administration; and

"(6) the term 'Director' means the Director of the Community Services Administration."

RESEARCH AND DEMONSTRATION PROGRAMS

SEC. 4. Title I of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE I—RESEARCH AND DEMONSTRATIONS

"STATEMENT OF PURPOSE

"Sec. 101. The purpose of the title is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, including persons of limited English-speaking ability, in rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"Sec. 102. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. Such plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any such projects may be incorporated into one or more programs for which those agencies are responsible.

"(c) No project shall be commenced under this section unless a plan setting forth such proposed project has been submitted to the chief executive officer of the State in which the project is to be located and such plan has not been disapproved by him within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

"(d) In making grants or contracts under this title, the Director shall * * * for funds by applicants providing financial assistance under this title in any fiscal year shall be made available for programs or projects receiving financial assistance under section 221 or 235 of this Act.

"CONSULTATION

"Sec. 103. In carrying out projects under this title, the Director shall, whenever feasible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"Sec. 104. (a) The Director shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such research, demonstration, or pilot project.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making any such grant or contract, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results, findings, data, or recommendations.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"PROHIBITION OF FEDERAL CONTROL

"Sec. 105. Nothing contained in this title shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system."

COMMUNITY ACTION PROGRAMS

SEC. 5(a). Section 210 of the Economic Opportunity Act of 1964 is amended—

(1) in subsection (a) thereof, by inserting "or an Indian tribal government," before the word "which" the second place it appears therein; and

(2) by repealing subsection (f) thereof.

(b) Section 210 of such Act is further amended by adding at the end thereof the following new subsections:

"(f) In carrying out his responsibilities under this part the Director may delegate functions other than policy-making functions and the final approval of grants and contracts to a State, in accordance with criteria and guidelines established by him, such functions as he deems appropriate, except that no such delegation shall take place unless all the community action agencies within such State formally indicate their approval of such proposed delegation, except that whenever such delegated functions include the authority to approve programs within such State the Director shall make available to the State, in addition to an amount not less than the amount made available to such State for State agency assistance under section 231 in the previous fiscal year, an amount in each fiscal year equal to such State's share (as determined by the formula set forth in the second sentence of section 235(a)) of the aggregate amount made available during the fiscal year ending June 30, 1974, for the operation of regional offices of the Office of Economic Opportunity."

(c) (1) Paragraph (1) of section 222(a) of such Act is repealed.

(2) Paragraph (2) of section 222(a) of such Act is repealed.

(3) Paragraph (6) of section 222(a) of such Act is repealed.

(4) Paragraph (8) of section 222(a) of such Act is repealed.

(5) Paragraph (9) of section 222(a) of such Act is repealed.

(d) (1) Section 222(a) of the Economic Opportunity Act of 1964 is amended by inserting after paragraph (11) the following:

"(12) a program to be known as 'Emergency Energy Conservation Services' designed to enable low-income individuals and families, including the elderly and the near poor, to participate in energy conservation programs designed to lessen the impact of the high cost of energy on such individuals and families and to reduce individual and family energy consumption. The Director is authorized to provide financial and other assistance for programs and activities, including, but not limited to, an energy conservation and education program; winterization of old or substandard dwellings, improved space conditioning, and insulation; emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; alternative fuel supplies, special fuel voucher or stamp programs; alternative transportation activities designed to save fuel and assure continued access to training, education, and employment; appropriate outreach efforts; furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of the poor in efforts relating to the energy crisis; nutrition, health, and other supportive services in emergency cases; and evaluation of programs and activities under this paragraph. Such assistance may be provided as a supplement to any other assistance extended under the provisions of this Act or under other provisions of Federal law. The Director

after consultation with the Administrator of the Federal Energy Office and appropriate Federal departments and agencies shall establish procedures and take other appropriate action necessary to insure that the effects of the energy crisis on low-income persons, the elderly, and the near poor are taken into account in the formulation and administration of programs relating to the energy crisis.

"(13) A program to be known as 'Summer Youth Recreation' designed to provide recreational opportunities for low-income children during the summer months. Funds made available for this section shall be allocated by the Director, after consultation with the Secretary of Labor, among prime sponsors and other agencies designated under title I of the Comprehensive Employment and Training Act of 1973 on the basis of (1) the relative number of public assistance recipients in the area served by such prime sponsor or agency, as compared to the Nation; (2) the relative number of unemployed persons in such area as compared with the Nation; and (3) the relative number of related children living with families with incomes below the poverty line in such area, as compared to the Nation. That part of any allotment which the Director determines will not be needed may be re-allotted, at such dates during the fiscal year as the Director may fix, to the extent feasible, in proportion to the original allotments. In making allocations under this section, the Director shall insure, to the maximum extent possible, that for the program commencing in the fiscal year ending June 30, 1975, and for the program in each succeeding fiscal year no prime sponsor or other designated agency shall receive an amount less than the amount received for such programs during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, whichever is higher.

(2) Section 226(d) and section 228(c) are each amended by striking out "shall make whatever arrangements are necessary" and inserting in lieu thereof "is authorized to make whatever arrangements are necessary".

(e) Section 225(a) of the Economic Opportunity Act of 1964 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States. For purposes of this subsection, the Director shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census. The Director shall insure that for the fiscal year ending June 30, 1975, and for each succeeding fiscal year, no State shall be allotted for programs under section 221 and section 222(a) an amount which is less than the amount received for use within such State for programs described in such sections during the fiscal year ending June 30, 1974."

(2) Section 225(c) of such Act is amended by striking out "shall not exceed 90 percentum of the approved cost of the assisted programs or activities and thereafter shall not exceed 80 percentum of such

costs" and inserting in lieu thereof the following: "shall not exceed 80 percentum of the approved cost of the assisted programs or activities with respect to fiscal year 1975, and 70 percentum of such costs with respect to fiscal year 1976, and shall not exceed 60 percentum of such costs with respect to fiscal year 1977, except that in the case of community action agencies receiving such financial assistance annually of \$300,000 or less, such financial assistance shall not exceed 75 percentum of such costs with respect to fiscal year 1976, and shall not exceed 70 percentum of such costs with respect to fiscal year 1977".

(f) The Economic Opportunity Act of 1964 is further amended by inserting after section 234 thereof the following new sections:

"DEMONSTRATION COMMUNITY PARTNERSHIP AGREEMENTS

"SEC. 235. (a) The Director may provide financial assistance from funds appropriated to carry out this section to community action agencies or public or private nonprofit agencies designated under section 210 for programs authorized under this title, and to State economic opportunity offices for programs and activities authorized under section 231 (a). Financial assistance extended to a community action agency or other agency pursuant to this section may be used for new programs or to supplement existing programs and shall not exceed 50 percentum of the cost of such new or supplemental programs.

"(b) Matching local and State funds supplied under this section shall be in cash and shall represent State and local initiatives newly obligated within the previous year to the purposes of the grant-supported activity; and no program shall be approved for assistance under this section unless the Director satisfies himself (1) that the activities to be carried out under such program will be in addition to, and not in substitution for, activities previously carried on without Federal assistance, (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community area, or State will not be diminished in order to provide the contributions required under this section. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

"(c) The provisions of section 242 of this Act shall not apply to assistance provided under this section.

"INTERGOVERNMENTAL ADVISORY COUNCIL ON COMMUNITY SERVICES

SEC. 236. (a) There shall be established within the Office of Economic Opportunity or successor authority an Intergovernmental Advisory Council on Community Services (referred to in this section as the 'Council').

"(b) The Council shall be composed of nine members who shall be appointed by the President as follows:

"(i) Three members shall be appointed from among representatives of States and county and municipal governments or organizations which represent such governmental units, selected

on an equitable political and geographic basis after considering recommendations made by the National Governors' Conference, the National League of Cities-United States Conference of Mayors, the National Association of Counties and similar organizations representative of State and local government.

"(ii) Three members shall be appointed from among representatives of community action agencies and other grantees under this Act or organizations which represent such agencies and grantees, selected on an equitable political and geographic basis after considering recommendations previously made by the Director of the Office of Economic Opportunity.

"(iii) Three members shall be appointed from among representatives of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs.

"(c) The Council shall—

"(1) encourage the formation of community partnership agreements;

"(2) review the substance of such agreements and any regulations, guidelines, or other program criteria with respect thereto and advise the Director thereon prior to final approval thereof;

"(3) evaluate the effectiveness of such agreements in meeting the purposes of this Act;

"(4) conduct a continuing survey throughout the Nation on the extent to which, and terms under which, public and private resources have been and may be available for antipoverty efforts;

"(5) identify and encourage means of increasing resources available for such activities; and

"(6) submit annual reports to the President and to the Congress on or before March 1, 1976, and March 1, 1977, with respect to its activities and findings, together with such recommendations for legislation as it may deem appropriate.

"(d) The Director shall provide the Council with such information as shall be necessary for the Council to discharge its functions under this section and shall furnish the Council with copies of all grant applications within ten days of receipt thereof.

"FUNDS AVAILABLE

"SEC. 237. There is also authorized to be appropriated not to exceed \$50,000,000 to carry out section 235 during the fiscal year 1975, and such sums as may be necessary during each of the two succeeding fiscal years, except that in no event may more than 12½ per centum of such additional amounts be used in any one State."

ASSISTANCE FOR MIGRANT AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

SEC. 6. (a) Section 312(b)(3) of the Economic Opportunity Act of 1964 is amended by striking out "and training" and inserting in lieu thereof "and developmental programs."

(b) The Economic Opportunity Act of 1964 is further amended by inserting after section 314 thereof the following new section:

"SEC. 315. The Director shall be responsible for coordinating programs under this part with other Federal programs designed to assist or serve migrant and seasonal farmworkers, and for reviewing and monitoring such programs."

(c) In providing financial assistance under the provisions of part B of title III of the Economic Opportunity Act of 1964, the Director shall give special consideration to any public or private nonprofit agency which has previously received financial assistance thereunder for the provision of services for migrant and other seasonally employed farmworkers and their families, taking into account financial assistance provided to any such agency under section 303 of the Comprehensive Employment and Training Act of 1973.

COMPREHENSIVE HEALTH SERVICES

SEC. 7. Title IV of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE IV—COMPREHENSIVE HEALTH SERVICES

COMPREHENSIVE HEALTH SERVICES

SEC. 401 (a). The Secretary shall establish within the Department of Health, Education, and Welfare a "Comprehensive Health Services" program which shall include—

"(1) programs to aid in developing and carrying out comprehensive health services projects focused upon the needs of urban and rural areas having high concentrations or proportions of poverty and marked inadequacy of health services for the poor. These projects shall be designed—

"(A) to make possible, with maximum feasible use of existing agencies and resources, the provision of comprehensive health services, such as preventive medical, diagnostic, treatment, rehabilitation, family planning, narcotic addiction and alcoholism prevention and rehabilitation, mental health, dental, and followup services, together with necessary related facilities and services, except in rural areas where the lack of even elemental health services and personnel may require simpler, less comprehensive services to be established first; and

"(B) to assure that these services are made readily accessible to low-income residents of such areas, are furnished in a manner most responsive to their needs and with their participation and wherever possible are combined with, or included within, arrangements for providing employment, education, social, or other assistance needed by the families and individuals served, except that pursuant to such regulations as the Secretary of Health, Education, and Welfare may prescribe, persons provided assistance through programs assisted under this paragraph who are not members of low-income families may be required to make payment, or have payment made in their behalf, in whole or in part for such assistance; and

"(2) programs to provide financial assistance to public or private agencies to projects designed to develop knowledge or enhance skills in the field of health services for the poor. Such projects shall encourage both prospective and practicing health professionals to direct their talents and energies toward providing health services for the poor.

Funds for financial assistance under paragraph (1) of this subsection shall be allotted according to need, and capacity of applicants to make rapid and effective use of that assistance, and may be used as necessary, to pay the full costs of projects. Before approving any project, the Secretary shall solicit and consider the comments and recommendations of the local medical associations in the area and shall consult with appropriate Federal, State, and local health agencies and take such steps as may be required to assure that the program will be carried on under competent professional supervision and that existing agencies providing related services are furnished all assistance needed to permit them to plan for participation in the program and for the necessary continuation of those related services. In carrying out the provisions of paragraph 2 of this subsection, the Secretary is authorized to provide or arrange for training and study in the field of health services for the poor.

"(c) Pursuant to regulations prescribed by him, the Secretary may arrange for the payment of stipends and allowances (including travel and subsistence expenses) for persons undergoing such training and study and for their dependents.

"(d) The Secretary shall achieve effective coordination of programs and projects authorized under this section with other related activities.

"DRUG REHABILITATION AND ALCOHOLIC COUNSELING PROGRAMS

SEC. 402. In addition to the authority conferred under section 401 of this title the Secretary is authorized, as part of the Comprehensive Health Services programs, to carry out the following programs:

"(1) An "Alcoholic Counseling and Recovery" program designed to discover and treat the disease of alcoholism. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual alcoholic, encourage the use of neighborhood facilities and the services of recovered alcoholics as counselors, and emphasize the reentry of the alcoholic into society rather than the institutionalization of the alcoholic.

"(2) A "Drug Rehabilitation" program designed to discover the causes of drug abuse and addiction, to treat narcotic and drug addiction and the dependence associated with drug abuse, and to rehabilitate the drug abuser and drug addict. Such program should deal with the abuse or addiction resulting from the use of narcotic drugs such as heroin, opium, and cocaine, stimulants such as amphetamines, depressants, marijuana, hallucinogens, and tranquilizers. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual drug abuser or addict, encourage the use of neighborhood facilities and the services of recovered drug abusers and addicts as counselors, and emphasize the reentry of the drug abuser and addict into society rather

than his institutionalization. The Director is authorized to undertake special programs aimed at promoting employment opportunities for rehabilitated addicts or addicts enrolled and participating in methadone maintenance treatment or therapeutic programs, and assisting employers in dealing with addiction and drug abuse and dependency problems among formerly hardcore unemployed so that they can be maintained in employment. In undertaking such programs, the Director shall give special priority to veterans and employers of significant numbers of veterans, with priority to those areas within the States having the highest percentages of addicts. The Director is further authorized to establish procedures and policies which will allow clients to complete a full course of rehabilitation even though they become non-low-income by virtue of becoming employed as a part of the rehabilitation process but there shall be no change in income eligibility criteria for initial admission to treatment and rehabilitation programs under this Act."

HEADSTART AND FOLLOW THROUGH

SEC. 8. (a) Title V of the Economic Opportunity Act of 1964 is amended by striking out the heading thereof and all of such title preceding part B thereof (which is hereby redesignated as part D) and inserting in lieu thereof the following:

"TITLE V—HEADSTART AND FOLLOW THROUGH

SHORT TITLE

"SEC. 501. This title may be cited as the "Headstart-Follow Through Act" (hereinafter in this title referred to as the "Act").

STATEMENT OF PURPOSE

"SEC. 502. In recognition of the role which Project Headstart has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, the Act extends the authority for appropriation of funds for that program.

"POLICY WITH RESPECT TO INDIAN AND MIGRANT CHILDREN

"SEC. 503. In carrying out the purposes of Part A the Secretary shall continue the administrative arrangement responsible for meeting the needs of migrant and Indian children and shall assure that appropriate funding is provided to meet such needs.

"PART A—HEADSTART PROGRAMS

"FINANCIAL ASSISTANCE FOR HEADSTART PROGRAMS

"SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused primarily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and

other services as will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977.

"ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

"SEC. 513. (a) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after June 30, 1975, the Secretary shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. In addition, the Secretary shall reserve not more than 20 per centum of the sums so appropriated for use in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest satisfactory available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, and (2) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States; but there shall be made available, for use by Headstart programs within each State, no less funds for any fiscal year than were obligated for use by Headstart programs within such State with respect to fiscal year 1975. Allocation of such increases within each State shall, to the extent feasible, be made in such manner as to reflect the proportionate increases in program costs incurred by grantees, in accordance with regulations which the Secretary shall prescribe for this purpose. For the purpose of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

"(b) Financial assistance extended under this part for a Headstart program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No program shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

"(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1975 not less than 10 per centum of the total number of enrollment opportunities in Headstart programs in the

Nation shall be available for handicapped children and that for fiscal year 1976 and thereafter no less than 10 per centum of the total number of enrollment opportunities in Headstart programs in each State shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

“(e) The Secretary shall adopt appropriate administrative measures to assure that the benefits of this part will be distributed equitably between residents of rural and urban areas.

“DESIGNATION OF HEADSTART AGENCIES

“SEC. 514. (a) The Secretary is authorized to designate as a Headstart agency any local public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this part and perform the functions set forth in section 515 within a community, and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Headstart program.

“(b) For the purposes of this title, a community may be a city, county, multicounty, or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organization base and possesses the commonality of interest needed to operate a Headstart program.

“(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Headstart agencies to any local public or private nonprofit agency which is receiving funds under any Headstart program on the date of the enactment of this Act, except that the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary.

“POWERS AND FUNCTIONS OF HEADSTART AGENCIES

“SEC. 515. (a) In order to be designated as a Headstart agency under this part, an agency must have authority under its charter or applicable law to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a Headstart program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Headstart program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will con-

tribute to efficiency and effectiveness or otherwise further program objectives.

“(b) In order to be so designated, a Headstart agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests, (2) provide for their regular participation in the implementation of such programs, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

“SUBMISSION OF PLANS TO GOVERNORS

“SEC. 516. In carrying out the provisions of this part, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Headstart program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this part. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of enactment of this Act.

“ADMINISTRATIVE REQUIREMENTS AND STANDARDS

“SEC. 517. (a) Each Headstart agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties in an appropriate manner which will in any case preclude employees from

participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

“(b) No financial assistance shall be extended under the Act in any case in which the Secretary determines that the costs of developing and administering a program assisted under the Act exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such program. The Secretary shall establish by regulation, criteria for determining (i) the costs of developing and administering such program and (ii) the total costs of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum and such total costs but is, in his judgment, excessive, he shall forthwith require the recipient of such financial assistance to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of the Act.

“(c) The Secretary shall prescribe rules or regulations to supplement subsection (a) of this section, which shall be binding on all agencies carrying on Headstart program activities with financial assistance under this part. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to insure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this part and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

“(d) At least thirty days prior to their effective date, all rules, regulations, guidelines, instructions, and application forms shall be published in the Federal Register and shall be sent to each grantee with the notification that each such grantee has the right to submit comments pertaining thereto to the Secretary prior to the final adoption thereof.

“PARTICIPATION IN HEADSTART PROGRAMS

“SEC. 518. (a) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this part. Such criteria may provide (1) that children from low-income families shall be eligible for participation in programs assisted under this part if their families are below the poverty line, or if their families are eligible or in the absence of child care would potentially be eligible for public assistance; and (2) pursuant to such regulations as the Secretary shall prescribe that programs assisted under this part may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (1).

“(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Headstart programs, unless such fees are authorized by legislation hereafter

enacted. Nothing in this subsection, shall be construed to prevent the families of children who participate in Headstart programs and who are willing and able to pay the full cost of such participation from doing so.

“APPEALS, NOTICE, AND HEARING

“SEC. 519. The Secretary shall prescribe procedures to assure that—

“(1) special notice of and an opportunity for a timely and expeditious appeal to the Secretary will be provided for an agency or organization which desires to serve as a delegate agency under this part and whose application to the Headstart agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary, in accordance with regulations which he shall prescribe;

“(2) financial assistance under this part shall not be suspended, except in emergency situations, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

“(3) financial assistance under this part shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

“RECORDS AND AUDITS

“SEC. 520. (a) Each recipient of financial assistance under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

“(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this part.

“TECHNICAL ASSISTANCE AND TRAINING

“SEC. 521. The Secretary may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this part, and (2) training for specialized or other personnel needed in connection with Headstart programs.

“RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

“SEC. 522. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that

will aid in overcoming special problems or otherwise in furthering the purposes of this part.

"(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, or pilot projects and the use of all research authority under this part. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS
CONTRACTS

²SEC. 523. (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

"(2) the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"(c) The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.

"(d) The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.

"EVALUATION

"SEC. 524. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this part, including evaluations that measure and evaluate the impact of programs authorized by this part, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluation.

"(b) Prior to obligating funds for the programs and projects covered by this part with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this part. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this part.

"(c) In carrying out evaluations under this part, the Secretary may require Headstart agencies to provide for independent evaluations.

"(d) In carrying out evaluations under this part, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this part about such programs and projects.

"(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this part shall become the property of the United States.

"POVERTY LINE

"SEC. 525. (a) The Secretary shall revise annually (or at any shorter interval he deems feasible and desirable) a poverty line which, except as provided in section 711, shall be used as a criterion of eligibility for participation in Headstart programs.

(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) 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.

(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary Consumer Price Index data becomes available.

"PART B—FOLLOW THROUGH PROGRAMS

"FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

"SEC. 551. (a) (1) The Secretary is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in paragraph (2) of this subsection, any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Headstart or similar programs.

"(2) Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, he may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.

"(3) Programs to be assisted under this section shall provide such comprehensive services as the Secretary determines will aid in the continued development of children described in paragraph (1) to their

full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, he may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

"AUTHORIZATION OF APROPRIATIONS

"SEC. 552. (a) There are authorized to be appropriated for carrying out the purposes of this part \$60,000,000 for the fiscal year 1975, and for each of the two succeeding fiscal years. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

"(b) Financial assistance extended under this part for a Follow Through program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

"(c) No project shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such project will be in addition to, and not in substitution for, services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS; EVALUATION; AND TECHNICAL ASSISTANCE ACTIVITIES

"SEC. 553. (a) In conjunction with other activities authorized by this part, the Secretary may—

"(1) provide financial assistance, by contract or otherwise, for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part;

"(2) provide, directly or through grants or contracts, for the continuing evaluation of projects assisted under this part, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not

participated in such projects, which evaluations shall be conducted by persons not directly involved in the administration of the project evaluated; and

"(3) provide, directly or through grants or other appropriate arrangements, (A) technical assistance to Follow Through programs in developing, conducting, and administering programs under this part, and (B) training for specialized or other personnel which is needed in connection with Follow Through programs.

"SPECIAL CONDITIONS

"SEC. 554. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

"(b) Financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken.

"(c) Financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

"Part C—General Provisions

"DEFINITIONS

"SEC. 571. As used in this title, the term—

"(1) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(2) 'State' means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; except that when used in section 513(a) of this title, this term means only a State, Puerto Rico, or the District of Columbia; and

"(3) 'financial assistance' includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

"LABOR STANDARDS

"SEC. 572. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of

the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

“COMPARABILITY OF WAGES

“SEC. 573. (a) The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this title shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher, or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

“NONDISCRIMINATION PROVISIONS

“SEC. 574. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

“(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title.

“LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

“SEC. 575. No individual employed or assigned by any Headstart agency or other agency assisted under this title shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

“POLITICAL ACTIVITIES

“SEC. 576. (a) For purposes of chapter 15 of title 5 of the United States Code any agency which assumes responsibility for planning, developing, and coordinating Headstart programs and receives assistance under this title shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this part shall be deemed to be a State or local agency.

“(b) Programs assisted under this title shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Secretary, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

“ADVANCE FUNDING

“SEC. 577. For the purpose of affording adequate notice of funding available under this title, appropriations for carrying out this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.”

(b) The Economic Opportunity Act of 1964 is further amended by striking out “Director” each place it appears in sections 522 and 523 and inserting in lieu thereof “Secretary”, by striking out “and the Secretary of Health, Education, and Welfare” in section 522(d), and by striking out “their jurisdictions” in section 522(d) and inserting in lieu thereof “his jurisdiction”.

(c) Sections 521 through 523 of the Economic Opportunity Act of 1964 are redesignated as sections 581 through 583, respectively.

(d) (1) Section 2 of the Child Abuse Prevention and Treatment Act is amended by adding at the end thereof the following new subsection:

“(c) The Secretary may carry out his functions under subsection (b) of this section either directly or by way of grant or contract.”

(2) Section 4 of such Act is amended by adding at the end thereof the following new subsection:

“(e) For the purpose of this section, the term ‘State’ includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam and the Trust Territories of the Pacific.”

ADMINISTRATION

SEC. 9. (a) Section 601 of the Economic Opportunity Act of 1964 is amended to read as follows:

“COMMUNITY SERVICES ADMINISTRATION

“SEC. 601. Upon the date of enactment of the Headstart, Economic Opportunity, and Community Partnership Act of 1974, there is established within the executive branch an agency known as the ‘Community Services Administration’ which shall be headed by a Director and which shall be, in all respects and for all purposes, the successor authority to the Office of Economic Opportunity. The Director of the Administration shall be appointed by the President by and with the

advice and consent of the Senate. The Director shall be compensated at a rate equal to the rate in effect for the compensation of the Director of the Office of Economic Opportunity on the date of the enactment of such Act.

“(b) There shall also be in the Administration one Deputy Director and Assistant Directors who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Director and the Assistant Directors shall perform such functions as the Director may prescribe. The Deputy Director and the Assistant Directors shall be compensated at a rate equal to the rate in effect for the Deputy Director and the Assistant Directors, respectively, of the Office of Economic Opportunity on the date of enactment of the Headstart, Economic Opportunity, and Community Partnership Act of 1974.

“(c) Subject to the provisions of subsection (e) of this section, the Administration shall be an independent agency. The Director shall have the responsibility for carrying out titles I, II, III-B, VI, VII, and IX of this Act. The functions of the Director with respect to carrying out titles I, II (except section 232), III-B, VI, VII, and IX of this Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director. Beginning after June 15, 1975, the policy-making functions, including the final approval of grants and contracts, of the Director, shall not be delegated to any regional office or official.

“(d) (1) All official actions taken by the Director of the Office of Economic Opportunity, his designee, or any other person under the authority of the Economic Opportunity Act of 1964 which are in force on the date of the enactment of the Headstart, Economic Opportunity, and Community Partnership Act of 1974, and for which there is continuing authority under the provisions of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director.

“(2) All references to the Office of Economic Opportunity, or to the Director of the Office of Economic Opportunity, in any statute, reorganization plan, executive order, regulation, or other official document or proceeding shall, on and after such date, be deemed to refer to the Administration, or to the Director, as the case may be.

“(3) No suit, action, or other proceeding, and no cause of action, by or against the Office of Economic Opportunity, or any action by any officer thereof acting in his official capacity, shall abate by reason of the enactment of the Headstart, Economic Opportunity, and Community Partnership Act of 1974.

“(4) Persons appointed by the President, by and with the advice and consent of the Senate, to positions in the Office of Economic Opportunity, requiring appointment by and with such advice and consent, may, if the President so desires, continue to serve in comparable positions in the Administration; but the President may submit to the Senate nominations for appointment to any or all positions in the Administration, requiring the advice and consent of the Senate.

“(e) (1) After March 15, 1975, the President may submit to the Congress a reorganization plan which, subject to the provisions of paragraph (2) of this subsection, shall take effect if such reorganization plan is not disapproved by enactment of a joint resolution which

shall be considered in Congress in accordance with the provisions of paragraph (3) of this subsection and the procedures established with respect to reorganization plans by chapter 9 of title 5, United States Code, except to the extent otherwise provided in this Act.

“(2) A reorganization plan submitted in accordance with the provisions of paragraph (1) shall provide—

“(A) for establishing in the Department of Health, Education, and Welfare a Community Services Administration—

“(i) which shall be headed by a Director,

“(ii) which shall be the principal agency, and the Director of which shall be the principal officer, for carrying out titles I, II, III-B, VI, and IX of this Act, and which, with respect to such provisions, shall be the successor authority to the Community Services Administration established by subsection (a) of this section,

“(iii) the Director of which shall be, in the performance of his functions, directly responsible to the Secretary, and

“(iv) in which no policy-making functions, including the final approval of grants or contracts, of the Director shall be delegated to any regional office or official.

“(B) for establishing in the Department of Commerce a Community Economic Development Administration—

“(i) which shall be headed by a Director,

“(ii) which shall be the principal agency, and the Director of which shall be the principal officer, for carrying out title VII of this Act, and which, with respect to such provisions, shall be the successor authority to the Community Services Administration established by subsection (a) of this section,

“(iii) the Director of which shall be, in the performance of his functions, directly responsible to the Secretary, and

“(iv) in which no policy-making functions, including the final approval of grants or contracts, of the Director shall be delegated to any regional office or official.

“(3) For the purpose of this subsection and chapter 9, title 5, United States Code, to the extent incorporated by this subsection, the following provisions apply:

“(A) The term ‘resolution’ means a joint resolution the matter after the resolving clause of which is: ‘That the Congress of the United States disapproves the Community Services Administration Reorganization Plan transmitted to the Congress by the President on _____, 19—.’ The blank spaces therein are to be appropriately filled.

“(B) If, prior to the passage by one House of the joint resolution of that House with respect to the reorganization plan, such House receives from the other House a joint resolution with respect to the same plan, then the following procedure applies:

“(i) If no resolution of the first House with respect to such plan has been referred to committee, no other resolution with respect to the same plan may be reported or (despite the provisions of section 912(a) of title 5, United States Code) be made the subject of a motion to discharge.

“(ii) If a resolution of the first House with respect to such plan has been referred to committee—

"(I) the procedure with respect to that or other resolutions of such House with respect to such plan which have been referred to committee shall be the same as if no resolution from the other House with respect to such plan had been received; but

"(II) on any vote on final passage of a resolution of the first House with respect to such plan the resolution from the other House with respect to such plan shall be automatically substituted for the resolution of the first House."

"(4) The transfers authorized under subparagraphs (A) and (B) of paragraph (3) of this subsection shall be effective 30 days after the last date on which such reorganization plan could be disapproved under this subsection.

"(f) In the event that the reorganization plan pursuant to subsection (e) takes effect, the Director of the Community Services Administration and the Director of the Community Economic Development Administration shall each be appointed by the President, by and with the advice and consent of the Senate, except that the person serving as Director of the independent Community Services Administration pursuant to the advice and consent of the Senate may, if the President notifies the Congress accordingly, continue to serve as Director of the Community Services Administration within the Department of Health, Education, and Welfare; but the President may in such event submit to the Senate a nomination for such position.

"(g) In the event that the reorganization plan pursuant to subsection (e) of this section takes effect, on the effective date thereof the property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions of the Director of the independent Community Services Administration, established by subsection (a) of this section, shall be transferred to the Director of the Community Services Administration, within the Department of Health, Education, and Welfare and to the Director of the Economic Development Administration within the Department of Commerce, as appropriate. All grants, applications for grants, contracts, and other agreements awarded or entered into by the Director of the independent Community Services Administration shall continue to be recognized so that there is no disruption of ongoing activities for which there is continuing authority.

"(h) (1) In the event that the reorganization plan pursuant to subsection (e) of this section takes effect, on the effective date thereof all Federal personnel employed by the independent Community Services Administration under the authorization and appropriations for the Economic Opportunity Act of 1964, transferred to the Community Services Administration within the Department of Health, Education, and Welfare or to the Community Economic Development Administration within the Department of Commerce shall, to the extent feasible, be assigned to related functions and organizational units in the appropriate Administration, without loss of salary, rank, or other benefits, including the right to representation and to the existing basic collective-bargaining agreement.

"(2) In the event that the reorganization plan pursuant to subsection (e) of this section takes effect, on the effective date thereof all official actions taken by the Director of the independent Community Services Administration, his designee, or any other person under the authority of the Economic Opportunity Act of 1964 which are in force on such date, and for which there is continuing authority under the provisions of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director of the Community Services Administration within the Department of Health, Education and Welfare or the Director of the Community Economic Development Administration within the Department of Commerce, as appropriate.

"(3) In the event that the reorganization plan submitted pursuant to subsection (e) of this section takes effect, on the effective date thereof all references to the independent Community Services Administration or to the Director of that Administration in any statute, reorganization plan, executive order, regulation, or other official document or proceeding shall, on and after such date, be deemed to refer to the Community Services Administration within the Department of Health, Education and Welfare, or the Director of the Community Economic Development Administration, in the Department of Commerce as appropriate, or to the Director of either such Administration, as the case may be.

"(4) In the event that the reorganization plan submitted pursuant to subsection (e) of this section takes effect, on the effective date thereof no suit, action, or other proceeding, and no cause of action, by or against the independent Community Services Administration, or any action by any officer thereof acting in his official capacity, shall abate by reason of the taking effect of such plan."

(b) Section 28 of the Economic Opportunity Amendments of 1972 (86 Stat. 705, September 19, 1972) is repealed effective on the date on which a reorganization plan is effective under subsection (c) of this section.

(c) The Economic Opportunity Act of 1964 is further amended by—

(1) striking out "Office of Economic Opportunity" and "Office" each time that they appear in section 602 (d) and inserting in lieu thereof "Community Services Administration";

(2) striking out "Office of Economic Opportunity" in section 603 (c) and inserting in lieu thereof "Community Services Administration";

(3) striking out "in the Office" in section 605 (a) and inserting in lieu thereof "in the Community Services Administration";

(4) striking out "Office of Economic Opportunity" in section 632 (2) and inserting in lieu thereof "Community Services Administration";

(5) striking out "of the Office of Economic Opportunity" in section 637 (b) (2), and inserting in lieu thereof "of the Community Services Administration"; and

(6) repealing section 609 of such Act.

(d) Section 625 of the Economic Opportunity Act of 1964 is amended to read as follows:

"CRITERIA FOR DETERMINING ELIGIBILITY

"SEC. 625. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

"(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) 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.

"(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary consumer price index data becomes available."

"(e) The Economic Opportunity Act of 1964 is further amended by inserting after section 625 the following new sections:

"CRIMINAL PROVISIONS

"SEC. 626. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any agency receiving financial assistance under this Act embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to this Act, shall be fined not more than \$10,000 or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

"(b) Whoever, by threat of procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under this Act induces any person to give up any money or thing of any value to any person (including such grantee agency), shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

"WITHHOLDING CERTAIN FEDERAL TAXES BY ANTIPOVERTY AGENCIES

"SEC. 627. Upon notice from the Secretary of the Treasury or his delegate that any person otherwise entitled to receive a payment made pursuant to a grant, contract, agreement, loan or other assistance made or entered into under this Act is delinquent in paying or depositing (1) the taxes imposed on such person under chapters 21 and 23 of the Internal Revenue Code of 1954, or (2) the taxes deducted and withheld by such person under chapters 21 and 24 of such Code, the Director shall suspend such portion of such payment due to such person, which, if possible, is sufficient to satisfy such delinquency, and shall not make or enter into any new grant, contract, agreement, loan or other assistance under this Act with such person until the Secretary of the Treasury or his delegate has notified him that such person is no longer delinquent in paying or depositing such tax or the Director determines that adequate provision has been made for such payment. In order to effectuate the purpose of this section on a reasonable basis the Secretary of the Treasury and the Director shall consult on a quarterly basis."

COMMUNITY ECONOMIC DEVELOPMENT

SEC. 10 (a) Title VII of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

"STATEMENT OF PURPOSE

"SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

"DEFINITION

"SEC. 702. As used in this title the term 'community development corporation' means a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part A of this title and any organization more than 50 per centum of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 703. For the purpose of carrying out this title, there are authorized to be appropriated \$39,000,000 and such additional sums as may be necessary for fiscal year 1975 and such sums as may be necessary for each of the two succeeding fiscal years.

"PART A—URBAN AND RURAL SPECIAL IMPACT PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 711. The purpose of this part is to establish special programs of assistance to nonprofit private locally initiated community development corporations which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this part, and (4) provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and ownership opportunities for residents of such areas, including those who are disadvantaged in the labor market because of their limited speaking, reading, and writing abilities in the English language.

"ESTABLISHMENT AND SCOPE OF PROGRAMS

"SEC. 712. (a) The Director is authorized to provide financial assistance in the form of grants to nonprofit and for profit community development corporations and other affiliated and supportive agencies and organizations associated with qualifying community development corporations for the payment of all or part of the cost of programs which are designed to carry out the purposes of this part. Financial assistance shall be provided so that each community economic development program is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

"(1) community economic and business development programs, including but not limited to: (A) programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and (B) programs for small businesses located in or owned by residents of such areas;

"(2) community development including industrial parks and housing activities which contribute to an improved environment and which create new training, employment, and ownership opportunities for residents of such area;

"(3) training and public service employment programs and related services for unemployed or low-income persons which support and complement community development programs financed under this part, including, without limitation, activities such as those described in the Comprehensive Employment and Training Act of 1973; and

"(4) social service programs which support and complement community economic development programs financed under this part, including but not limited to child care, educational services, health services, credit counseling, energy conservation, and programs for the maintenance of housing facilities.

"(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

"FINANCIAL ASSISTANCE REQUIREMENTS

"SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any community economic development program under this part unless he determines that—

"(1) such community development corporation is responsible to residents of the area served (i) through a governing body not less than 50 per centum of the members of which are area residents and (ii) in accordance with such other guidelines as may be established by the Director, except that the composition of the governing bodies of organizations owned or controlled by the community development corporation need not be subject to such residency requirement:

"(2) the program will be appropriately coordinated with local planning under this title, with housing and community development programs, with employment and training programs, and with other relevant planning for physical and human resources in the areas served;

"(3) adequate technical assistance is made available and committed to the programs being supported;

"(4) such financial assistance will materially further the purposes of this part;

"(5) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met;

"(6) all projects and related facilities will, to the maximum feasible extent, be located in the areas served;

"(7) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

"(8) projects will be planned and carried out with the fullest possible participation of resident or local businessmen and representatives of financial institutions, including participation through contract, joint venture, partnership, stock ownership or membership on the governing boards or advisory councils of such projects consistent with the self-help purposes of this title;

"(9) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(10) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

"(11) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant;

"(12) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants;

"(13) preference will be given to low-income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

"(14) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training with skills which are also in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part.

"(b) Financial assistance under this section shall not be extended to assist in the relocation of establishments from one location to another if such relocation would result in an increase in unemployment in the area of original location.

"(c) The level of financial assistance for related purposes under this Act, or any other program for Federal financial assistance, to

the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

"FEDERAL SHARE OF PROGRAM COSTS

"SEC. 714. Federal assistance to any program carried out pursuant to this part, including grants used by community development corporations for capital improvements, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that the assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the order of the grantee, under conditions which the Director deems appropriate, within thirty days following approval of the grant agreement by the Director and such grantee of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this title, and the proceeds from such capital investments, shall not be considered Federal property. Upon investment, title rights vest in the community development corporation. The Federal Government retains the right to direct that on severance of the grant relationship the assets purchased continue to be used for the original purpose for which they were granted.

"PART B—SPECIAL RURAL PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

"FINANCIAL ASSISTANCE

"SEC. 722. (a) The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time, to any low-income rural family where, in the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—

"(1) acquire or improve real estate or reduce encumbrances or erect improvements thereon;

"(2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or

"(3) participate in cooperative associations, or to finance non-agricultural enterprises which will enable such families to supplement their income.

"(b) The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—

"(1) administrative costs of staff and overhead;

"(2) costs of planning and developing new enterprises;

"(3) costs of acquiring technical assistance; and

"(4) initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.

"LIMITATION ON ASSISTANCE

"SEC. 723. (a) No financial assistance shall be provided under this part unless the Director determines that—

"(1) any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;

"(2) adequate technical assistance is made available and committed to the programs being supported;

"(3) such financial assistance will materially further the purposes of this part; and

"(4) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.

"(b) The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.

"PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

"DEVELOPMENT LOAN FUND

"SEC. 731. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, and families and local cooperatives eligible for financial assistance under this title, for business, housing, and community development projects which the Director determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

"(1) there is reasonable assurance of repayment of the loan;

"(2) the loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and

"(3) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement for the purposes for which the loan is made.

Loans made by the Director pursuant to this section shall bear the interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date in which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

"(b) The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.

"(c) (1) To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and the other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.

"(2) The Rural Development Loan Fund shall consist of the remaining funds provided for in part A of title III of this Act and such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this part. The Director shall utilize the services of the Farmers Home Administration in administering the Fund.

"(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Secretary out of funds made available from appropriations for the purpose of carrying out this subchapter. The Secretary may make deposits in the Community Development Loan Fund in any fiscal year in which he has made available for grants to community development corporations under part B of this title not less than \$60,000,000 out of funds made available from appropriations for the purpose of carrying out this title.

"ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION"

"SEC. 732. (a) To the extent he deems appropriate, the Director shall utilize funds available under this part to prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation to provide a user-controlled independent and professionally operated long-term financing vehicle with the principal purpose of providing financial support for community economic development, corporations, cooperatives, other affiliated and supportive agencies and organizations associated with community economic devel-

opment corporations, and other entities eligible for assistance under this title.

"(d) Not later than June 1, 1975, the Director shall submit to the appropriate committees of the Congress the plan required by this section.

"PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES"

"TRAINING AND TECHNICAL ASSISTANCE"

"SEC. 741. (a) The Director shall provide, directly or through grants, contracts, or other arrangements, such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

"(b) Technical assistance to community development corporations and both urban and rural cooperatives may include planning, management, legal preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

"(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this subchapter.

"APPLICATIONS OF OTHER FEDERAL RESOURCES—SMALL BUSINESS ADMINISTRATION PROGRAMS"

"SEC. 742. (a) (1) Funds granted under this part which are invested, directly or indirectly, in a small business investment company or a local development company, * * * small business investment company shall be included as 'private paid-in capital and paid-in surplus,' 'combined paid-in capital and paid-in surplus,' and 'paid-in capital' for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958.

"(2) Within ninety days of the enactment of this title, the Administrator of the Small Business Administration, after consultation with the Secretary, shall prescribe such regulations as may be necessary and appropriate to insure the availability to community development corporations of such programs as shall further the purposes of this part.

"(b) (1) Areas selected for assistance under this title shall be deemed 'redevelopment areas' within the meaning of section 401 of the Public Works and Economic Development Act of 1965, shall qualify for assistance under the provisions of title I and title II of that Act, and shall be deemed to have met the overall economic development program requirements of section 202(b) (10) of such Act.

"(2) Within ninety days of the enactment of this title, the Secretary shall prescribe regulations which will insure that community develop-

ment corporations and cooperatives shall qualify for assistance and shall be eligible to receive such assistance under all such programs of the Economic Development Administration as shall further the purposes of this title.

“DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

“SEC. 743. The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary steps to assist community development corporations and local cooperative associations to qualify for and receive (1) such assistance in connection with technical assistance, counseling to tenants and homeowners, and loans to sponsors of low- and moderate-income housing under section 106 of the Housing and Urban Development Act of 1968 as amended by section 811 of the Housing and Community Development Act of 1974, (2) such land for housing and business location and expansion under title I of the Housing and Community Development Act of 1974, and (3) such funds for comprehensive planning under section 701 of the Housing Act of 1954 as amended by section 401 of the Housing and Community Development Act of 1974, as shall further the purposes of this Act.

“DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

“SEC. 744(a). The Secretary of Agriculture or, where appropriate, the Administrator of the Farmers Home Administration, after consultation with the Director, shall take all necessary steps to insure that community development corporations and local cooperative associations shall qualify for and shall receive (1) such assistance in connection with housing development under the Housing Act of 1949, (2) such assistance in connection with housing, business, industrial, and community development under the Consolidated Farmers Home Administration Act of 1961 and the Rural Development Act of 1972, and (3) such further assistance under all such programs of the United States Department of Agriculture, as shall further the purposes of this title.

“(b) On or before six months after the enactment of this title, and annually thereafter, the Secretary shall submit to the Congress a detailed report setting forth a description of all Federal agency programs which he finds relevant to achieving the purposes of this part and the extent to which such programs have been made available to community development corporations receiving financial assistance under this part including specifically the availability and effectiveness of programs referred to in subsection (a) of this section. Where appropriate, the report required under this subsection also shall contain recommendations for the more effective utilization of Federal agency programs for carrying out the purposes of this title.

“COORDINATION AND ELIGIBILITY

“SEC. 745. (a) The Director shall take all necessary and appropriate steps to encourage Federal departments and agencies and State and local governments to make grants, provide technical assistance, enter

into contracts, and generally support and cooperate with community development corporations and local cooperative associations.

“(b) Eligibility for assistance under other Federal programs shall not be denied to any applicant on the ground that it is a community development corporation or any other entity assisted under this title.

“EVALUATION AND RESEARCH

“SEC. 746. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director, in consultation with existing grantees familiar with programs carried out under this Act, may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. In evaluating the performance of any community development corporation funded under part A of this title, the criteria for evaluation shall be based upon such program objectives, goals, and priorities as are consistent with the purposes of this title and were set forth by such community development corporation in its proposal for funding as approved and agreed upon by the Director or as subsequently modified from time to time by mutual agreement between the Director and such community development corporation.

“(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents.

“PLANNING GRANTS

“SEC. 747. In order to facilitate the purposes of this title, the Director is authorized to provide financial assistance to any public or private nonprofit agency or organization for planning of community economic development programs and cooperative programs under this title.

“NONDISCRIMINATION PROVISIONS

“SEC. 748. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

“(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to dis-

crimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title."

NATIVE AMERICAN PROGRAMS

SEC. 11. The Economic Opportunity Act of 1964 is further amended by inserting after title VII thereof the following new title VIII:

"TITLE VIII—NATIVE AMERICAN PROGRAMS

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Native American Programs Act of 1974'.

"STATEMENT OF PURPOSE

"SEC. 802. The purpose of this title is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives and Alaskan Natives.

"FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

"SEC. 803. (a) The Secretary is authorized to provide financial assistance to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaska Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Secretary shall consult with other Federal agencies for the purpose of eliminating duplication or conflict among similar activities or projects and for the purpose of determining whether the findings resulting from those projects may be incorporated into one or more programs for which those agencies are responsible.

"(b) Financial assistance extended to an agency under this title shall not exceed 80 per centum of the approved costs of the assisted project, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this title.

"(c) No project shall be approved for assistance under this title unless the Secretary is satisfied that the activities to be carried out under such project will be in addition to, and not in substitution for, comparable activities previously carried out without Federal assistance, except that the Secretary may waive this requirement in any case in which he determines, in accordance with regulations establishing objective criteria, that application of the requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this title.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 804. The Secretary may provide, directly or through other arrangements, (1) technical assistance to public and private agencies in developing, conducting, and administering projects under this title, and (2) short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance under this title.

"RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

"SEC. 805. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

"(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives.

"ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

"SEC. 806. (a) The Secretary shall make a public announcement concerning—

"(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency for a research, demonstration, or pilot project; and

"(2) except in cases in which the Secretary determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.

"SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

"SEC. 807. (a) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out on or in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

"(b) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead, unless the Secretary has notified the chief executive officer of the State of his decision to provide that assistance.

"(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan Native village, or Hawaiian Homestead, unless the Secretary has notified the local governing officials of the political subdivision of his decision to provide that assistance.

"RECORDS AND AUDITS

"**SEC. 808. (a)** Each agency which receives financial assistance under this title shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

"APPEALS, NOTICE, AND HEARING

"**SEC. 809.** The Secretary shall prescribe procedures to assure that—

"(1) financial assistance under this title shall not be suspended, except in emergency situations, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(2) financial assistance under this title shall not be terminated, and application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

"EVALUATION

"**SEC. 810. (a)** The Secretary shall provide, directly or through grants or contracts, for the evaluation of projects assisted under this title, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this title. The extent to which such standards have been met shall be considered in

deciding whether to renew or supplement financial assistance authorized under this title.

"(c) In carrying out evaluations under this title, the Secretary may require agencies which receive assistance under this title to provide for independent evaluations.

"(d) In carrying out evaluations under this title, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this title about such programs and projects.

"(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this title shall become the property of the United States.

"LABOR STANDARDS

"**SEC. 811.** All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

"DELEGATION OF AUTHORITY

"**SEC. 812. (a)** The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of his functions, powers, and duties under this title, as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this title.

"(c) Funds appropriated for the purpose of carrying out this title may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are authorized and appropriated.

"DEFINITIONS

"**SEC. 813.** As used in this title, the term—

"(1) 'financial assistance' includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment or goods or services;

"(2) 'Indian reservation or Alaskan Native village' includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reser-

vation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancharia, with allotted lands or lands subject to a restriction against alienation imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaskan Natives or Alaskan Native organizations under the Alaska Native Claims Settlement Act;

"(3) Native Hawaiian means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778.

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 814. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal years 1975 through 1977."

EVALUATION

"SEC. 12. Title IX of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE IX—EVALUATION

"PROGRAM AND PROJECT EVALUATION

"SEC. 901. (a) (1) The Director shall, directly or through grants or contracts, measure and evaluate the impact of all programs authorized by this Act and of poverty-related programs authorized by other Acts, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

"(2) In carrying out his responsibilities under this section, the Director, in the case of research, demonstrations, and related activities carried out under title I of this Act, shall, after taking into consideration the views of State agencies and community action agencies designated pursuant to section 210 of this Act, on an annual basis—

"(A) reassess priorities to which such activities should be directed; and

"(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 102(a) of this Act, whether and on what basis such activities should be continued, revised, or terminated.

"(3) The Director shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation, as he deems appropriate.

"(b) Prior to obligating funds for the programs and projects covered by this Act with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 608 of this Act shall describe the actions taken as a result of these evaluations.

"(c) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects, and shall consult, when appropriate, with State agencies and community action agencies designated pursuant to section 210, in order to provide for jointly sponsored objective evaluation studies on a State or areawide basis.

"(d) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"(e) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

"COOPERATION OF AND CONSULTATION WITH OTHER FEDERAL AGENCIES

"SEC. 902. (a) Such information and cooperation as the Director may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch.

"(b) In carrying out evaluations under this title, the Director shall consult with the heads of other Federal agencies carrying out activities related to the subject matter of those evaluations.

"EVALUATION BY OTHER ADMINISTERING AGENCIES

"SEC. 903. The head of any agency administering a program authorized under this Act may, with respect to such program, conduct evaluations and take other actions authorized under this title to the same extent and in the same manner as the Director under this part. Nothing in this section shall preclude the Director from conducting such evaluations or taking such actions otherwise authorized under this title with respect to such programs."

CONGRESSIONAL REVIEW

SEC. 13. (a) The Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor shall conduct joint study which shall include—

(1) a consideration of an appropriate administrative agency for the conduct of programs after July 1, 1975, under title VII of the Economic Opportunity Act,

(2) review the extent to which programs and activities conducted under title VII of the Economic Opportunity Act meet the overall need in the Nation for community economic development programs and the resources available from public and private funds in meeting those needs, and

(3) the extent to which there is maximum utilization of the resources of all Federal agencies having responsibilities under title VII of the Economic Opportunity Act, and other public and private agencies and organizations.

(b) The Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor shall submit such reports as they deem appropriate on their findings, together with any recommendations for further legislation, not later than one year after enactment of this title.

EXTENSION OF PROGRAM AUTHORITY

SEC. 14. (a) Sections 245, 321, and 615 of the Economic Opportunity Act of 1964, are each amended by striking out "eight succeeding fiscal years" and inserting in lieu thereof "eleven succeeding fiscal years."

(b) Section 523 of such Act (redesignated as section 533 by section 3(c) of this Act) is amended by striking out "seven succeeding fiscal years" and inserting in lieu thereof "ten succeeding fiscal years".

AUTHORIZATION OF APROPRIATIONS

SEC. 15. (a) (1) For the purpose of carrying out title I, title II, title III, title IV, title V, title VI, title VII, title VIII, and title IX of the Economic Opportunity Act of 1964, there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1975 through 1977.

(2) For the purpose of carrying out the programs authorized under section 221 there is authorized to be appropriated \$330,000,000 for the fiscal year 1975 and such sums as may be necessary for each of the two succeeding fiscal years.

(b) Unless the Congress has passed or formally rejected legislation extending the authorizations of appropriations for carrying out any title of the Economic Opportunity Act of 1964 specified in subsection (a) of this section, or adopts a concurrent resolution providing that the provisions of this subsection shall not apply, the authorizations of appropriations specified in subsection (a) are hereby automatically extended for one additional fiscal year beyond the terminal year specified in the Economic Opportunity Act of 1964 or in this section.

REPEALER

SEC. 16. (a) Section 115 of the Economic Opportunity Amendments of 1969 is repealed.

(b) Section 301 of the Economic Opportunity Amendments of 1967 is repealed.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

CARL D. PERKINS,
AUGUSTUS HAWKINS,
ALBERT H. QUIE,

Managers on the Part of the House.

GAYLORD NELSON,
HARRISON A. WILLIAMS,
JENNINGS RANDOLPH,
EDWARD KENNEDY,
WALTER F. MONDALE,
ALAN CRANSTON,
HAROLD E. HUGHES,
W. D. HATHAWAY,
JACOB K. JAVITS,
RICHARD S. SCHWEIKER,
ROBERT TAFT, JR.,
J. GLENN BEALL, JR.,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House bill provided new statutory authority for programs formerly under the Economic Opportunity Act of 1964 entitled the "Community Services Act of 1974". The Senate amendment extended the Economic Opportunity Act through the "Headstart, Economic Opportunity and Community Partnership Act of 1974".

The conference agreement amends the Economic Opportunity Act by citing the first nine Titles of the Act as the Community Services Act of 1974". The conference agreement contains a substantial number of technical and conforming amendments to reflect this decision on the part of the conferees.

The House bill established within the Department of Health, Education, and Welfare the Community Action Administration. The Senate bill retained the Office of Economic Opportunity until October 1, 1975, at which time the Community Services Administration is established as an independent agency in the Executive Branch.

The conference agreement establishes the Community Services Administration as an independent agency in the Executive Branch effective upon the enactment of the conference report and provides that that administration will remain in existence unless and until a re-

organization plan submitted by the President pursuant to a prescribed administrative structure takes effect.

Section 2. The Senate amendment retained the statement of findings and declaration of purpose in the Economic Opportunity Act of 1964. The House bill deleted this section.

The House recedes.

The House bill designated Indian tribal governments as a political subdivision of a state and therefore eligible to be a Community Action Agency. The Senate amendment repealed this provision and specified the eligibility of Indian tribal governments for designation as a Community Action Agency.

The House recedes.

The House bill permitted the Director to delegate functions directly to a State so long as all Community Action Agencies within the State approve the delegation. The House bill also required that, in the event of such a delegation, the State shall have funds equal to the State's share of the operation of regional offices. There was no comparable Senate provision.

The conference agreement provides that the Director may delegate to a state only the functions that the Director is authorized to delegate to regional offices or officials if all of the Community Action Agencies within such state approve of the delegation. If such delegation is approved the Director is required to allot to each approved state an amount of funds equal to the state's share of the regional office operation.

The House bill authorized Comprehensive Health Services Program in a new title. The Senate amendment included Comprehensive Health Services under special programs. The House bill established this program within the Department of Health, Education, and Welfare. The Senate amendment administered the program through the Director of the Office of Economic Opportunity/Community Services Administration.

The Senate recedes.

The House bill designated this program as the "Community Food and Nutrition Program"; the Senate amendment named it "The Emergency Food and Medical Services" program.

The Senate recedes.

The Senate amendment authorized the provision of medical supplies and services. There was no comparable House provision.

The Senate recedes.

The Senate amendment authorized a family planning program. There was no comparable House provision.

The Senate recedes.

The House bill administered the Senior Opportunities and Services program through the Administration on Aging in the Department of Health, Education, and Welfare. The Senate amendment administered the program by the Director of the Office of Economic Opportunity/Community Services Administration.

The House recedes.

The Senate amendment required the Director to utilize the Services of the Administration on Aging. There was no comparable House provision.

The House recedes.

The Senate amendment authorized a new grant program to train paraprofessionals in counseling, referral and other services for the elderly. There was no comparable program in the House bill.

The Senate recedes.

The Senate amendment authorized an Alcoholic Counseling and Recovery program and a Drug Rehabilitation program. There were no comparable House provisions.

The conference agreement provides that the Alcoholic Counseling and Recovery program as well as the Drug Rehabilitation program are included in the new title IV and grants the authority to administer these programs to the Secretary of Health, Education, and Welfare.

The Senate amendment established an Emergency Energy Conservation program to lessen the impact of the high cost of energy in low-income individuals and reduce energy consumption. There was no comparable House provision.

The conference agreement retains most of the Senate amendment but requires the Director to consult with the Administrator of the Federal Energy Office and other appropriate departments and agencies prior to establishing procedures to carry out the purposes of this program.

The Senate amendment authorized a Summer Youth Recreation program for low-income children to be conducted through prime sponsors and other agencies designated by Title I of the Comprehensive Employment and Training Act of 1973. There was no comparable House provision.

The House recedes.

The Senate amendment authorized an Urban Housing Demonstration program to maintain and upgrade housing in deteriorating neighborhoods. There was no comparable House provision.

The Senate recedes.

The Senate amendment authorized related training research and technical assistance for special programs under section 221. There was no comparable House provision.

The House recedes.

The House bill provided that no State's share shall be reduced by more than one-half percent of the percent of the total allotment to all States for the fiscal year ending June 30, 1974. The Senate amendment insured that no State will receive less than the amount received during the fiscal year ending June 30, 1974.

The conference agreement provides that no State's share shall be less than the amount received for the fiscal year ending June 30, 1974, but does not hold each Community Action Agency to that 1974 level.

The House bill reduced the percentage of Federal financial assistance to 70 percent in fiscal year 1976 and 60 percent thereafter. The Senate amendment maintained the percentage of financial assistance at the level of 80 percent. The House bill further provided that the local match may be met on a state-wide basis. There was no comparable Senate provision.

The conference agreement provides that the Federal share for Community Action Agencies each of whose total allocation under section

221 and section 222(a) is \$300,000 or less shall not exceed 75 percent for fiscal year 1976. For all other Community Action Agencies the Federal share for fiscal year 1976 cannot exceed 70 percent. For fiscal year 1977 the Federal share for Community Action Agencies each of whose total allocation under section 221 and section 222(a) is \$300,000 or less shall not exceed 70 percent. All other Community Action Agencies' Federal share shall not exceed 60 percent. The conference agreement further provides that the Director may approve assistance in excess of these percentages if he determines, in accordance with regulations establishing objective criteria, that such action requires the furtherance of the purposes of this title. The conference agreement also provides that the local matching share may be met on a statewide basis by allowing the Community Action Agencies within a state to meet the non-Federal share in the aggregate.

The Senate amendment required the Director to continue funding Design and Planning Assistance Programs funded under Section 232 of the Economic Opportunity Act during fiscal year 1971. There was no comparable House provision.

The conference agreement provides that the Director is authorized to make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness that were authorized under Sec. 232 during the fiscal year ending June 30, 1971.

The House bill designated the recreation program for disadvantaged youth the "Youth Recreation and Sports Program". The Senate bill designated the program the "National Summer Youth Sports Program".

The Senate recedes.

The Senate amendment required the Director to continue funding Consumer Action and Cooperative Programs funded under Section 232 of the Economic Opportunity Act during fiscal years 1971 and 1972. There was no comparable House provision.

The conference agreement provides that the Director is authorized to make agreements to carry out consumer action and cooperative programs authorized under Sec. 232 during the fiscal years ending June 30, 1971, or June 30, 1972.

The House bill established a supplemental "incentive grant" program with 50 percent Federal funding. The Senate amendment established "Demonstration Community Partnership Agreements" between CAA's and State or local public agencies. The Federal share is 80 percent. Both bills required the non-Federal share to be in cash. The Senate bill allowed the Director's discretion in approving assistance in excess of 80 percent. There was no comparable discretionary provision in the House bill.

The conference agreement provides for the establishment of "demonstration community partnership agreements" between community action agencies and State or local public agencies. This incentive grant program includes a 50-50 matching provision with all of the non-Federal share required to be in cash.

Both bills required such assistance to be supplemental to previous programs. The Senate amendment allocated funds for this program among the States on the basis of (1) public assistance recipients; (2) unemployment; and (3) children in families below the poverty line. There was no comparable House provision.

The Senate recedes.

The Senate amendment exempted community partnership agreements from the Governor's veto under Section 242. There was no comparable House exemption.

House recedes.

The Senate amendment established an Intergovernmental Advisory Council on Community Services with nine members to be appointed by the President. There was no comparable House provision.

The conference agreement provides for the establishment of an Intergovernmental Advisory Council on Community Services but prohibits the Director from providing any funds to support the activities or staff for such council.

The House bill authorized the appropriation of \$50,000,000 for incentive grants for fiscal year 1975 and such sums as may be necessary for the 2 succeeding fiscal years. The Senate amendment authorized the Director to transfer out of funds appropriated under Section 221 50 percent of the excess of \$330,000,000 under \$450,000,000.

The Senate recedes.

The House bill prohibited financial assistance for medical assistance and supplies in cases of abortion. There was no comparable Senate provision.

The House recedes.

The House bill authorized the migrant programs under this part to be administered by the Department of Labor; the Senate amendment authorized the Director of the Community Services Administration to administer the program.

The House recedes.

The House bill included "training" as an eligible activity; the Senate amendment deleted "training" and substitutes "developmental programs".

The House recedes.

The Senate amendment established a National Office for Migrant and Seasonal Farmworkers within the Community Services Administration for administering migrant programs under this part and for coordinating programs with other Federal migrant programs. There was no comparable House provision.

The conference agreement provides that the Director shall coordinate programs for migrant and seasonal farm workers with other federal programs designed to assist or serve such farm workers.

The Senate amendment required the Director to give priority for funding migrant programs to those agencies which have been previously funded for such programs. There was no comparable House provision.

The conference agreement requires the Director to give special consideration to any public or private nonprofit agency which has previously received assistance for the provision of services for migrant and other seasonally employed farm workers and their families.

The House bill statement of purpose emphasized the extension of authorization of appropriations; the Senate amendment stated the purpose to be to provide the legislative basis for administering the Headstart and Follow Through programs in the Department of Health, Education and Welfare.

The Senate recedes.

The Senate amendment authorized the administration of the Headstart program through the Office of Child Development in HEW. There was no comparable House provision.

The Senate recesses. It is the intention of the conferees that the Headstart program continue to be operated through the Office of Child Development in the Office of the Secretary of the Department of Health, Education and Welfare.

The Senate amendment established a Division of Migrant Programs and a Division of Indian Programs and authorized annual appropriations of \$10,000,000 for each Division. There was no comparable House provision.

The conference agreement provides that the Secretary in carrying out the provisions of this part shall continue the administrative arrangement responsible for meeting the needs of migrant and Indian children and shall assure that appropriate funding is provided to meet such needs.

The House bill authorized appropriations of \$500,000,000 for fiscal year 1975, \$525,000,000 for fiscal year 1976 and \$550,000,000 for fiscal year 1977. The Senate amendment authorized such sums as may be necessary for fiscal years 1975 through 1977.

The House recesses.

The Senate amendment stipulated that the allocation formula will take effect after June 30, 1975. There was no comparable House provision.

The House recesses.

The House bill allotted funds according to the number of children 0-5 living in poverty in each State. The Senate amendment allotted funds on the basis of (1) welfare recipients, (2) unemployment and (3) number of related children in families below the poverty line.

The conference agreement provides for the allotment of funds to each State on the basis of (1) the relative number of public assistance recipients in each State as compared to all States and (2) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States.

The Senate amendment held the States harmless to fiscal year 1975; the House bill held harmless to fiscal year 1974.

The House recesses. It is the intention of the conferees that, if the Administration's budget proposal for fiscal year 1975 is enacted, the \$22,000,000 increase for Headstart contained herein will be distributed equally among the States so as to provide a 6 percent cost-of-living increase for each State as the Administration proposed.

The Senate amendment provided for an annual cost-of-living adjustment in the allocation of funds. There was no comparable House provision.

The Senate recesses.

The Senate bill stipulated that the criteria of poverty used by the Census in compiling the 1970 census will apply to the formula allocation.

The House recesses.

The House bill required that not less than 10 percent of the Headstart enrollment opportunities be available in each state for handicapped children; the Senate amendment required that 10 percent of

such enrollment opportunities be available in the nation as a whole for handicapped children.

The conference agreement continues for fiscal year 1975 the existing requirement that 10 percent of enrollment opportunities be available for handicapped children in the nation and provides that beginning in fiscal year 1976 not less than 10 percent of the total enrollment opportunities in the Headstart program in each state shall be available for handicapped children. The conferees reaffirm the intention that only handicapped children otherwise eligible for these programs are intended to be enrolled.

The House bill required the Secretary to establish criteria for determining the costs of developing and administering and total costs for programs under Headstart. There was no comparable Senate provision.

The conference agreement provides that the Secretary shall establish by regulation criteria for determining the costs of developing and administering a program and the total cost of such program.

The Senate amendment required regulations to allocate costs among programs where there is joint use of facilities and services. There was no comparable House provision.

The House recesses.

The Senate amendment required that grantees be notified of rules, regulations and guidelines at least thirty days before their effective date. The House bill required publication of such rules, regulations and guidelines, etc., 30 days before effective date, but there was no requirement for notifying grantees.

The House recesses.

The House bill specified the calculations of the poverty line. There was no comparable specific provision for Headstart or Follow Through in the Senate amendment, but a comparable provision based on percentage change was contained in title VI and the Senate amendment.

The conference agreement requires the revision of the criteria of eligibility for participation to be revised 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.

The Senate amendment set forth three criteria for eligibility: (1) families below poverty line, eligible for public assistance, or who may be eligible for public assistance in the absence of child care; (2) limited English-speaking ability; or (3) children in area could be served who did not meet low-income criteria. The House bill did not specify eligibility on the basis of public assistance or English-speaking ability.

The conference agreement provides that such criteria may provide that families below the poverty line, eligible for public assistance, or who may be eligible for public assistance in the absence of child care may be permitted to receive services in projects assisted under this Title. Pursuant to regulations prescribed by the Secretary programs may include children able to benefit but who may be ineligible under income limitations. The conferees intend that children who are poor and have limited English-speaking ability shall be given special consideration for participation in Headstart programs.

The Senate bill prohibited the imposition of any fee schedules unless authorized by subsequent legislation. There was no comparable House provision.

The conference agreement prohibits the imposition of any fee schedules unless authorized by subsequent legislation. The conferees wish to make clear, however, that it is their intention that children from families willing and able to pay the full cost of participation in a program should be given every opportunity where feasible to participate in that program if they pay that full cost.

The Senate amendment prohibited termination of funding or denial of refunding for more than 30 days without giving the recipient agency the opportunity for a full and fair hearing. The House bill did not include a time limitation nor did it provide for a hearing if financial assistance had been suspended.

The House recedes.

The Senate amendment provided for bilingual research. The House bill contained no comparable provision.

The Senate recedes. The conferees intend that the Secretary in administering the Headstart and Follow Through programs shall take into consideration the special needs of children with limited English-speaking ability in order to enhance the effectiveness of the Headstart and Follow Through programs carried out under this title.

The Senate amendment provided assurances that studies and data would become public property; and required that such studies be published within 30 days of completion and submitted to Congress. The House bill contained no comparable provision.

The House recedes.

The House bill provided that the Secretary could make independent evaluations; the Senate amendment required evaluations to be conducted by persons not directly involved in program evaluated.

The House recedes.

The Senate amendment required the Secretary to publish evaluation standards prior to obligating Headstart funds for FY 1976. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided for obtaining the views of program participants in evaluations; publication of evaluations within 90 days of completion and submission of such evaluations to Congress; and required that such studies and evaluations become public property. The House bill contained no comparable provision.

The House recedes.

The Senate amendment authorized to be appropriated such sums as necessary for fiscal year 1975 through 1977. The House bill authorized \$60 million for each fiscal year 1975 through 1977. The House bill also provided that funds remain available in the fiscal year succeeding the year for which they were appropriated. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment stipulated that no more than 20 percent nonfederal contributions could be required. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided that evaluations be conducted by persons not directly involved in the program. The House bill contained no comparable provision.

The House recedes.

The Senate amendment authorized bilingual programs for Headstart and Follow Through. The House bill contained no comparable provision.

The Senate recedes.

The House bill provided for administering the day care program through the Director of Community Services Administration. The Senate amendment provided for administering the program through the Secretary of Health, Education, and Welfare.

The House recedes.

The Senate amendment set October 1, 1975, as the effective date for the establishment of the Community Services Administration. The House provision became effective upon enactment.

The conference agreement provides for the establishment of the Community Services Administration upon enactment of this Act.

The Senate amendment established a Community Services Administration as an agency within the Executive Branch; the House bill established a Community Action Administration in the Department of Health, Education and Welfare.

The House recedes.

The Senate amendment provided for a Director, Deputy Director and Assistant Director to be appointed by the President and confirmed by the Senate. The House bill provided for the Presidential appointment and Senate confirmation of the Director.

The House recedes.

The Senate amendment prohibited the Director of the independent agency from delegating functions relating to local initiative, Community Partnership, migrant programs, administration, Community Economic Development, native Americans, Evaluation and Research and Demonstration. The House bill prohibited the delegation of any functions to any officer not directly responsible to the Director.

The House recedes.

The Senate amendment allowed the President to submit a reorganization plan to Congress after June 30, 1975, and before October 1, 1975, which would take effect unless disapproved by a simple resolution of either House of Congress within 60 days of submission. There is no comparable House provision.

The conference agreement provides that after March 15, 1975, the President may submit a reorganization plan to the Congress which, unless disapproved by enactment of a joint resolution within 60 days, takes effect on the 30th day following the expiration of such 60 day period. If such reorganization plan is disapproved, the independent Community Services Administration will continue in the Executive Branch.

The Senate amendment reorganization plan provision specified that the basic responsibilities of the Office of Economic Opportunity shall be placed in an independent Community Services Administration within the Department of Health, Education, and Welfare. The House bill contained no comparable provision.

The conference agreement provides that any reorganization plan proposed by the President pursuant to the provisions of the preceding paragraph must establish in the Department of Health, Education, and Welfare an independent Community Services Administration which shall be the principal agency, and the Director of which shall be the principal officer for carrying out the Community Services and Community Partnership Act of 1974. In the performance of his functions the Director shall be directly responsible to the Secretary. The reorganization plan submitted by the President must include a provision prohibiting the Director from delegating any policy-making function (including the approval of any grant or contract) to any Regional Office or official. The conferees intend that the President include in the reorganization plan submitted the Executive Schedule level at which the Director will be compensated.

The Senate amendment specified that the permitted reorganization plan shall provide for the transfer of the Community Economic Development Program to a Community Economic Development Administration within the Department of Commerce to be headed by an Assistant Secretary for Community Economic Development. The House bill transferred the program immediately and directly to the Secretary of Commerce.

The conference agreement provides that any reorganization plan proposed by the President pursuant to the provisions of the preceding paragraph must establish in the Department of Commerce a Community Economic Development Administration headed by a Director for Community Economic Development. The Director shall be the principal officer for carrying out the Community Economic Development program. In the performance of his functions the Director shall be directly responsible to the Secretary. The reorganization plan submitted by the President must include a provision prohibiting the Director from delegating any policy-making function (including the approval of any grant or contract) to any Regional Office or official. The conferees intend that the President include in the reorganization plan submitted the Executive Schedule level at which the Director will be compensated.

The Senate amendment provided that the Director not be subject to the supervision or control of any officer or employer other than the Secretary or Under Secretary of Health, Education, and Welfare. The House bill stipulated that the Director be responsible directly to the Secretary.

The conference agreement provides that the Director shall be in the performance of his duties directly responsible to the Secretary.

The effective date of transfers set forth in the reorganization plan in the Senate amendment would have been 30 days after the 60 days had run to allow Congressional disapproval of the reorganization plan. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided that regional directors of the Community Services Administration serve on Federal Regional Councils. The House bill contained no comparable provision.

The Senate recedes.

The Senate amendment transferred all Office of Economic Oppor-

tunity employees to the Community Services Administration effective October 1, 1975. The House bill transferred upon enactment those employees necessary to carry out the functions of the Administration.

The conference agreement provides that in the event a reorganization plan submitted by the President becomes effective on June 15, 1975, or thereafter, all Federal personnel employed by the Office of Economic Opportunity under the authorization and appropriations for the Economic Opportunity Act who are transferred to the Community Services Administration within the Department of Health, Education, and Welfare shall, to the extent feasible, be assigned to related functions and organizational units in the Community Services Administration, without loss of salary, rank or other benefits, including the right to representation and to the existing basic collective-bargaining agreement.

The House bill required that the Director's annual report include a detailed statement relating to programs administered by other federal agencies. The Senate amendment contained no comparable provision.

The Senate recedes.

The House bill authorized a study on the Federal, State and local benefit programs for the elderly. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment further excluded the income of 18-year olds and older not heads of family in calculating family income. The House bill contained no comparable provision.

The Senate recedes. In deleting this provision the conferees intend that in applying the poverty line to families as a criterion for eligibility for programs authorized by this Act the family unit shall not be defined so as to include income earned by individuals who are 18 years of age or older other than parents heading the household.

The Senate amendment required those with limited English ability to be included among the disadvantaged to be served by programs under this Act. The House bill contained no comparable provision.

The conferees intend that the Director of the Administration shall include among the disadvantaged those persons who suffer in the labor market because of their limited speaking, reading and writing abilities in the English language.

The Senate amendment listed definitions of terms under the Community Economic Development Program. The House bill contained no comparable provisions.

Senates recedes.

The Senate amendment authorized the appropriation for Community Economic Development of \$84 million for fiscal year 1975 and such sums as necessary for fiscal year 1976 and fiscal year 1977. The House bill authorized such sums as necessary for each of the three fiscal years.

The conference agreement provides that for fiscal year 1975 there is authorized to be appropriated for the Community Economic Development Program \$39 million plus such additional sums as may be necessary. For fiscal years 1976 and 1977 there is authorized to be appropriated such sums as may be necessary.

The House bill contained a separate statement of purpose and Congressional findings. The Senate amendment contained no comparable provision.

House recedes.

The House bill authorized a Minority Business Assistance Program in the Department of Commerce to provide grants for technical and management assistance to minority business enterprises. The Senate amendment contained no comparable provision.

The House recedes.

The statement of purpose in the Senate amendment included providing financial assistance to provide employment and ownership opportunities for residents including those with limited English ability. The House bill contained no comparable provision.

The House recedes.

The Senate amendment included "industrial parks" in programs eligible for funding. The House bill contained no comparable provision.

The House recedes.

The Senate amendment included "industrial parks" in programs eligible for funding. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided for coordination with local planning and with other programs. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided that Community Economic Development programs must assure adequate technical assistance and must fulfill a need not presently being met. The House bill contained no comparable provisions.

The House recedes.

The House bill prohibited financial assistance to relocate businesses if such relocation resulted in higher unemployment in original location. The Senate amendment contained no comparable provision.

The Senate recedes.

The House bill provided that the Rural Development Loan Fund consist of amounts deposited in such fund by the Secretary. The Senate amendment provided that remaining title III-A funds also be deposited in the fund. In addition, the Senate amendment provided that the Director utilize the services of the Farmers Home Administration in administering the fund.

The House recedes.

The House bill required a minimum of \$60 million available for grants to Community Development Corporations in order to deposit funds in the Community Development Loan Fund. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment required the Director to prepare a plan for a Model Community Economic Development Finance Corporation for long-term financing and required the Director to submit to the Congress a plan for such Finance Corporation by July 1, 1975. The House bill provided for a study on the feasibility of establishing development banks.

The conference agreement provides that the Director may prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation. The agreement deletes the specific statutory requirements that were contained in the Senate amendment. It is the intention of the conferees that the Director in developing such a plan for the establishment of the Corporation take into consideration the requirements that were included in the Senate amendment. Such plan shall be submitted to the appropriate Committees of the Congress not later than June 1, 1975.

The House bill required the administrators of the Small Business Administration within 90 days of enactment to issue regulations on the availability of small business programs to CDCs. The Senate amendment contained no comparable provision.

The Senate recedes with an amendment including limited small business investment companies in the list of entities to be included for the purposes of Sections 302, 303 and 502 of the Small Business Investment Act of 1958.

The House bill required, within 90 days of enactment, regulations insuring availability of assistance to CDCs under the Economic Development Administration. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment required steps to encourage financial and technical assistance and support by State and local governments. The House bill contained no comparable provision.

The Senate recedes.

The House bill required an annual report on federal programs relevant to Community Economic Development. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment required coordination with other federal agencies to insure placement of federal funds to further purposes of the Community Economic Development Program. The House bill contained no such requirement.

The conference agreement adds the requirement that the Director take all necessary and appropriate steps to encourage federal departments and agencies as well as State and local governments to cooperate with community development corporations and other entities receiving financial assistance under this Title. The conference agreement further provides that eligibility for assistance under other federal programs shall not be denied to any applicant on the ground that it is a community development corporation or other entity funded under this title.

The Senate amendment allowed grants and assets to be considered non-federal for purposes of meeting program requirements for non-federal contributions. The House bill contained no comparable provision.

The Senate recedes.

The Senate amendment authorized planning grants for Community Economic Development programs. The House bill contained no comparable provision.

The House recedes.

The Senate amendment established a Community Economic Development Resources Committee to develop plans and procedures for cooperation between various federal agencies. The House bill contained no comparable provision.

The Senate recedes with an amendment adding to the list of items that shall be included in the joint study the development of methods to assure maximum utilization of the resources of all federal agencies having responsibilities under this title, as well as other public and private agencies and organizations.

The Senate amendment created a National Commission on Community Economic Development including two Members each from the House and Senate plus nine other members familiar with the Community Economic Development programs, to report on the appropriate administrative agency for the Community Economic Development Program. The House bill authorized a joint study by the appropriate House and Senate Committees to determine the appropriate administrative agency.

The Senate recedes.

The Senate amendment required a final report by June 30, 1975; the House bill one year after enactment.

The Senate recedes.

The Senate amendment entitled the Native American Program the "Native American Economic Opportunity Programs Act". The House bill named the program the "Native American Program Extension Act of 1974".

The conference agreement provides that the title of this program be "Native American Programs Act of 1974".

The Senate amendment provided for administering the program through the Community Services Administration. The House bill administered the program through the Secretary of Health, Education, and Welfare.

The Senate recedes.

The Senate amendment required the Director to develop evaluation standards prior to obligating funds under the program. The House bill contained no comparable requirement.

The House recedes.

The Senate amendment provided for obtaining the views of program participants for program evaluations. It further required the Director to publish evaluation summaries within 90 days of completion and required assurances that such evaluations become public property. The House bill contained no comparable requirements.

The House recedes.

The House bill defined the term State to include the District of Columbia. The Senate amendment did not include this definition.

The Senate recedes.

The Senate amendment defined "Native Hawaiian"; the House bill did not.

The House recedes.

The Senate amendment required the evaluation by persons not directly involved in program evaluated. The House bill contained no comparable requirement.

The House recedes.

The Senate amendment required the Director to reassess priorities and determine the future of research demonstration activities. It also required the Director to report his determination to the appropriate Committees of Congress within twelve months of the date of enactment. The House bill contained no comparable provisions.

The House recedes.

The Senate amendment required publication of standards of evaluation prior to obligating funds for fiscal year 1976. The House bill contained no comparable provision.

The House recedes.

The House bill required publication of evaluations within 60 days of completion. The Senate amendment stipulated 90 days and required submission of such reports to the appropriate Congressional Committees.

The House recedes.

The House amendment provided for the evaluation of programs by heads of other agencies in addition to the Director. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment authorized the administration of the Research and Demonstration Program through the Community Services Administration. The House bill authorized the administration of a Human Services Policy Research Program through the Secretary of Health, Education, and Welfare.

The House recedes.

The Senate amendment required at least 25% of research funds under this title for programs authorized under local incentive and community partnership sections. The House bill contained no comparable provision.

The conference agreement provides that in making grants or contracts under this title the Director shall give due consideration to requests for funds by applicants receiving financial assistance under Section 221 or 235 of the Act.

The House bill required the Secretary to consult with State and other federal agency heads on evaluations under this title. The Senate amendment contained no comparable provision.

The Senate recedes.

The House bill specified that unless expressly limited funds appropriated remain available until expended. The Senate amendment contained no comparable provision.

The Senate recedes.

The Senate amendment extended authorization for appropriations automatically for one additional fiscal year in absence of Congressional action on authorizations of appropriations. The House bill contained no comparable provision.

The House recedes.

The Senate amendment provided that officers of OEO who had been confirmed by the Senate continue to serve in an acting capacity in comparable positions in the Community Services Administration but the President must submit nominations for positions in the Community Services Administration within 90 days of its establishment. The House bill contained no comparable provision.

The Senate recesses.

The Senate amendment amended the Child Abuse Prevention and Treatment Act to authorize grants or contracts through the National Center on Child Abuse and Neglect. The House bill contained no comparable provision.

The House recesses.

The Senate amendment amended the Child Abuse Prevention and Treatment Act to define the term State. The House bill contained no comparable provision.

The House recesses.

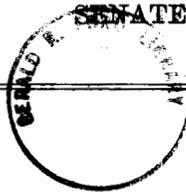
CARL D. PERKINS,
AUGUSTUS F. HAWKINS,
ALBERT H. QUIE,

Managers on the Part of the House.

GAYLORD NELSON,
HARRISON A. WILLIAMS, JR.
JENNINGS RANDOLPH,
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ALAN CRANSTON,
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WILLIAM D. HATHAWAY,
JACOB K. JAVITS,
RICHARD S. SCHWEIKER,
ROBERT TAFT, JR.
J. GLENN BEALL, JR.

Managers on the Part of the Senate.





HEADSTART, ECONOMIC OPPORTUNITY, AND COMMUNITY PARTNERSHIP ACT OF 1974

NOVEMBER 20, 1974.—Ordered to be printed

Mr. NELSON, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany S. 4178]

The Committee on Labor and Public Welfare, to which was referred legislation to provide for the extension of Headstart, community action, community economic development, and other programs under the Economic Opportunity Act of 1964, to provide for increased involvement of State and local governments in antipoverty efforts, and for other purposes, having considered the same, reports an original bill thereon, and recommends that the bill do pass.

INTRODUCTION

PURPOSE

It is the purpose of this bill to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, as amended, including Community Action, Senior Opportunities and Services, Headstart, Follow Through, and others. In recognition of the past delegation of certain programs under the delegation authority of the Director of the Office of Economic Opportunity, the Committee has legislated the transfer of several programs to the Department of Health, Education, and Welfare, Headstart, Follow Through, Native Americans, and the Research Program.

CONSIDERATION OF LEGISLATION

The Committee on Labor and Public Welfare has considered three bills to extend programs under the Economic Opportunity Act (H.R. 14449, S. 3798, and S. 3870) during this session of Congress.

The Community Services Act (H.R. 14449) passed the House of Representatives on May 20, 1974, by a vote of 331 to 53. The House-passed bill would transfer the remaining programs under the Office of Economic Opportunity to the Department of Health, Education, and Welfare, except for the Community Economic Development program which would be transferred to the Department of Commerce.

On July 23, 1974, Senators Javits and Kennedy introduced S. 3798, to establish an independent agency to which the programs under the Economic Opportunity Act would be transferred.

On August 1, 1974, Senator Nelson introduced S. 3870 which would have transferred the remaining programs under the Office of Economic Opportunity to the Department of Health, Education, and Welfare.

On August 8, 1974, the Subcommittee on Employment, Poverty, and Migratory Labor received testimony on these pieces of legislation.

A SUMMARY OF THE MAJOR PROVISIONS OF THE BILL

The Committee reported "Headstart, Economic Opportunity, and Community Partnership Act of 1974" provides for the continuation of programs presently authorized under the Economic Opportunity Act of 1964, as amended, including the Community Action Program, and establishes a Community Services Administration as the successor agency to the Office of Economic Opportunity to administer these programs. In brief the Committee reported bill—

Extends the Economic Opportunity Act for three years, authorizing the appropriation of such sums as may be necessary for fiscal years 1975, 1976, and 1977.

Continues the Office of Economic Opportunity until October 1, 1975. At any time after June 30, 1975, the President may submit Reorganization Plan to transfer (not earlier than October 1, 1975) community action programs to the Department of Health, Education, and Welfare and community economic development programs to the Department of Commerce. Either House of Congress could disapprove such Reorganization Plan within 60 days. If the President did not submit Reorganization Plan, or Congress disapproved it, OEO would become the Community Services Administration, which would be an independent agency in the Federal Government.

Provides legislative authority for Head Start, Follow Through, Native American and research programs in the Department of Health, Education, and Welfare (HEW now operates such programs under delegation arrangements from OEO).

Retains 80 percent Federal, 20 percent local share of costs, same as the Economic Opportunity Act currently requires of Community Action programs.

Authorizes additional program of "Community Partnership" incentive grants to augment those funds made available by State and local governments for community action programs.

Authorizes appropriation of such sums as may be necessary for Economic Opportunity Act programs for fiscal years 1975 through 1977. Any amount between \$330 million and \$450 million for local initiative community action programs be allocated in equal amounts

between direct local initiative funds and community partnership grants.

DESCRIPTION OF PROGRAMS

Community Action

The Community Action program provides assistance, both financial and technical, to communities conducting programs to reduce poverty. Community Action was originally conceived in recognition of the fact that, while poverty is a national concern, its various causes and symptoms are best understood and best dealt with at the local level. Communities are encouraged and helped to develop programs aimed at the special needs of their own poor families, to develop their own ideas, commit their own resources, assume responsibility for initiating and carrying out programs suited to their own needs. Under the Community Action program, financial and other assistance is provided to the communities for a variety of purposes and through a variety of mechanisms and a number of categorical approaches.

Local Initiative

Local Initiative funding is the basic versatile money which provides support for the total Community Action process, which includes analysis of community problems, the development of a strategy for dealing with those problems, the assignment of priorities, the development of programs to accomplish specific objectives, mobilization of resources to support needed program efforts, the conduct of programs, and self-evaluation of these efforts. In addition, Local Initiative funds sustain a wide range of specific programs dealing with health, manpower, day care, youth development and other programs in addition to "special emphasis" programs which receive funds from specific sources other than Local Initiative.

Community Economic Development

The Community Economic Development program provides support for economic and community development in urban and rural areas with high concentrations of poor people through community development corporations and cooperatives. The program is designed to support a limited number of significant and highly visible projects promoting opportunities for community self-development, individual entrepreneurship, and good jobs.

Emergency Food and Medical Services

The Emergency Food and Medical Service program was established to provide food and assistance in areas with serious hunger problems. Its chief purposes have been to provide mechanisms and facilities, such as out-reach, transportation, certification assistance and liaison, and to identify and overcome obstacles to the full use of food programs, rather than direct feeding. In a limited way the program has provided food on a temporary basis in critical situations. Funds have been used for self-help projects whereby participants can raise and process their own foodstuffs.

Environmental Action

This program authorizes projects to combat pollution and improve the environment. It combines the elements of a work program with a recognition of the need to improve the environment, particularly the environment in which the poor find themselves. Projects may include

clean-up and sanitation activities, reclamation and rehabilitation of areas damaged by natural and man-made destruction.

Rural Housing Development and Rehabilitation

This program is designed to give special emphasis to the problem of inadequate housing in rural areas. Its purpose is to encourage experimentation in rural areas, to enhance existing Federal housing programs, and provide new housing thrusts in the future through assistance to nonprofit rural housing development corporations and cooperatives for construction of new housing and the repair and renovation of existing housing.

Senior Opportunities and Services

The Senior Opportunities and Services program is designed to meet the special needs of elderly citizens which are not met by the more general programs designed for younger persons. Health, employment, housing, consumer, welfare and other needs of the elderly are recognized and provided for.

Design and Planning Assistance

This program provides financial assistance for technical assistance and professional architectural and related services for programs conducted by community-based design and planning organizations. The program encourages the maximum use of voluntary services of professional and community personnel.

National Summer Youth Sports Program

The National Summer Youth Sports Program provides disadvantaged young people with recreation and physical fitness instruction concentrated in the summer months and utilizing college and university and other recreational facilities. The program includes instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education. It is currently administered through the National Collegiate Athletic Association, and in 1973 involved 105 participating institutions located in 71 cities.

Consumer Action and Cooperative Programs

The Consumer Action and Cooperative program aids the development and operation of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs. It is intended to aid low-income individuals and groups in enforcing consumer rights and protect such individuals and groups against unfair or discriminatory trade and commercial practices.

Technical Assistance and Training

The Director provides training and technical assistance to communities to develop and conduct programs to meet their own needs and national goals. The Director may assign personnel to the local agency for limited times. However, most assistance is provided through contracts with various professional and volunteer organizations which have special competence in the areas involved.

State Agency Assistance

State agencies under this program are generally an adjunct to the Office of the Governor within the individual State. Their purpose is to

mobilize antipoverty resources within the State, serve as an advocate for the poor, provide technical assistance to grantees, consult with Federal officials and local Community Action agency personnel on funding requests, give advice training and technical assistance, and assist in monitoring and evaluation of program activities.

Rural Loan Program

The Rural Loan Program provides loans to low-income rural families to assist them in maintaining and raising their income. Loans are made to both individuals and cooperative associations. The program is conducted by the Farmers Home Administration.

Special Programs for Migrants and Seasonal Farmworkers

Title III-B authorizes special programs for millions of Americans who depend for bare subsistence on earnings sporadically available from farm employment. The program serves both those classified as seasonal-hire farm labor and those who migrate during peak harvest seasons. These programs provide a wide variety of services including day care, remedial education (including high school equivalency), emergency food and housing, and health care.

Research and Demonstrations and Evaluation

Research activities are designed to expand information on the causes of poverty, its incidence and on the means and mechanisms necessary to alleviate it. These efforts seek to develop workable models and innovative programs that can be used by Federal, State or local agencies to meet the needs of the poor. The research program authorized under the Economic Opportunity Act is presently operated by HEW under delegation by the Office of Economic Opportunity, provides broad policy research on questions of employment, income maintenance, etc. and basic research and statistical studies on the extent and causes of poverty.

Evaluation activities involve attempts objectively to assess the effects of a given program and the relative effects of different programs and techniques, as well as other variables such as different managerial and operational techniques.

Headstart

Headstart is a comprehensive preschool program for poor children providing medical, dental, nutritional, educational, and social services so as to meet many of the intellectual, social, and health needs and enhance the quality of life of the deprived school child while he is in the program. There is emphasis on parental involvement. Headstart serves children through three basic programs—full year, part-day; full-year, full day; and summer programs. Headstart is conducted by the Office of Child Development in the Department of Health, Education, and Welfare.

Follow Through

Follow Through is designed to build upon the gains enjoyed by children in Headstart and, as in Headstart, a range of early childhood needs—educational, physical, psychological, as well as social needs—are recognized through programs conducted in the early grade school years. Follow Through is administered by the Office of Education in the Department of Health, Education, and Welfare.

Native American

The Native American program, applies innovative approaches to the special needs of Indians and Alaska Natives in an effort to increase the economic and social self-sufficiency of the Indian people.

NEED TO CONTINUE THE ANTI-POVERTY PROGRAMS

The need for the anti-poverty programs authorized by the Economic Opportunity Act has been underscored by support from national leaders representing a variety of viewpoints. They insist that we not abandon programs that have demonstrated their effectiveness in reaching out to help solve the problems of the poor. Rather, they urge the Federal government to continue and strengthen these programs, heeding the admonition of the National Advisory Council on Economic Opportunity that even in normal times Federally funded anti-poverty programs "are *important* in urban areas and *indispensible* in rural areas." (emphasis added)

Cleveland Gilcrease, President of the National Association for Community Development, was one such leader who testified on behalf of the need to continue the Community Action Agencies. He said:

Before any of you make a final decision on the nature of our legislation, I would hope you could answer for yourselves the question I would pose here: What is the potential of community action?

Over the past 10 years, CAP's have developed a strong capability for applying limited Federal, State, and local resources in coordinated, comprehensive programming which attacks basic problems in hardcore poverty areas.

Developing skills and utilizing untapped resources in such areas as job training, housing, drug rehabilitation, health services, transportation, and other essential, often experimental services, no other agency in any community has provided the umbrella for the storm of calamity which constantly assaults the poor.

No other resources in the areas served by CAAs can claim comparable outreach and impact. With adequate Federal funding and other elements—including the independent Federal home—which make up the legislation before you, much of the potential of Community Action programs can be realized.

Unquestionably, the CAP's programs have stimulated the mobilization of local resources, which together have gone a long ways toward alleviating some of the miseries and inevitable consequences of being poor in a nation of affluence.

Other statements in support of continuing the anti-poverty programs were made in testimony before the Subcommittee on Employment, Poverty, and Migratory Labor in the course of hearings on this legislation.

Senator Robert Dole (R-Kan.), for example, presented a statement to the Subcommittee in which he said:

One of the strong selling points of the whole community action process is that it encourages an expression of need from

the community to be served, and then develops a flexible and unique program to meet those needs—with a minimum of red tape and bureaucratic interference. The Community Action approach to social service problems is the proper one, I think, because it endeavors to attack the cause of those problems, rather than attempting to cover up the fact that they exist. Community action deals with the disadvantaged as individual human beings, rather than mere numbers. And properly operated, it offers a "hand to" instead of a "hand out".

Senator J. Bennett Johnston's (D-La.) testimony called attention to what he called the "shocking" number of Southern poor. He said:

As I am sure you know, these are not mere figures but represent millions of Americans who are daily suffering the stigmas, the disabilities, and the restricted opportunities that afflict those who are forced to live in poverty in the midst of plenty. In short, Mr. Chairman, this is not the time for the Federal Government to withdraw from its commitment to battle poverty. The impoverished and the Nation cannot stand to have these programs dispersed and debilitated, and to have the antipoverty focus lost.

Even in the short time since this testimony was given, the worsening economy has created greater problems for our nations poor, while threatening to force still more Americans into poverty.

The poor suffer particularly from what one economist has called "stagflation," that is a high rate of inflation and a high rate of unemployment.

As President Ford noted in his economic message to the Congress of October 8:

Now, I know that low-income and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

Food, housing, and fuel costs, which together constitute 82 percent of the increase in the cost of living, also make up a 40 percent larger chunk of the budget of the low income family than of the average family. And for the poor, as well as for others, there is little relief in sight: as of the third quarter of 1974, the Wholesale Price Index has been increasing at a 28.1 percent annual rate, and the price of industrial commodities has been rising at a rate of 20.3 percent, insuring higher prices for many necessary products far into the foreseeable future.

Furthermore, the "substitution effect" that serves to cushion somewhat the blow of economic distress on middle-income families simply does not function below the poverty line. As H.E.W. economist John Palmer said in a recent study on the effects of inflation:

The poor have little or no flexibility to adjust to job or real income losses: if the demand for unskilled labor slackens there are no lower-paying jobs for which they can compete. If the price of low-grade cuts of beef rises, there are no lower cuts to substitute.

In terms of employment, the poor are too often the last in and the first out, which only increases their already great need for anti-poverty services.

The Labor Department tells us that unemployment in so-called "poverty areas" (defined as those census geographical divisions in which 20 percent or more of the residents are poor) runs at twice the national rate. Currently, the national rate of unemployment is 6 percent and climbing, and there are few analysts who expect it to stop short of 7 percent.

But even the "official" unemployment figures do not reflect the number of persons who are underemployed (or "subemployed") in poverty areas. Those include:

The people who are so discouraged they have simply given up on finding a job (and therefore no longer show up in the official rates);

The people who are locked involuntarily into a part time job;

The people who are employed full time in dead-end jobs at wages below the poverty level.

Even during the prosperous sixties, when most economists were telling us we were living through an era of so-called "full employment", an Urban Employment Survey showed a startling 33.5 percent rate of "subemployment" in our nation's cities. And when those figures were updated by a special task force analyzing the 1970 Census data the figures showed that over 30 percent of the inner city workforce still either had no jobs at all, or failed to earn more than the poverty level.

The need for the continuation and expansion of the poverty programs is therefore self-evident. Importantly, the Committee also believes that the current programs have shown the value of a separate agency at the Federal level to serve as an "advocate for the poor" in relation to actions of other established agencies, free to experiment, innovate and evaluate programs.

The National Advisory Council on Economic Opportunity, in its Seventh Annual Report issued late this summer, says:

The Economic Opportunity Act and its programs provided a visible and identifiable advocate for the poor at all levels: the Federal Office of Economic Opportunity, the State Offices of Economic Opportunity, and local Community Action Agencies. It is the Advisory Council's observations that these advocates have served valuable and important functions.

For these reasons, then, the Committee strongly feels that the existing antipoverty program should be continued.

COMMUNITY ACTION

Although Community Action was once highly controversial, the Committee finds that it enjoys wide acceptance and support from State and city officials and civic leaders from all sections of the country, reflecting the full spectrum of political persuasion. However, it is difficult for State and local governments to provide Community Action Agencies with significant financial support in the current state of the economy. The Committee finds that most State or local

governments are not in a fiscal position to assume a larger responsibility for the funding of Community Action Agencies in the immediate future.

The Committee believes that continued strong Federal commitment to Community Action Agencies through 80 percent Federal share of the funding is essential. Communities which can contribute to the support of community action programs should be encouraged to do so, and the new authority contained in this bill for community partnership agreements should provide incentives for such support.

Community Action Agencies clearly perform a unique and essential function not only in providing services to the poor, but in reflecting the specific concerns of the communities they serve. Local participation and flexibility are the cornerstones of the Community Action Program.

The Community Action Program has been successful because it has been tailored to the unique needs of each local community. There are over 900 Community Action Programs at the present time. Functioning as part of the local government has, in some cases, been determined to be the best method of serving the community, and some 95 Community Action Programs are public agencies operating through the local government structure. In other instances, private nonprofit agencies have been found most appropriate. The Committee believes it essential to preserve this flexibility to meet the specific needs of the local community.

Community Action Agencies have been most effective in mobilizing other Federal and local resources.

The Committee believes that one of the most important functions of Community Action Agencies is to initiate innovative programs. In the past, CAPs have responded to specific local problems with programs which may have applicability on a national level. The Maine Community Action Agency's energy conservation project initiated last winter in response to the severe impact of the energy crisis on the poor is one outstanding example.

The opportunity for employment and the development of leadership capabilities among low-income individuals in communities served by Community Action Agencies has also been an important part of this program; 185,000 persons are presently employed by CAPs and delegate agencies. Of these individuals, roughly half were poor or on welfare rolls before their employment with CAPs. Moreover, many former CAP employees have moved on to successful careers elsewhere in public and private life. The Committee regards these employment and leadership factors as highly significant.

It is the Committee's expectation that currently funded Community Action Agencies will be sustained. Subcontracts entered into by these agencies must be fulfilled. The Committee urges that the new Community Services Administration to retain the regulations promulgated by the Office of Economic Opportunity, to the extent feasible. At the very least, the Committee expects, in the period of transition between the termination of the Office of Economic Opportunity and the establishment at full operating level of the Community Services Administration, that these regulations shall remain in force.

COMMUNITY ECONOMIC DEVELOPMENT

The Committee bill extends the authority now contained in title VII of the Economic Opportunity Act relating to community economic development, with strengthened provisions to assure the availability of resources from other Federal agencies and the availability of long-term capital for community economic development corporations and other grantees.

The revised title VII contains four parts:

Part A provides for financial and other assistance to community economic development corporations for "special impact" programs to arrest tendencies toward dependency, chronic unemployment, and community deterioration in urban areas having concentrations or substantial numbers of low-income persons.

Part B establishes special programs to meet the economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons, by providing financial and other self-help assistance to low income farm families and rural cooperatives.

Part C strengthens the credit arrangements available to community economic development programs.

Part D provides for other supportive programs and activities for community economic development programs including technical assistance and training.

The Committee bill also provides for the continued administration of the community economic development program under the Office of Economic Opportunity or any independent successor authority. The Committee strongly believes that such independence is important for the expansion and development of this unique self-help program. However, the bill does provide that the President may, after June 30, 1975, submit to Congress a reorganization plan transferring the administration of the community economic development program to the Department of Commerce, with strict criteria relating to the autonomy and character of the program within that department. Such a plan would take effect 60 days after its submission to Congress unless it is disapproved by either House of Congress. So that the President may make his decision regarding the administrative status of this program with as much information as possible, there is established under the Committee bill a Commission to undertake a study of community economic development efforts for submission to the President and Congress on or before June 30, 1975.

The Committee bill also provides increased authorizations so that the community economic development approach can be expanded, through planning and other grants, to other needy areas in the Nation.

The Committee considers community economic development corporations and other similar self-help entities under title VII to be key ingredients in the nation's anti-poverty efforts.

Programs conducted by the Community Economic Development Corporation and other self-help entities combine business development efforts with job training and employment, social services programs, and a wide variety of other efforts reflective of community needs. These programs are designed to be comprehensive responses to the needs of all persons living in communities or areas with concentrations or substantial numbers of low-income persons. They include,

but are not to be limited to, business enterprises; and the persons served include, but are not to be limited to, minorities.

Because of this comprehensive approach, the Committee strongly believes in maintaining the autonomy and independence of this program as a complement to self-help programs such as those sponsored by the Office of Minority Business Enterprise, the Small Business Administration, and other such administrative entities. It is therefore the intent of this Committee that the programs funded under this title be administered separately, in order to insure their administrative autonomy and to maintain a clear distinction between minority entrepreneurship and community economic development—the former benefitting individuals, whereas the latter is designed to make an appreciable impact, through a comprehensive approach, on the social and economic conditions of an entire community.

COMMUNITY PARTNERSHIP AGREEMENTS

The Committee bill includes in section 9 new legislative authority for community partnership agreements.

This new authority is designed to provide the resources and mechanism to encourage State and local governments to participate more fully in antipoverty efforts in conjunction with community action and similar agencies, thus forging creative partnerships to meet additional needs.

Under the new authority, the Director may provide financial assistance for programs and activities (of the type authorized under title II of the Economic Opportunity Act generally), upon approval of an agreement meeting certain specifications as to the use of funds entered into by a community action or similar agency, or a combination of such agencies, as one party, and a public agency of a State or local government or combination, as the other party. Funds available to areas under the new authority will be in addition to local initiative funds.

The Committee bill also establishes an "Intergovernmental Advisory Council on Community Services", including representatives of State and local governments and community action agencies to act as a catalyst in the formulation of such agreements.

The Committee expects that State and local governmental agencies and community action agencies may use this new authority for cooperative efforts to deal with the effect of the economic crisis on the poor (such as authorized under the "Emergency Energy Conservation Services" program) as well as other purposes upon which they agree.

The Federal matching share will not exceed 80 percent of the cost of carrying out community partnership agreements, and the State and local share must be in cash.

NEW SPECIAL EMPHASIS PROGRAMS

Section 10 of the Committee bill amends section 222(a) of the Economic Opportunity Act to include three new special emphasis programs.

"*Emergency Energy Conservation Service*", designed to enable low-income individuals and families and others, to participate in energy

conservation programs designed to lessen the impact of the energy crisis on such persons. This includes such activities as winterization of old or substandard dwellings, special transportation activities, and similar functions.

The Committee is very concerned about the effect of the energy crisis on the poor during the winter months, and the special hardships which the poor will face this winter as a result of the economic situation, as documented during the recent "economic summit", as well as in hearings before the Select Committee on Nutrition and Human Needs earlier this year.

"*Summer Youth Recreation Program*" designed to provide recreation opportunities for low-income children during the summer months. This authority is designed to provide for continuation of a program similar to the Neighborhood Youth Corps summer recreation program conducted previously under the general authority of the Manpower Development and Training Act of 1962, repealed by the Comprehensive Employment and Training Act of 1973, as well as the Economic Opportunity Act.

"*Urban Housing Demonstration Program*" designed to encourage and assist low-income families living in neighborhoods characterized by abandoned and deteriorating housing to continue to maintain housing as a supplement to existing community development and housing legislation.

SENIOR OPPORTUNITIES AND SERVICES

The Senior Opportunities and Services program (SOS) was first established in 1967 to identify and meet the needs of the elderly poor (persons above the age of 60) in several key areas. One of the priority goals of the program is to provide older Americans with effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and other services.

The value and worth of SOS has been demonstrated time and time again. For many aged poor the wide array of services has enabled them to live independently in their own homes and in dignity. Additionally, the program has succeeded in improving the conditions of the elderly poor in many other ways, including economical, psychological, nutritional, medical, and others.

To allow for the orderly and continued growth of SOS, the Committee recommends funding levels of \$20 million for fiscal year 1975; \$25 million for fiscal year 1976; and \$30 million for fiscal year 1977.

The Committee has included language to strengthen representation services for the elderly under SOS. Section 222(a)(7) would be amended to authorize grants to higher educational institutions, public agencies, and nonprofit private organizations to (1) train paraprofessionals to provide counseling, representation, information, and referral services; (2) develop training materials relevant to such programs; and (3) establish and strengthen counseling, representation, information, and referral services for the elderly poor. The purpose of these provisions is to reaffirm Congressional intent that such services should be more readily available to SOS beneficiaries.

NATIONAL SUMMER YOUTH SPORTS PROGRAM

Section 227 of the current law provides for the operation of an annual Youth Recreation and Sports Program for disadvantaged youth to be concentrated in the summer months and continued throughout the year with a strong poverty orientation in the program. The 1971 legislation named the program the "Youth Recreation and Sports Program" to reflect a new year-round program requirement of enrichment and cultural activities in addition to the physical fitness instruction and sports competition component of the program.

The program is popularly known as the "National Summer Youth Sports Program" and this legislation so renames the program. It received Federal financial assistance in the amount of \$3 million annually during the summers of 1969, 1970, and 1971 through the Economic Opportunity Act's section 232 research and demonstration authority. Since the program model proved successful, OEO had intended to phase out its support, expecting the program to launch out on its own. But the Committee was informed that the program would have been discontinued in the absence of Federal financial support. Therefore, the Economic Opportunity Amendments of 1972 added section 227 to the Economic Opportunity Act.

Section 227 further provided a mechanism for bringing together community residents, disadvantaged participants, and collegiate personnel, in planning and operating the program, and required that program participants and local residents have a significant role in such planning and operation.

The Committee has been impressed with the record of the program in providing meaningful activities and assistance to disadvantaged youth, and in providing employment opportunities to residents of the target community. The program has been delegated each year to the President's Council on Physical Fitness and Sports in HEW, which has contracted with the National Collegiate Athletic Association to serve as the focal point for the individual colleges and universities participating in the program. Having these institutions and their members involved in such a program has led to the development of meaningful ties between colleges and their surrounding communities and residents, especially low-income residents, and contributes meaningfully to the welfare and development of participating disadvantaged youngsters.

Although the section became law on September 19, 1972, with the signing of P.L. 92-242, the program continued to be funded under section 232 authority until the summer of 1974, when, for the first time, the funds were obligated under section 227. Again, however, as during 1972 and 1973, only \$3 million was allocated to the program in FY 1974.

In approving section 227 during the 1972 consideration of the Economic Opportunity Act, the Committee expressed the belief that up to \$6,000,000 annually could be effectively used for the purpose of continuing, improving, and expanding the program on a year-round basis. The Committee regrets that only \$3 million has been made available since that time, and feels that the sum of \$6,000,000 should be allocated in the next fiscal year, providing certain deficiencies are corrected as follows: (1) the program guidelines should more clearly

reflect the objective of enabling members of the poverty community to participate in the planning and operation of the program; and (2) the statutory requirement of year-round activities must be clearly set forth in the regulations and carried out (the Committee notes that such activities are merely "encouraged" in the present guidelines).

The Committee has changed the name of the section 227 program to "National Youth Sports Program" in order to avoid confusion with the special emphasis ("Summer Youth Recreation") program established by a new paragraph (13) added to section 222(a) of the Economic Opportunity Act of 1964, as amended, by section 10(a) of the reported bill.

OUTREACH SERVICES FOR DISADVANTAGED VIETNAM-ERA VETERANS

Under the discretionary projects authority in the Economic Opportunity Act, the Office of Economic Opportunity has the authority to fund projects designed to provide special assistance for educationally or economically disadvantaged persons. One such project, which the Committee would like to single out for special commendation, is the Veterans Education and Training Service (VETS) project. This project has received a grant in each of the past three years for the purpose of establishing, in a number of cities, "outreach centers" specifically designed to provide counseling and social services to disadvantaged Vietnam-era veterans.

Approximately 14 percent of all Vietnam-era veterans lack high school diplomas, and significant numbers come from very low income families, or are in other ways disadvantaged. The difficulty of finding employment due to educational and training deficiencies, lack of awareness of GI Bill and other veterans benefit programs, and in many cases drug abuse and other related problems have combined to make readjustment to civilian life particularly difficult for many Vietnam-era veterans. These problems are often aggravated because many young veterans in this category are disenchanting by traditional solutions and with the "system", in general. Barriers caused by misunderstanding and mistrust in many cases have prevented the established veterans' organizations from providing disadvantaged veterans with meaningful assistance.

Numerous private and public projects have been created in an attempt to meet the special needs of disadvantaged veterans. The VETS "outreach" project under O.E.O. auspices has been effective in providing counseling and various social services for this group of veterans, largely because disadvantaged veterans have economic, social, and educational problems similar to the problems of the client community generally served by O.E.O. programs. As with many O.E.O. programs, the VETS project has been successful in reaching many veterans at the community level, which has proven to be an important factor in ensuring that the services provided by such programs reach those persons most in need of assistance.

It is the Committee's expectation that discretionary funding for veterans outreach services will be continued under the new Community Services Administration as it succeeds to the responsibilities of the Office of Economic Opportunity.

Finally, the Committee notes that veterans services projects, operated with the support and cooperation of the chief executive of the

municipality in which they are located, have been most successful in generating broad community support and participation, in addition to effective and coordinated programs. The Committee believes the Director should weigh this factor when awarding future contracts to private or public agencies for the purpose of providing veterans outreach services.

HEADSTART

The Committee bill transfers legislative authority for the Headstart program to the Department of Health, Education, and Welfare and extends that authority through fiscal 1977, as generally requested by the Administration.

In transferring the Headstart authority by legislation, the Committee simply recognizes in the law the delegation of operating authority from the Director of the Office of Economic Opportunity to the Secretary of Health, Education, and Welfare which took place in 1969. It is in no way intended to alter the nature of Headstart as a local community-based child development program with maximum parental involvement.

The Committee does not intend that HEW reorganize Headstart grantees or shift funds and control away from the community and other agencies which have had as much as eight years of experience operating Headstart. Section 514(c), which gives continued priority for funding to existing Headstart grantees, makes clear that decisions to terminate or deny refunding of a grantee can be made only for failure to comply with program and fiscal requirements established by the Secretary.

There has been some confusion as to how Office of Management and Budget Circular A-95 applies to Headstart. Applicable policy on this issue is contained in an Office of Child Development memorandum dated February 21, 1974, which clearly states that Circular A-95 (Part IV) does not require reorganization of Headstart projects. According to the policy statement, "... where it serves the aims and objects of the Headstart program, individual grantees may continue to be organized to serve children in more than one planning and development district, and more than one Headstart grantee may be funded to serve within a single planning and development district." The Committee agrees with this interpretation and wishes to point out that section 514, which authorizes multi-county Headstart grantees within a State, in no way restricts the operation of such grantees across substate regional boundary lines. Furthermore, in circumstances where a multi-purpose agency which receives Headstart funds is reorganized for planning purposes, there is nothing in the law which prohibits that agency from continuing to operate its Headstart program across boundary lines.

Section 513 (b) provides that financial assistance to Headstart programs shall not exceed 80 percent of the approved costs of the assisted program of activities. However, the Secretary may approve assistance in excess of 80 percent if he determines, in accordance with regulations establishing object criteria, that such action is required in furtherance of the purposes of the act. The Committee believes that a per capita income in the range of \$3,000 to \$3,500 is an appropriate level for qualifying for this exemption and believes further that the grantees who receive exemptions during FY 1973 and FY 1974 should continue to

be exempted under this provision, and all such exemptions should be made retroactive to July 1, 1974. It is the Committee's intent that the Secretary's regulations will insure that exemption or waivers of the 80 percent limitation will be given in these cases and whenever there is a need for extra Federal assistance as a result of the poverty of the program's participants. The Committee further expects that the Secretary's standards for this section will be regularly revised to take into account increases in the cost of living.

Section 518 (a) (1) provides that children shall be eligible for participation in Headstart "if their families are eligible or in the absence of child care would potentially be eligible for public assistance." It is the Committee's intent that children in families receiving public assistance are to be eligible for the Headstart program. It is also the intent that a child not be removed from Headstart if that child was admitted and participated when the family income met eligibility guidelines even though subsequently the income of that family at some point exceeds the eligibility guidelines. It is not intended that this provision be interpreted to require that a parent work outside the home in order for a child to participate in the Headstart program.

Section 513 provides for distribution of Headstart funds among the States according to the relative numbers of public assistance recipients, of unemployed persons, and of children from families below the poverty line. The Committee wishes to make clear that it does not desire to see any programs disrupted or have any State receive less money than it is presently receiving. Therefore, a hold-harmless provision was inserted in the legislation which will guarantee that no State will receive less money than it received in fiscal year 1975.

HANDICAPPED CHILDREN IN HEADSTART

Public Law 92-424 mandated that 10 percent of all enrollment opportunities in Headstart programs nationwide be available for handicapped children and that services be provided to meet the special needs of these children. In taking this action in 1972, the Congress had reviewed prior reports on the Head Start program and concluded that specific legislative action was necessary to ensure that the open enrollment policy of the Head Start program would include children with substantial and severe handicaps on the same basis as other children. The Senate Committee report filed with that legislation made clear that children with minimal handicaps were to continue to be enrolled in Head Start, and that only children with substantial handicaps "who by reason thereof require special education and related services" were to be counted for purposes of fulfilling this 10 percent mandate. The Committee report further made clear that such children with substantial handicaps were not to be separated from other children in separate projects or classes.

The Department's Second Annual Report on Head Start Services to Handicapped Children states that nationally 10.1 percent of all enrollment opportunities were available in 1973-74 for handicapped children. In examining the incidence figures reported by the Department, the Committee is concerned that 35 percent of the handicapped children were reported to be those with speech impairments, and that an additional 20 percent of these children had health or other develop-

mental impairments. These figures are not only higher than national incidence figures for the same categories, but raise serious question as to what proportion of this reported population meet the specific definition in the legislation, discussed further below. In addition, incidence figures for more substantial handicapping conditions are far below the national estimates. Finally, the Interim Report on Assessment of the Handicapped Effort in Experimental and Selected Other Head Start Programs Serving the Handicapped, prepared by the Division of Special Education and Rehabilitation at Syracuse University further reported substantial confusion in the field over the definition of handicapped children and a resultant *mislabelling* or *relabelling* of children formerly served by Head Start programs as handicapped in order to meet the 10 percent mandate. The Committee agrees with the House Committee on this issue, and particularly with regard to the definition of speech problems. Mislabelling of children to meet a Congressional mandate is a gross violation of the law and a grave injustice both for those children who are so labelled and who will outgrow their conditions, but may not outgrow the labels; as well as for those handicapped children who, because the opportunities for enrollment have been filled, will not be able to benefit from the substantial services that Head Start offers. The Committee believes that the definition of handicapped children is clear. That definition provides that handicapped children are those who are "mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children *who by reason thereof require special education and related services.*" This definition excludes children with correctable conditions who do not need further special services, or who will not require altered or additional educational services or support services.

With regard to confusion in the field and problems relating to enrollment of handicapped children, the Committee also believes that the findings of the Syracuse study are important as they relate to the good faith efforts of many Headstart projects in fulfilling their responsibilities under the law. That report notes that there has been a change in the progress of enrolling handicapped children as a result of the mandate, and an encouraging movement toward the inclusion of severely handicapped children. The report further finds the open enrollment policies of Headstart programs in relation to the mandate for handicapped children to be a positive policy, and that for the most part projects have considered the mandate for enrollment of handicapped children as an important and necessary service to the community that they serve. Despite the confusion over the definition, the report further cites instances of projects refusing to separate handicapped children or to label them in any way which could result in harm to the child. The Committee wishes to commend these efforts, particularly those Headstart programs that have been making this kind of progress at a time when funding has remained static.

The Committee must conclude that many of the problems projects have had with fulfilling the statutory mandate result from lack of clear leadership from the Office of Child Development, at both regional and headquarters levels, and a failure in some instances to receive cooperation from other community agencies or to receive assistance from the Office of Child Development and other Federal agencies in obtain-

ing this cooperation. The Committee therefore directs the Office of Child Development to take action to ensure that technical assistance is provided to all such projects, and that expertise of other existing Federal, State and local agencies be employed in assisting such projects. Particularly, with regard to inclusion of children with the most severe handicaps, technical assistance to projects must be forthcoming. The Committee believes that in terms of fulfillment of the mandate for the coming year, the Office of Child Development must place priority on enrollment of children with the most severe handicaps and on assisting projects in obtaining assistance and cooperation necessary from other agencies with expertise and involvement with handicapped children. The Syracuse report also points out that projects appear to have tried to satisfy the mandate by increased recruitment activities, but that in many cases, more substantial effort is needed both on recruitment and in planning programming for handicapped children.

It is in this regard that the Committee wishes to comment on the need for additional funding. Relatively little increase in Headstart funding over the last five years, along with necessary increases in wage costs and costs of services because of inflation, has greatly constricted the ability of Headstart grantees to provide services to all children. Testimony from Senate hearings on Headstart indicate that many projects felt this strain particularly with regard to expanding their ability to provide quality services to handicapped children and with regard to recruiting additional staff experts in this area and obtaining technical assistance for programming. The Committee is concerned about the failure of the Administration to request additional funds which would enable grantees to fulfill all of their responsibilities. Severely and multiply handicapped children may, in fact, require additional specialized service and the additional, or *excess* costs *necessary* for providing these services should be included in budgeting for the Headstart program. For example, the Headstart center may require renovations to accommodate a wheel-chair involving, at the very least, the placement of ramps. It is the Committee's belief that all efforts must be directed at obtaining those services in the community from other agencies first before additional Headstart funds are to be employed. In this regard, the Committee takes cognizance of other agencies' responsibilities under law to provide services to handicapped children, and that efforts should be made by the Office of Child Development and the Office of Education to assure that these responsibilities are fulfilled, and that cooperative arrangements are worked out which not only satisfy these responsibilities, but maintain the integrity of the Headstart program.

The Committee is hopeful that the fiscal year 1975 appropriation will result in increased funding for the Headstart program. However, the Committee also wishes to make clear that any additional funding which is obtained specifically for handicapped children must be used for those children, and for those costs which are, in fact, additional costs because of additional and different services needed for handicapped children. These funds should not be used to cover costs which are similar to those costs for all Headstart children. Furthermore, failures to obtain this funding in no way changes the responsibilities of the Office of Child Development or Headstart grantees' responsibilities under this law. In this regard, the Committee specifically expects

the Secretary of Health, Education and Welfare to submit estimates of the specific cost differentials for handicapped children and to include a justification of such cost differentials in terms of necessary excess costs in the Annual Report required by law on this program.

FOLLOW THROUGH

Part B of title V consolidates the legislative authority for Project Follow Through in the Department of Health, Education and Welfare and extends its authorization through fiscal year 1977. The Committee feels that Follow Through has been an effective program which has shown tremendous promise in creating new and exciting methods that aid in the continued development of children in the primary grades. The Committee specifically rejects any suggestion that Follow Through has outlived its usefulness and should be phased out. In transferring the legislative authority for the Follow Through program to the Department of Health, Education and Welfare, the Committee expects a continued funding of Follow Through at a level that is certainly no less than the \$60 million that was appropriated in fiscal year 1973.

ASSISTANCE FOR MIGRANT AND SEASONAL FARMWORKERS

In view of the demonstrated effectiveness of programs operated under Title III-B of the Economic Opportunity Act (EOA) of 1964, the Committee bill continues the authorization of funding for migrant and seasonal farmworker programs with respect to non-manpower activities.

In order to make clear that the Committee bill's extension of title III-B as a part of this legislation is not intended to duplicate section 303 of the Comprehensive Employment and Training Act of 1973 (CETA), the phrase "education and training" is amended to read "education and developmental programs." Thus, the function of the grantees under title III-B is complementary to, and in no way in conflict with, manpower training activities carried out under section 303 of CETA.

"Education and developmental programs" refers to the necessary preparatory services which are normally needed by farmworkers to ready them for employment or vocational training. In the context of title III-B, "education" refers to the specialized courses offered in preparation for the GED or High School Equivalency examination. In addition to basic education, such activities as consumer training, nutrition and health courses, child care and other supportive services, referrals, and related services, are all specifically authorized under title III-B. "Developmental programs" are those programs which are structured to permit economic, social and cultural progress on the part of the farmworkers as a necessary prerequisite to their entrance into full-time employment or training. Developmental programs aim at the total needs of farmworkers and their families once education has been received. These programs are designed to augment the self-respect and confidence awakened through education by permitting farmworkers to participate in socio-economic development programs.

Both developmental programs and education are priority activities of the 64 farmworker programs now functioning across the country.

Developmental programs and education must precede manpower training and are best viewed as part of a series of activities to help the farmworker. Viewed as a whole, these non-manpower activities constitute 90 percent of the services delivered by grantees currently operating throughout the country.

CETA with its emphasis on manpower programs does not cover the total field of activities which continue to be needed to provide a comprehensive program of assistance for migrant and seasonal farmworkers. Title III-B is designed to provide such comprehensive programs. The Committee does not view the funds earmarked for migrant programs under section 303 of CETA as replacing the need for separate funding under title III-B of this Act. The Committee therefore recommends funding of \$40 million for fiscal year 1975, \$50 million for fiscal year 1976, and \$60 million for fiscal year 1977.

NATIVE AMERICAN PROGRAM

The Native American Program (NAP) was transferred from the Office of Economic Opportunity to the Department of Health, Education, and Welfare under a delegation arrangement in FY 1974, applies innovative approaches to deal with the special needs of Indians and Alaska Natives, and provides for a better focusing of available resources to enable them to attain economic self-sufficiency.

The program assists native Americans, acting through their own instruments of self government, to establish their own programmatic and funding priorities and to provide direction to institutions and programs affecting their daily lives. A major element for the variety of Native American projects is overcoming the problems of poverty. Eighty percent of reservation residents are poor. Approximately 75 percent of native Americans not living on reservations are poor. Assistance under the Native American Program is provided through grants or contracts to tribal councils or other public or private non-profit agencies off reservations. The amount of the basic grants to reservations is based on the number of poor residents. Discretionary money is also available for short-term fundings to tribal councils or other grantees. The primary purposes of these grant and contracts include:

(1) strengthening of tribal government aimed at increasing the capability of reservation Indians to perform services now provided by non-Indian organizations;

(2) support of a range of services to meet individual and family needs;

(3) support for operation of urban centers serving Indian people living off reservations; and

(4) funding to encourage self-help and community economic development efforts.

The basic purpose of the Native American Program is to increase the economic and social service self-sufficiency of the Indian people. There is in line with the whole concept of self-determination which has as its main function to build the capacity of tribal governments and off-reservation Indians to make decisions and to manage programs

which affect their social and economic conditions. This is reflected in the Native American Program through two major activities: first, to assist tribal governments in building their capacity to manage economic development and human services; and, second, for off-reservation Indians, to develop the capacity for linking into human services delivery systems supported primarily through the Federal Government and State and local governments. This is done primarily through information and referral outreach centers in the major cities of the country with large concentrations of urban Indians.

The Committee bill continues the present focus of the Native American Program, but makes clear that Hawaiian Natives are to be served by the Native American Program. The Director is authorized to provide financial assistance to public and non-profit private agencies for projects to promote the goal of enabling American Indians, Alaskan Natives and Hawaiian Natives to become economically and socially self-sufficient. Technical assistance, training, and research and demonstration efforts related to the provision of this financial assistance is also authorized.

The estimated budget for the next three fiscal years is \$83.5 million for fiscal year 1975, \$37 million for fiscal year 1976, and \$43 million for fiscal year 1977.

ESTIMATE OF COSTS

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-150), the Committee estimate of the cost of carrying out this bill is set forth in the following table:

Program	Fiscal year—		
	1975	1976	1977
Local initiative.....	\$390.0	\$390.0	\$390.0
Community partnership.....	60.0	120.0	180.0
Community economic development.....	84.0	120.0	156.0
Emergency food and medical services.....	30.0	35.0	35.0
Senior opportunities and services.....	20.0	25.0	30.0
Consumer action and cooperative services.....	10.0	15.0	20.0
Design and planning assistance programs.....	10.0	15.0	20.0
Native Americans program.....	33.5	37.0	43.0
Emergency energy conservation services.....	100.0	100.0	100.0
Youth sports program.....	6.0	6.0	6.0
Summer youth recreation program.....	26.0	30.0	35.0
Rural housing.....	10.0	15.0	20.0
Urban housing.....	10.0	15.0	20.0
Training and technical assistance.....	5.0	6.0	7.0
State economic opportunity offices.....	12.0	12.0	12.0
Intergovernmental Advisory Council on Community Services.....	1.5	1.5	1.5
Migrant program.....	40.0	50.0	60.0
Head Start.....	500.0	550.0	600.0
Follow Through.....	60.0	65.0	70.0
Research and demonstrations.....	22.0	22.0	22.0
Evaluation.....	60.0	70.0	80.0
Other programs and administration.....	30.0	30.0	30.0
Total.....	1,520.0	1,729.5	1,937.5

VOTES IN COMMITTEE

The bill was ordered reported by a unanimous roll-call vote. There were no other roll-call votes in Committee on this legislation.

The votes on reporting the bill were as follows:

Yeas (13)

Harrison A. Williams, Jr.	Jacob K. Javits
Jennings Randolph	Richard S. Schweiker
Claiborne Pell	Robert Taft, Jr.
Edward M. Kennedy	J. Glenn Beall
Gaylord Nelson	Robert T. Stafford
Walter F. Mondale	
Alan Cranston	
William D. Hathaway	

Nays (0)

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that this legislation may be cited as the "Headstart, Economic Opportunity, and Community Partnership Act of 1974".

Section 2. Statement of purpose

This section states that it is the purpose of the legislation to extend programs under the Economic Opportunity Act of 1964 and to provide for increased involvement of State and local governments in antipoverty efforts by authorizing a community partnership program.

Section 3. Headstart and Follow Through

This section provides for a new title V of the Economic Opportunity Act of 1964, except for part B of the existing title V which is redesignated as part C.

TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

Sec. 501. Purpose of title

This section states that the purpose of the title is to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

Sec. 502. Office of Child Development

This section provides that part A (relating to Headstart) of this title shall be administered in the Department of Health, Education, and Welfare; and that there shall be established within the office of Child Development a division of migrant programs and a division of Indian programs with sums of \$10,000,000 authorized to be appropriated annually for the administration of each such division.

PART B—HEADSTART PROGRAMS

Sec. 511. Financial assistance for Headstart program

This section authorizes the Secretary of Health, Education, and Welfare to provide financial assistance to eligible agencies which provide comprehensive health, educational, and other social services and which provide for the direct participation of parents.

Sec. 512. Authorization of appropriations

This section authorizes appropriations of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part.

Sec. 513. Allotment of funds; limitations on assistance

This section sets aside funds available to territories; establishes discretionary funds up to 20 percent for the Secretary; allots funds to States on the basis of relative numbers of public assistance recipients, unemployed persons, and children from families below the poverty line; limits Federal share to 80 percent of approved costs; pro-

vides that services must be in addition to comparable available Federal services; provides that 10 percent of total number of enrollment opportunities in Headstart programs in the Nation must be available for handicapped children; and requires equitable distribution of services under this part between rural and urban areas.

Sec. 514. Designation of Headstart agencies

This section authorizes the Secretary to designate as Headstart agencies any public and private agencies which are determined by the Secretary to be capable of meeting the purposes of this part.

Sec. 515. Powers and functions of Headstart agencies

This section defines powers and functions of Headstart agencies; authorizes them to receive and administer Headstart funds under the provisions of this part; provides for parental and community involvement in the conduct of programs, and for technical assistance and training.

Sec. 516. Submission of plans to Governors

This section provides for submission of program plans to Governors prior to approval and, if disapproved, for reconsideration by the Secretary.

Sec. 517. Administrative requirements and standards

This section establishes requirements for the standards of organization, management, and administration which will ensure the purposes of this part; limits program administration and development costs to 15 percent of total program costs; requires the publication and distribution of rules and regulations which are to be promulgated by the Secretary.

Sec. 518. Participation in Headstart programs

This section provides that the Secretary shall by regulation prescribe eligibility for participation in Headstart programs, including children from poverty families or whose families are eligible or would in the absence of child care be potentially eligible for public assistance, disadvantaged children of limited English-speaking ability, and a reasonable proportion of other children. The section also prohibits the Secretary from imposing any fees for participation in Headstart.

Sec. 519. Appeals, notice, and hearing

This section provides for notice and opportunity for appeals by agencies whose request for funding has been denied; and a full and fair hearing prior to the termination of funding.

Sec. 520. Records and audits

This section requires the maintenance of adequate financial records by recipients of financial assistance and their accessibility by Government auditors.

Sec. 521. Technical assistance and training

This section authorizes the Secretary to provide technical assistance and training.

Sec. 522. Research, demonstration, and pilot projects

This section authorizes the Secretary to provide financial assistance to public or private agencies for research, demonstration, and pilot

projects; and for the Secretary to establish an overall plan for their approval.

Sec. 523. Announcement of research, demonstration, and pilot projects

This section directs the Secretary to make public announcements of information concerning research, demonstration, and pilot projects within 30 days.

Sec. 524. Evaluation

This section requires that the Secretary provide for the continuing evaluation of programs conducted under this part; publish standards of evaluation, and authorizes him to require Headstart agencies to conduct independent evaluations.

PART B—FOLLOW THROUGH PROGRAMS

Sec. 551. Financial assistance for Follow Through programs

This section authorizes the Secretary to provide financial assistance to appropriate agencies, organizations, and educational institutions to carry out Follow Through programs which will serve primarily children from low income families who were previously enrolled in Headstart and are currently enrolled in Kindergarten and primary grades. Programs must provide comprehensive services which the Secretary finds will aid in the continued development of these children.

Sec. 552. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal years 1975 through 1977 to carry out this part; limits Federal share to 80 percent of approved program costs with a waiver provisions; requires that services supplement, not serve as a substitute for, existing services.

Sec. 553. Research, demonstration, and pilot projects; evaluation; and technical assistance activities

This section authorizes the Secretary to provide financial assistance for research, demonstration, and pilot projects, and for program evaluation, and technical assistance and training in furtherance of the purposes of this part.

Sec. 554. Special conditions

This section generally provides that recipients of financial assistance under this part shall make maximum employment opportunities available to parents of program participants and to community residents; provides for adequate notice and fair hearings prior to suspension of grants.

PART C—GENERAL PROVISIONS

Sec. 571. Definitions

This section defines terms.

Sec. 572. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 573. Comparability of wages

This section requires the Secretary to ensure that salaries are not in excess of prevailing rates of compensation in communities for comparable responsibilities.

Sec. 574. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 575. Limitation with respect to certain unlawful activities

This section prohibits participation of Headstart employees with respect to certain unlawful activities.

Sec. 576. Political activities

This section provides that an agency which is responsible for planning, developing, and coordinating Headstart programs shall be regarded as a State or local agency; prohibits involvement of programs in partisan or nonpartisan political activities and voter registration.

Sec. 577. Advance funding

This section provides for advance funding to afford adequate notice of funding available under this title.

Sec. 578. Bilingual assistance

This section provides that the Secretary shall insure that programs and activities under this title provide special assistance to the needs of persons of limited English-speaking ability by providing bilingual Headstart and Follow Through programs.

Section 4. Assistance for migrant and other seasonally employed farmworkers and their families

This section amends title III-B of the Economic Opportunity Act of 1964 to emphasize developmental programs; establishes within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers; and requires that, in providing financial assistance under title III-B, priority be given to existing providers of services.

Section 5. Native American programs

This section amends the Economic Opportunity Act of 1964 by inserting a new title VIII.

TITLE VIII—NATIVE AMERICAN PROGRAMS

Sec. 801. Short title

This section provides that this title may be cited as the "Native American Economic Opportunity Program Act".

Sec. 802. Statement of purpose

This section provides that the purpose of this title is to promote the goal of enabling American Indians, Hawaiian Natives, and Alaskan Natives to become fully self-sufficient.

Sec. 803. Financial assistance for Native American projects

This section authorizes the Director to provide financial assistance to public and nonprofit private agencies for projects pertaining to the purposes of this title. Federal assistance would be equal to 80 percent of the cost of an assisted project, unless a higher percentage was au-

thorized by the Secretary. Federal assistance could not be used to replace programs previously funded without Federal assistance, unless specially waived by the Director.

Sec. 804. Technical assistance and training

This section authorizes the Secretary to provide technical assistance and training in connection with the provision of financial assistance under this title.

Sec. 805. Research, demonstration, and pilot projects

This section authorizes the Secretary to support research, demonstration, and pilot projects pertaining to the purposes of this title.

Sec. 806. Announcement of research, demonstration, and pilot projects

This section requires the public announcement of information relating to research, demonstration, and pilot projects, except in certain circumstances.

Sec. 807. Submission of plans to State and local officials

This section requires that the governing body of an Indian reservation or Alaskan Native village must be given the opportunity to disapprove any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out on the reservation or in the village. The bill would require that State and local officials be notified of any project under section 803 or research, demonstration, or pilot project under section 805 to be carried out in their jurisdictions, other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead.

Sec. 808. Records and audits

This section authorizes the Director to prescribe record-keeping requirements for agencies receiving assistance under this title and would provide for access to the records and books of any such agency.

Sec. 809. Appeals, notice, and hearing

This section imposes notice and hearing requirements in connection with the suspension or termination of assistance, or the denial of refunding under section 805.

Sec. 810. Evaluation

This section requires the Director to provide for the continuing evaluation of projects assisted under this title.

Sec. 811. Labor standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Sec. 812. Delegates of authority

This section authorizes the Director to delegate his duties and authorities under this title to other Federal agencies.

Sec. 813. Definitions

This section contains definitions of terms used in this title.

Sec. 814. Authorization of appropriations

This section authorizes the appropriation of such sums as are necessary for fiscal years 1975 through 1977 to carry out this title.

Section 6. Community action programs with Indian tribes

This section amends section 210 of the Economic Opportunity Act of 1964 to make clear that Indian tribes are not described as political subdivisions of States.

Section 7. Research and demonstrations

This section amends the Economic Opportunity Act of 1964 by adding a new title XI.

TITLE XI—RESEARCH AND DEMONSTRATIONS

Sec. 1101. Statement of purpose

This section provides that the purpose of this title is to stimulate the better focusing of public and private resources upon the goal of enabling low income persons to become self-sufficient.

Sec. 1102. Research, demonstration, and pilot projects

This section authorizes the Director to provide financial assistance to public and private agencies for the conduct of research, demonstration, and pilot projects in furtherance of the purposes of this title; to establish an overall plan for approval of projects; and requires that research, demonstration, and pilot projects be submitted to State and local officials prior to approval and, if disapproved, be reconsidered by the Director.

Sec. 1103. Consultation

This section authorizes the Director, in conducting evaluations under the title, to involve program participants, whenever feasible.

Sec. 1104. Announcement of research, demonstration, and pilot projects.

This section requires public announcements of information relating to grants and contracts, and provides that results are property of Federal Government, and for publication of summaries of related activities.

Sec. 1105. Nondiscrimination provisions

This section prohibits discrimination.

Sec. 1106. Prohibition of Federal control

This section provides that nothing in this title shall be construed to authorize Federal control over the activities of educational institutions.

Sec. 1107. Definitions

This section defines terms as used in this title.

Sec. 1108. Authorization of appropriations

This section authorizes such sums as may be necessary for fiscal years 1975 thru 1977 to carry out this title.

Section 8. Evaluation

This section revises title IX of the Economic Opportunity Act of 1964, relating to evaluation.

TITLE IX—EVALUATION

Sec. 901. Program and project evaluation

This section provides for the Director, directly or through grants or contracts, to measure and evaluate the impact of all programs authorized by the Economic Opportunity Act and poverty-related programs authorized by other Acts.

Sec. 902. Cooperation of other Federal agencies

This section provides for other agencies of the executive branch to provide such information and cooperation as may be requested by the Director for purposes of the evaluations under this title.

Section 9. Community partnership

This section amends the Economic Opportunity Act of 1964 by adding new sections to encourage community partnerships.

The new section 235 authorizes the Director to provide financial assistance to carry out agreements entered into by community action agencies (or other agencies designated under section 210 of the Economic Opportunity Act) and a public agency or a political subdivision of a State. Such agreements shall provide for the planning, development, and administration of programs and activities of the type described under part A of title II of such Act (community action) and supplemental to such programs and activities otherwise provided under the Act for the strengthening of the capability of public and private community institutions in accomplishing the purposes of the Act in a coordinated manner. The Federal share shall not exceed 80 percent and matching non-Federal funds shall be in cash.

The new section 236 establishes an Intergovernmental Advisory Council on Community Services, composed of three members representative of States and county and municipal governments, three members representative of community action agencies and other grantees under the Economic Opportunity Act, and three members representative of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs. The Council shall encourage community partnership agreements, review and evaluate such agreements, survey public and private resources available for antipoverty efforts, and identify and encourage means of increasing such resources.

The new section 237 provides that, out of any sums allocated for local initiative programs under section 221 of the Economic Opportunity Act for any fiscal year, the Director may allocate for community partnership agreements under section 235 up to 50 percent of any amounts appropriated between \$330,000,000 and \$450,000,000.

The formula in section 225 of the Economic Opportunity Act is modified to refer to the poverty criteria used in the 1970 census, instead of the \$1,000 family poverty level in the original Act. This formula is also applied to the distribution of funds under the new section 235.

Section 10. Special emphasis programs.

This section amends section 222 (a) of the Economic Opportunity Act of 1964 by adding programs known as Emergency Energy Con-

ervation Services, Summer Youth Recreation, and Urban Housing Demonstration Program. The Senior Opportunities and Services program (sec. 222 (a) (7) of the Act) is amended to authorize support for strengthening counseling, administrative representation, information, and referral services for the elderly. Section 227 of the Act is amended to change the name of the Youth Recreation and Sports Program to the "National Summer Youth Sports Program".

Section 11. Community economic development

This section revises title VII of the Economic Opportunity Act.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

Sec. 701. Statement of purpose

This section states that the purpose of the title is to encourage the development of special self-help and community mobilization programs so as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

Sec. 702. Definitions

This section defines terms used in this title.

Sec. 703. Authorization of appropriations

This section authorizes the appropriation of \$84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years, to carry out this title.

PART A—URBAN AND RURAL SPECIAL IMPACT PROGRAMS

Section 711. Statement of purpose

This section states that the purpose of this part is to establish special programs of assistance to private locally initiated community development corporations which are directed to the solution of critical problems existing in particular communities or neighborhoods, are of sufficient size, scope and duration to have an appreciable impact in such communities, neighborhoods, and rural areas, and have the prospect of continuing such an impact after termination of financial assistance under this part; and provide financial and other assistance to start, expand, or locate enterprises close to the area to be served so as to provide employment and ownership opportunities for residents of such areas.

Sec. 712. Establishment and scope of programs

This section authorizes the Director to provide financial assistance to community development corporations for the costs of programs under this part. Programs may include economic and business development programs, community development and housing activities, training and employment programs and supportive social services. Programs assisted under this part are to contribute on an equitable basis between urban and rural areas to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

Section 713. Financial assistance requirements

Subsection (a) of this section provides requirements for funding projects under this part. These requirements are: (1) that the community development corporation is responsive to residents of the area under guidelines established by the Director; (2) projects and related facilities will to the maximum feasible extent to be located in the area served; (3) projects will promote the development of entrepreneurial and management skills and ownership by residents of the area served; (4) projects will be planned and carried out with maximum participation of local businessmen and financial institutions; (5) the program will be appropriately coordinated with local planning under this act and other relevant planning in the areas served; (6) no participant will be employed in projects involving political parties or facilities used for sectarian instruction or place of worship; (7) will not result in displacement of employed workers or result in substitution of Federal for other funds; (8) will establish appropriate rates of pay for work-training and education; (9) will contribute to the occupational development of individual participants; (10) will give preference to low-income or economically disadvantaged residents of areas served in filling jobs and training opportunities; (11) training programs shall be designed to provide skills which are in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part; and (12) that financial assistance for related purposes under this act to the area served by a special impact program shall not be reduced in order to substitute funds authorized by this part.

Sec. 714. Federal share of program costs

This section provides for a Federal share of up to 90 percent of the cost of programs under this part. Non-Federal contributions may be in cash or in kind.

PART B—SPECIAL RURAL PROGRAMS

Sec. 721. Statement of purpose

This section states that it is the purpose of this part to support self-help programs in rural areas with substantial numbers of low-income persons as a supplement to other Federal programs.

Section 722. Financial assistance

This section authorizes the Director to provide financial assistance, including loans to low-income rural families to effect a permanent increase in the families' incomes or improvement in living or housing conditions. Such loans will have a maximum maturity of 15 years and will total not more than \$3,500. The Director is also authorized to provide financial assistance to local cooperative associations in rural areas for establishing and operating cooperative programs.

Section 723. Limitation on assistance

This section establishes conditions for financial assistance including number of low-income members in cooperative association receiving

assistance, provision for adequate technical assistance, and determination that applicant is fulfilling need not already met. Funds under this part shall not be used to substitute funds for related purposes under the Act.

PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

Sec. 731. Development loan fund

This section authorizes the Director to make or guarantee loans to community development corporations and families and local cooperatives for business, housing, and community development projects. Loans may not be made unless there is reasonable assurance of repayment, the loan is not otherwise available, and the amount of the loan is adequate to assure completion of the project. All loans shall be at a rate of interest to be determined by the Secretary of the Treasury, though the Director may set a lower rate for the first 5 years of indebtedness. All loans are repayable within 30 years. This section establishes a Development Loan Fund to carry out the lending and guarantee functions under this part.

Sec. 732. Establishment of Model Community Economic Development Finance Corporation

This section provides that the Director shall prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation. Not later than June 1, 1975, the Director shall submit such plan of action to the appropriate committees of Congress.

PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES

Sec. 741. Training and technical assistance

This section authorizes the Director to provide technical assistance to community development corporations and both urban and rural cooperatives, and training for employees of community development corporations and employees and members of urban and rural cooperatives.

Sec. 742. Small Business Administration programs

This section permits community development corporations to use funds granted under this part as private paid-in capital for small business investment company and local development corporation programs of the Small Business Administration.

Sec. 743. Economic Development Administration programs

This section provides that areas selected for assistance under this title shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965 and shall qualify for assistance under title I and title II of such Act.

Sec. 744. Department of Housing and Urban Development programs

This section provides that the Secretary of Housing and Urban Development shall assure that community corporations qualify as

sponsors under the Housing and Urban Development Act of 1968 and the National Housing Act of 1949; that land for housing and business location is available under the Housing Act of 1949; and that funds are available under section 701(b) of the Housing Act of 1954.

Sec. 745. Department of Agriculture and Farmers Home Administration programs

This section provides that the Secretary of Agriculture or the Administrator of the Farmers Home Administration shall take steps to insure that community development corporations and local cooperative associations qualify for and receive assistance under the Farmers Home Administration and the Rural Development Act of 1962.

Sec. 746. Coordination and cooperation

This section provides that the Director shall take steps to assure that contracts and deposits by the Federal Government are placed in such a way as to further the purposes of this title, and shall take steps to encourage State and local governments to provide assistance to community development corporations and local cooperative associations.

Sec. 747. Evaluation and research

This section requires each program to provide for a thorough evaluation of the effectiveness of the program in achieving its purposes. The Director shall conduct research to suggest new programs and policies to achieve the purposes of this part.

Sec. 748. Planning grants

This section authorizes the Director to provide financial assistance to public or private nonprofit agencies or organizations for planning of community economic development programs and cooperative programs under this title.

Sec. 749. Community Economic Development Resources Committee

This section provides for the establishment of a Community Economic Development Resources Committee to advise the Director on the administration of this title and to develop plans and procedures for cooperative efforts of Federal agencies required to provide assistance under sections 742, 743, 744, 745, and 746 of the Act. The Committee is to be composed of the Secretaries of Commerce, Agriculture, Labor, HEW, Housing and Urban Development and the Small Business Administration.

Sec. 750. Special review of community economic development

This section provides for the establishment of a National Commission on Community Economic Development composed of two members of the Senate, two members of the House of Representatives, and nine persons appointed by the President. The Commission shall conduct a study which shall consider an appropriate administrative agency for the carrying out of community economic development programs in the future. The Commission shall submit a final report to the President and to the Congress on the results of its study, not later than June 30, 1975.

Sec. 751. Nondiscrimination provisions

This section prohibits discrimination.

Section 12. Establishment of Community Services Administration

Effective October 1, 1975, the Economic Opportunity Act is amended to establish within the executive branch a Community Services Administration, which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors shall be appointed subject to the advice and consent of the Senate. The Director shall be compensated at a rate not less than Level IV of the Executive Schedule.

This section provides that after June 30, 1975, the President may submit to the Congress a reorganization plan to take effect if not disapproved by either House of Congress, in accordance with the standard reorganization plan procedures, within sixty days of continuous session of Congress.

Any such reorganization plan must provide for a Community Services Administration to be established within the Department of Health, Education, and Welfare. The Director of such Administration shall be directly responsible to the Secretary of Health, Education, and Welfare. However, the responsibility for administering title VII (Community Economic Development) would be transferred to a separate Community Economic Development Administration within the Department of Commerce under any such reorganization plan.

Unless a reorganization plan is effective on October 1, 1975, the Office of Economic Opportunity will become an independent agency within the executive branch on that date.

Section 13. Transfer of functions of Office of Economic Opportunity

This section contains technical and transitional provisions designed to effectuate the transfer of the Office of Economic Opportunity to the new Community Services Administration, with respect to property, records, funds, personnel, and actions, and related matters.

Section 14. Eligibility for program

This section amends section 625 of the Economic Opportunity Act of 1964 to make clear that the poverty line is to be revised to reflect the full percentage change in the Consumer Price Index over the annual or other interval, instead of the average percentage change over such period of time. The revised section also provides that in applying the poverty line to families, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents. For purposes of this Act, disadvantaged persons include those who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language.

Section 15. Extension of program authority

This section extends the authority to carry out programs under the Economic Opportunity Act for three additional years, through fiscal year 1978.

Section 16. Authorization of appropriations

This section authorizes the appropriation of such sums as may be necessary for fiscal year 1975 through 1977 for carrying out the Economic Opportunity Act. In addition, the appropriations authorization is automatically extended for an additional year unless Congress otherwise acts with regard to the authorization.

Section 17. Effective date

This section provides that, except as otherwise provided the provisions of this legislation shall take effect on the date of enactment.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

ECONOMIC OPPORTUNITY ACT OF 1964, AS AMENDED

AN ACT To mobilize the human and financial resources of the Nation to combat poverty in the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Opportunity Act of 1964."

FINDING AND DECLARATION OF PURPOSE

SEC. 2. Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the Nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy.

It is the sense of the Congress that it is highly desirable to employ the resources of the private sector of the economy of the United States in all such efforts to further the policy of this Act.

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TITLE II—URBAN AND RURAL COMMUNITY ACTION PROGRAMS

STATEMENT OF PURPOSE

SEC. 201. (a) This title provides for community action agencies and programs, prescribes the structure and describes the functions of community action agencies and authorizes financial assistance of community action programs and related projects and activities. Its basic purpose is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban

areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. Its specific purposes are to promote, as methods of achieving a better focusing of resources on the goal of individual and family self-opportunities needed for them to become fully self-sufficient. Its specific purposes are to promote, as methods of achieving a better focusing of resources on the goal of individual and family self-sufficiency—

(1) the strengthening of community capabilities for planning and coordinating Federal, State, and other assistance related to the elimination of poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsive to local needs and conditions;

(2) the better organization of a range of services related to the needs of the poor, so that these services may be made more effective and efficient in helping families and individuals to overcome particular problems in a way that takes account of, and supports their progress in overcoming, related problems;

(3) the greater use, subject to adequate evaluation, of new types of services and innovative approaches in attacking causes of poverty, so as to develop increasingly effective methods of employing available resources;

(4) the development and implementation of all programs and projects designed to serve the poor or low-income areas with the maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries; and

(5) the broadening of the resource base of programs directed to the elimination of poverty, so as to secure, in addition to the services and assistance of public officials, private religious, charitable, and neighborhood organizations, and individual citizens, a more active role for business, labor, and professional groups able to provide employment opportunities or otherwise influence the quantity and quality of services of concern to the poor.

(b) It is further declared to be the purpose of this title and the policy of the Office of Economic Opportunity to provide for basic education, health care, vocational training, and employment opportunities in rural America to enable the poor living in rural areas to remain in such areas and become self-sufficient therein. It shall not be the purpose of this title or the policy of the Office of Economic Opportunity to encourage the rural poor to migrate to urban areas, inasmuch as it is the finding of Congress that continuation of such migration is frequently not in the best interests of the poor and tends to further congest the already over-crowded slums and ghettos of our Nation's cities.

PART A—COMMUNITY ACTION AGENCIES AND PROGRAMS

DESIGNATION OF COMMUNITY ACTION AGENCIES: COMMUNITY ACTION PROGRAMS

SEC. 210. (a) A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public

or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, or an Indian tribal government, which—

(1) has the power and authority and will perform the functions set forth in section 212, including the power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and

(2) is determined to be capable of planning, conducting, administering and evaluating a community action program and is currently designated as a community action agency by the Director.

A community action program is a community based and operated program—

(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, 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;

(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the purposes and provisions of this title.

(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

(c) For the purpose of this title, a community may be a city, county, multicounty, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to work and training programs, physical and economic development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community action programs assisted under this title.

The Director may designate and provide financial assistance to a public or private nonprofit agency as a community action agency in lieu of a community action agency designated under subsection (a) for activities of the kind described in this title where he determines (1) that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the

criteria for approval set forth in this title, or to carry out such plan in a satisfactory manner, or (2) that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or organization to be so designated by the Director.

(e) No political subdivision of a State shall be included in the community action program of a community action agency designated under section 210(a) if the elected or duly appointed governing officials of such political subdivision do not wish to be so included. Such political subdivision, and any public or private nonprofit organization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

[(f) For the purpose of this title, a tribal government of an Indian reservation shall be deemed to be a political subdivision of a State.]

COMMUNITY ACTION AGENCIES AND BOARDS

SEC. 211. (a) Each community action agency which is a State or a political subdivision of a State, or a combination of political subdivisions, shall administer its program through a community action board which shall meet the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision of a State, or combination of political subdivisions, or is an agency designated by the Director under section 210(d), shall have a governing board which shall meet the requirements of subsection (b).

(b) Each board to which this subsection applies shall consist of not more than fifty-one members and shall be so constituted that (1) one-third of the members of the board are elected public officials, 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, (2) 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 (3) 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. Each member of the board selected to represent a specific geographic area within a community must reside in the area he represents. No person selected under clause (2) or (3) of this subsection as a member of a board shall serve on such board for more than five consecutive years, or more than a total of ten years.

(c) Where a community action agency places responsibility for major policy determinations with respect to the character, funding, extent, and administration of and budgeting for programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, such board, council, or agency shall be broadly representative of such area, subject to regulations of the director which assure adequate opportunity for membership of elected public officials of such board, council, or agency. Each

community action agency shall be encouraged to make use of neighborhood-based organizations composed of residents of the area or members of the groups served to assist such agency in the planning, conduct, and evaluation of components of the community action program.

(d) (1) The Director shall promulgate such standards or rules relating to the scheduling and notice of meetings, quorums (which shall be not less than 50 per centum of the total membership), procedures, establishment of committees, and similar matters as he may deem necessary to assure that boards which are subject to subsection (b) provide a continuing and effective mechanism for securing broad, community involvement in programs assisted under this title and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs. Such standards or rules shall not preclude any such board from appointing an executive committee or similar group, which fairly reflects the composition of the board, to transact the board's business between its meetings. The quorum requirements for any such committee or group which shall not be less than 50 percent of the membership, shall be established by the board.

(2) The Director shall require community action agencies to establish procedures under which community agencies and representative groups of the poor which feel themselves inadequately represented on the community action board of governing board may petition for adequate representation.

(e) The powers of every community action agency governing board shall include the power to appoint persons to senior staff positions, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this title.

(f) Each community action board referred to in the first sentence of subsection (a) shall—

(1) have a full opportunity to participate in the development and implementation of all programs and projects designed to serve the poor or low-income areas with maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries;

(2) have at least one-third of its members chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served;

(3) be so established and organized that the poor and residents of the area concerned will be enabled to influence the character of programs affecting their interests and regularly participate in the planning and implementation of those programs; and

(4) be a continuing and effective mechanism for securing broad community involvement in the programs assisted under this title.

(g) The Director shall ensure that no election or other democratic selection procedure conducted pursuant to clause (2) of subsection (b), or pursuant to clause (2) of subsection (f), shall be held on a Sabbath Day which is observed as a day of rest and worship by residents in the area served.

SPECIFIC POWERS AND FUNCTIONS OF COMMUNITY ACTION AGENCIES

SEC. 212. (a) In order to carry out its overall responsibility for planning, coordinating, evaluation, and administering a community action program, a community action agency must have authority under its charter or applicable law to receive and administer funds under this title, funds and contributions from private or local public sources which may be used in support of a community action program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a community action program. A community action agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this title, at least the following functions:

(1) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources.

(2) Encouraging agencies engaged in activities related to the community action program to plan for, secure and administer assistance available under this title or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to attack poverty, such as improving day-to-day communication, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible.

(3) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs.

(4) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

(5) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

ADMINISTRATIVE STANDARDS

SEC. 213. (a) Each community action agency shall observe, and shall (as appropriate) require or encourage other agencies participating in a community action program to observe, standards of organization, management and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this title and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each community action agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each community action agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. And each community action agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties of advocacy on behalf of the poor in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

(b) The Director shall prescribe rules or regulations to supplement subsection (a), which shall be binding on all agencies carrying on community action program activities with financial assistance under this title. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. These special requirements shall not, however, affect the applicability of rules governing conflicts of interest, use of position or authority for partisan or nonpartisan political purposes or participation in direct action, regardless of customary practices or rules among agencies in the community. The Director shall consult with the heads of other Federal agencies responsible for programs providing assistance to ac-

tivities which may be included in community action programs for the purpose of securing maximum consistency between rules or regulations prescribed or followed by those agencies and those prescribed under this section.

HOUSING DEVELOPMENT AND SERVICE ORGANIZATIONS

SEC. 214. Each community action agency shall encourage the establishment of housing development and services organizations designed to focus on the housing needs of low-income families and individuals. Such organizations shall provide the technical, administrative, and financial assistance which is required to help low-income families and individuals more effectively to utilize existing programs, and which is required to enable nonprofit, cooperative, and public sponsors more effectively to take advantage of existing Federal, State, and local mortgage insurance and housing assistance programs. Where appropriate, such organizations may be nonprofit housing development corporations. Such corporations may themselves become sponsors of housing under existing programs of specialized housing agencies, but under no circumstances shall such corporations insure mortgages or duplicate the long-term capital financing functions of programs now administered by the specialized housing agencies. Housing development and service organizations shall coordinate their efforts with other community action agency efforts so that any programs undertaken under authority of this section shall be closely related to other community action programs.

PART B—FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS AND RELATED ACTIVITIES

GENERAL PROVISIONS FOR FINANCIAL ASSISTANCE

SEC. 221. (a) The Director may provide financial assistance to community action agencies for the planning, conduct, administration and evaluation of community action programs and components. Those components may involve, without limitation, other activities and supporting facilities designed to assist participants including the elderly poor—

- (1) to secure and retain meaningful employment;
- (2) to attain an adequate education;
- (3) to make better use of available income;
- (4) to provide and maintain adequate housing and a suitable living environment;
- (5) to undertake family planning, consistent with personal and family goals, religious and moral convictions;
- (6) to obtain services for the prevention of narcotics addiction, alcoholism, and the rehabilitation of narcotic addicts and alcoholics;
- (7) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
- (8) to remove obstacles and solve personal and family problems which block the achievement of self-sufficiency;

(9) to achieve greater participation in the affairs of the community; and

(10) to make more frequent and effective use of other programs related to the purposes of this title.

He may also provide financial assistance to other public or private nonprofit agencies to aid them in planning for the establishment of a community action agency.

(b) If the Director determines that a limited purpose project or program involving activities otherwise eligible under this section is needed to serve needs of low-income families and individuals in a community and no community action agency has been designated for that community pursuant to section 210, or where a community action agency gives its approval for such a program to be funded directly through a public or private nonprofit agency or organization, he may extend financial assistance for that project or program to a public or private nonprofit agency which he finds is capable of carrying out the project in an efficient and effective manner consistent with the purposes of this title.

(c) The Director shall prescribe necessary rules and regulations governing applications for assistance under this section to assure that every reasonable effort is made by each applicant to secure the views of local public officials and agencies in the community having a direct or substantial interest in the application and to resolve all issues of cooperation and possible duplication prior to its submission.

(d) After July 1, 1968, the Director shall require, as a condition of assistance, that each community action agency has adopted a systematic approach to the achievement of the purposes of this title and to the utilization of funds provided under his part. Such systematic approach shall encompass a planning and implementation process which seeks to identify the problems and causes of poverty in the community, seeks to mobilize and coordinate relevant public and private resources, establishes program priorities, links program components with one another and with other relevant programs, and provides for evaluation. The Director may, however, extend the time for such requirement to take into account the length of time a program has been in operation. He shall also take necessary steps to assure the participation of other Federal agencies in support of the development and implementation of plans under this subsection.

(e) In order to promote local responsibility and initiative, the Director shall not establish binding national priorities on funds authorized by this section, but he shall review each application for financial assistance on its merits. Before extending financial assistance to a new community action agency under this section, and in determining the amount of and conditions on which such assistance shall be extended, the Director shall consider the extent and nature of poverty in the community and the probable capacity of the agency to carry out an effective program. In reviewing or supplementing financial assistance to a previously existing community action agency, he shall consider the progress made in carrying on programs by such agency.

SPECIAL PROGRAMS AND ASSISTANCE

SEC. 222. (a) In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are com-

mon to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under section 221, including assistance to components or projects based on models developed and promulgated by him. It shall also be used only with respect to programs which (A) involve activities which can be incorporated into or be closely coordinated with community action programs, (B) involve significant new combinations of resources or new and innovative approaches, or (C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of this title. Subject to such conditions as may be appropriate to assure effective and efficient administration, the Director may provide financial assistance to public or private nonprofit agencies to carry on local projects initiated under such special programs: but he shall do so in a manner that will encourage, wherever feasible, the inclusion of the assisted projects in community action programs, with a view to minimizing possible duplication and promoting efficiencies in the use of common facilities and services, better assisting persons or families having a variety of needs, and otherwise securing from the funds committed the greatest possible impact in promoting family and individual self-sufficiency. Programs under this section shall include those described in the following paragraphs:

[(1) A program to be known as "Project Headstart" focused upon children who have not reached the age of compulsory school attendance which (A) will provide such comprehensive health, nutritional, education, social, and other services as the Director finds will aid the children to attain their full potential, and (B) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level. Pursuant to such regulations as the Director may prescribe, persons who are not members of low-income families may be permitted to receive services in projects assisted under this paragraph. A family which is not low income shall be required to make payment in accordance with an appropriate fee schedule established by the Secretary of Health, Education, and Welfare, based upon the ability of the family to pay, which payment may be made in whole or in part by a third party in behalf of such family, except that any such charges with respect to any family with an income of less than the lower living standard budget shall not exceed the sum of (i) an amount equal to 10 per centum of any family income which exceeds \$4,320 but does not exceed 85 per centum of such lower living standard budget, and (ii) an amount equal to 15 per centum of any family income which exceeds 85 per centum of such lower living standard budget but does not exceed 100 per centum of such lower living standard budget, and if more than two children from the same family are participating, additional charges may be made not to exceed the sum of the amounts calculated in accordance with clauses (i) and (ii) with respect to each additional child. No charge will be made with respect to any child who is a member of any family with an annual income equal to or less than \$4,320, with appropriate adjustments in the case of families having more than two children, except to the extent that payment will be

made by a third party. Funds appropriated for the purpose of carrying out this section shall be used first to continue ongoing Headstart projects, or new projects serving the children from low-income families which were being served during the preceding fiscal year. There shall be reserved for such projects from such funds an amount at least equal to the aggregate amount received by public or private agencies or organizations during the preceding fiscal year for programs under this section. The Secretary shall defer the implementation of a fee schedule established under this paragraph until July 1, 1975.

[(2) A program to be known as "Follow Through" focused primarily upon children in kindergarten or elementary school who were previously enrolled in Headstart or similar programs and designed to provide comprehensive services and parent participation activities as described in paragraph (1), which the Director finds will aid in the continued development of children to their full potential. Funds for such program shall be transferred directly from the Director to the Secretary of Health, Education, and Welfare. Financial assistance for such projects shall be provided by the Secretary on the basis of agreements reached with the Director directly to local educational agencies except as otherwise provided by such agreements.]

* * * * *

(4) A "Comprehensive Health Services" program which shall include—

(A) programs to aid in developing and carrying out needs of urban and rural areas having high concentrations or proportions of poverty and marked inadequacy of health services for the poor. These projects shall be designed—

(i) to make possible, with maximum feasible use of existing agencies and resources, the provision of comprehensive health services, such as preventive medical, diagnostic, treatment, rehabilitation, family planning, narcotic addiction and alcoholism prevention and rehabilitation, mental health, dental, and followup services, except in rural areas where the lack of even elemental health services and personnel may require simpler, less comprehensive services to be established first; and

(ii) to assure that these services are made readily accessible to low-income residents of such areas, are furnished in a manner most responsible to their needs and with their participation and wherever possible are combined with, or included within, arrangements for providing employment, education, social, or other assistance needed by the families and individuals served: *Provided, however,* That pursuant to such regulations as the Director may prescribe, persons provided assistance through programs assisted under this paragraph who are not members of low-income families may be required to make payment, or have payment made in their behalf, in whole or in part for such assistance. Funds for financial assistance under this paragraph shall be allotted according to need, and capacity of applicants to make rapid and effective use of that assistance, and may be used, as necessary, to pay the full costs of projects. Before approving

any project, the Director shall solicit and consider the comments and recommendations of the local medical associations in the area and shall consult with appropriate Federal, State, and local health agencies and take such steps as may be required to assure that the program will be carried on under competent professional supervision and that existing agencies providing related services are furnished all assistance needed to permit them to plan for participation in the program and for the necessary continuation of those related services; and

(B) programs to provide financial assistance to public or private agencies for projects designed to develop knowledge or enhance skills in the field of health services for the poor. Such projects shall encourage both prospective and practicing health professionals to direct their talents and energies toward providing health services for the poor. In carrying out the provisions of this paragraph, the Director is authorized to provide or arrange for training and study in the field of health services for the poor. Pursuant to regulations prescribed by him, the Director may arrange for the payment of stipends and allowances (including travel and subsistence expenses) for persons undergoing such training and study and for their dependents. The Director and the Secretary of Health, Education, and Welfare shall achieve effective coordination of programs and projects authorized under this section with other related activities.

(5) A program to be known as "Emergency Food and Medical Services" designed to provide on an emergency basis, directly or by delegation of authority pursuant to the provisions of title VI of this Act, financial assistance for the provision of such medical supplies and services, nutritional foodstuffs, and related services, as may be necessary to counteract conditions of starvation or malnutrition among the poor. Such assistance may be provided by way of supplement to such other assistance as may be extended under the provisions of other Federal programs, and may be used to extend and broaden such programs to serve economically disadvantaged individuals and families where such services are not now provided and without regard to the requirements of such laws for local or State administration or financial participation. In extending such assistance, the Director may make grants to community action agencies or local public or private non-profit organizations or agencies to carry out the purposes of this paragraph. The Director is authorized to carry out the functions under this paragraph through the Secretary of Agriculture and the Secretary of Health, Education, and Welfare in a manner that will insure the availability of such medical supplies and services, nutritional foodstuffs, and related services through a community action agency where feasible, or other agencies or organizations if no such agency exists or is able to administer programs to provide such foodstuffs, medical services, and supplies to needy individuals and families.

(6) A "Family Planning" program to provide assistance and services to low-income persons in the field of voluntary family planning, including the provision of information, medical assistance, and supplies. The Director and the Secretary of Health, Education, and Welfare shall coordinate, and assure a full exchange of information concerning, family planning projects within their respective jurisdictions

in order to assure the maximum availability of services and in order best to meet the varying needs of different communities. The Secretary of Health, Education, and Welfare shall make the services of Public Health Service officers available to the Director in carrying out this program.

(7) A program to be known as "Senior Opportunities and Services" designed to identify and meet the needs of older, poor persons above the age of 60 in one or more of the following areas: development and provision of new employment and volunteer services; effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and recreational and other services; stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; modification of existing procedures, eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor; development of all-season recreation and service centers controlled by older persons themselves, and such other activities and services as the Director may determine are necessary or specially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency. In administering this program the Director shall utilize to the maximum extent feasible the services of the Administration of Aging in accordance with agreements with the Secretary of Health, Education, and Welfare. *In carrying out this section, the Director is authorized to make grants to institutions of higher education, public and private nonprofit agencies and organizations to train paraprofessional and other appropriate individuals to provide counseling, administrative representation, information, and referral services, and assist the elderly in obtaining public benefits and entitlements, including the payment of stipends for participants in training programs which he determines to be consistent with prevailing practices under comparable federally supported programs; to develop, test, and disseminate training materials and curriculum relevant to such programs; and to establish and strengthen programs for paraprofessional persons to provide counseling, representation, information, and referral services.*

(8) An "Alcoholic Counseling and Recovery" program designed to discover and treat the disease of alcoholism. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual alcoholic, encourage the use of neighborhood facilities and the services of recovered alcoholics as counselors, and emphasize the reentry of the alcoholic into society rather than the institutionalization of the alcoholic.

(9) A "Drug Rehabilitation" program designed to discover the causes of drug abuse and addiction, to treat narcotic and drug addiction and the dependence associated with drug abuse, and to rehabilitate the drug abuser and drug addict. Such program should deal with the abuse or addiction resulting from the use of narcotic drugs such as heroin, opium, and cocaine, stimulants such as amphetamines, depressants, marihuana, hallucinogens, and tranquilizers. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual drug abuser or addict, encourage the use of neighborhood facilities and

the services of recovered drug abusers and addicts as counselors, and emphasize the reentry of the drug abuser and addict into society rather than his institutionalization. The Director is authorized to undertake special programs aimed at promoting employment opportunities for rehabilitated addicts or addicts enrolled and participating in methadone maintenance treatment or therapeutic programs, and assisting employers in dealing with addiction and drug abuse and dependency problems among formerly hard-core unemployed so that they can be maintained in employment. In undertaking such programs, the Director shall give special priority to veterans and employers of significant numbers of veterans, with priority to those areas within the States having the highest percentages of addicts. The Director is further authorized to establish procedures and policies which will allow clients to complete a full course of rehabilitation even though they become non-low income by virtue of becoming employed as a part of the rehabilitation process but there shall be no change in income eligibility criteria for initial admission to treatment and rehabilitation programs under this Act.

(10) An "Environmental Action" program through which low-income persons will be paid for work (which would not otherwise be performed) on projects designed to combat pollution or to improve the environment. Projects may include, without limitation: cleanup and sanitation activities, including solid waste removal; reclamation and rehabilitation of eroded or ecologically damaged areas, including areas affected by strip mining; conservation and beautification activities, including tree planting and recreation area development; the restoration and maintenance of the environment; and the improvement of the quality of life in urban and rural areas.

(11) A program to be known as "Rural Housing Development and Rehabilitation" designed to assist low-income families in rural areas to construct and acquire ownership of adequate housing to rehabilitate or repair existing substandard units in such areas, and to otherwise assist families in obtaining standard housing. Financial assistance under this paragraph shall be provided to non-profit rural housing development corporations and cooperatives serving areas which are defined by the Farmers Home Administration as rural areas, and shall be used for, but not limited to, such purposes as administrative expenses; revolving development funds, nonrevolving land, land development and construction writedowns; rehabilitation or repair of substandard housing; and loans to low-income families. In the construction, rehabilitation, and repair of housing for low-income families under this paragraph, the services of persons enrolled in Mainstream programs may be utilized. Loans under this paragraph may be used for, but not limited to, such purposes as the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period of such loans shall not exceed thirty-three years. No loans under this paragraph shall bear an interest rate of less than 1 per centum per annum, but if the Director, after having examined the family income of the applicant, the projected housing costs of the applicant, and such other factors as he deems appropriate, determines that the applicant would otherwise be unable to participate in this program, he may

waive the interest in whole or in part and for such periods of time as he may establish except that (1) no such waiver may be granted to an applicant whose adjusted family income (as defined by the Farmers Home Administration) is in excess of \$3,700 per annum and (2) any applicant for whom such a waiver is provided shall be required to commit at least 20 per centum of his adjusted family income toward the mortgage debt service and other housing costs. Family incomes shall be recertified annually, and monthly payments for all loans under this paragraph adjusted accordingly.

(12) A program to be known as "Emergency Energy Conservation Services" designed to enable low-income individuals and families, including the elderly and the near poor, to participate in energy conservation programs designed to lessen the impact of the high cost of energy on such individuals and families and to reduce individual and family energy consumption. The Director is authorized to provide financial and other assistance for programs and activities, including, but not limited to, an energy conservation information and education programs; winterization of old or substandard dwellings, improve space conditioning, and insulation; emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; alternative fuel supplies, special fuel voucher or stamp programs; alternative transportation activities designed to save fuel and assure continued access to training, education and employment; outreach efforts, including the establishment of energy crisis centers; furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of the poor in efforts relating to the energy crisis; nutrition, health, and other supportive services in emergency cases; and evaluation of programs and activities under this paragraph. Such assistance may be provided as a supplement to any other assistance extended under the provisions of this Act or under other provisions of Federal law. The Director, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, the Director of ACTION, and the Administrator of the Federal Energy Office shall establish procedures and take other appropriate action necessary to insure that the effects of the energy crisis on low-income persons, the elderly, and the near poor are taken into account in the formulation and administration of programs relating to the energy crisis.

(13) A program to be known as "Summer Youth Recreation" designed to provide recreational opportunities for low-income children during the summer months. Funds made available for this section shall be allocated by the Director, after consultation with the Secretary of Labor, among prime sponsors and other agencies designated under title I of the Comprehensive Employment and Training Act of 1973 on the basis of (1) the relative number of public assistance recipients in the area served by such prime sponsor or agency, as compared to the Nation; (2) the relative number of unemployed persons in such area as compared with the Nation; and (3) the relative number of related children living with families with incomes below the poverty line in such area, as compared to the Nation. That part of any allotment which the Director determines will not be needed may be reallocated, at such dates during the fiscal year as the

Director may fix, to the extent feasible, in proportion to the original allotments. In making allocations under this section, the Director shall insure, to the maximum extent possible, that for the program commencing in the fiscal year ending June 30, 1975, and for the program in each succeeding fiscal year, no prime sponsor or other designated agency shall receive an amount less than the amount received for such programs during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, whichever is higher.

(14) A program to be known as the "Urban Housing Demonstration Program" under which the Director may provide financial assistance for demonstration projects conducted by appropriate nonprofit organizations to encourage and assist low-income families living in neighborhoods characterized by abandonment and deteriorating residential housing to maintain and upgrade existing substandard residential housing in such neighborhoods. Such projects may include financial assistance in the form of grants and loans for administrative expenses and to defray costs of repair and moderate rehabilitation, for tenant organization and counseling, management and maintenance services, and for encouragement of homeownership by low-income families. For the purpose of this paragraph private nonprofit organizations include, subject to such guidelines as the Director may establish, associations of tenants in rented housing facilities which otherwise qualify for assistance under this section. The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to ensure coordination of programs under this section with those conducted under the Housing and Community Development Act of 1974 and related legislation.

(b) Consistent with, and subject to, the provisions of sections 230 and 232 (a), (b), and (c), programs under this section may include related training, research, and technical assistance, and funds allocated for this purpose may be allotted and used in the manner otherwise provided under this title with respect to training, research, and technical assistance activities.

RESIDENT EMPLOYMENT

SEC. 223. In the conduct of all component programs under this part, residents of the area and members of the groups served shall be provided maximum employment opportunity, including opportunity for further occupational training and career advancement. The Director shall encourage the employment of persons fifty-five years and older as regular, part-time and short-term staff in component programs.

NEIGHBORHOOD CENTERS

SEC. 224. The Director shall encourage the development of neighborhood centers, designed to promote the effectiveness of needed services in such fields as health, education, manpower, consumer protection, child and economic development, housing, legal, recreation, and social services, and so organized (through a corporate or other appropriate framework) as to promote maximum participation of neighborhood residents in center planning, policymaking, administration, and operation. In addition to providing such services as may not otherwise be conveniently or readily available, such centers shall be responsive to

such neighborhood needs, such as counseling, referral, follow-through, and community development activities, as may be necessary or appropriate to best assure a system under which existing programs are extended to the most disadvantaged, are linked to one another, are responsive and relevant to the range of community, family, and individual problems and are fully adapted to neighborhood needs and conditions.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 225. (a) Of the sums which are appropriated or allocated for assistance in the development and implementation of community action programs pursuant to section 221, and for special program projects referred to in section 222(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of those sums for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with income of less than \$1,000 in each State as compared to all States. (3) *the relative number of related children living with families with incomes below the poverty line in each State as compared to all States. For purposes of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census. The Director shall insure that for the fiscal year ending June 30, 1975, and for each succeeding fiscal year, no State and no community action agency within a State, shall be allotted for programs under section 221 and section 222(a) an amount which is less than the amount received for use within such State and by such agency for programs described in such sections during the fiscal year ending June 30, 1974.* That part of any State's allotment which the Director determines will not be needed may be reallocated, at such dates during the fiscal year as the Director may fix, in proportion to the original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallocated among the other States.

(b) The Director may provide for the separate allotment of funds for any special program referred to in section 222(a). This allotment may be made in accordance with the criteria prescribed in subsection (a), or it may be made in accordance with other criteria which he determines will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, except that in no event may more than 12½ per centum of the funds for any one program be used in any one State.

(c) Unless otherwise provided in this part, financial assistance extended to a community action agency or other agency pursuant to

sections 221 and 222(a), for the period ending June 30, 1967, shall not exceed 90 per centum of the approved cost of the assisted programs or activities, and thereafter shall not exceed 80 per centum of such costs. The Director may, however, approve assistance in excess of such percentages if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title, non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Director shall not require non-Federal contributions in excess of 20 per centum of the approved cost of programs or activities assisted under this Act. If in any fiscal year, a community provides non-Federal contributions under this title exceeding its requirements under this section, such excess may be used to meet its requirements for such contributions under section 131.

(d) No program shall be approved for assistance under sections 221 and 222(a) unless the Director satisfies himself (1) that the services to be provided under such program will be in addition to, and not in substitution for, services previously provided without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community will not be diminished in order to provide any contributions required under subsection (c). The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

DESIGN AND PLANNING ASSISTANCE PROGRAMS

SEC. 226. (a) The Director shall make grants or enter into contracts to provide financial assistance for the operating expenses of programs conducted by community-based design and planning organizations to provide technical assistance and professional architectural and related services relating to housing, neighborhood facilities, transportation and other aspects of community planning and development to persons and community organizations or groups not otherwise able to afford such assistance. Such programs shall be conducted with maximum use of the voluntary services of professional and community personnel. In providing assistance under this section, the Director shall afford priority to persons in urban or rural poverty areas with substandard housing, substandard public service facilities, and generally blighted conditions. Design and planning services to be provided by such organizations shall include—

- (1) comprehensive community or area planning and development;
- (2) specific projects for the priority planning and development needs of the community; and
- (3) educational programs directed to local residents emphasizing their role in the planning and development process in the community.

(b) No assistance may be provided under this section unless such design and planning organization—

(1) is a nonprofit organization located in the neighborhood or area to be served with a majority of the governing body of such organization comprised of residents of that neighborhood or area;

(2) has as a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of local residents, especially low-income residents, in the planning and decisionmaking regarding the development of their community; and

(3) will carry out its design and planning services principally through the voluntary participation of professional and community personnel (including, where available, VISTA volunteers).

(c) Design and planning organizations receiving assistance under this section shall not subcontract with any profitmaking organization or pay fees for architectural or other professional services.

(d) The Director shall make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971.

【YOUTH RECREATION AND SPORTS PROGRAM】

SEC. 227. (a) In order to provide to disadvantaged youth recreation and physical fitness instruction and competition with high-quality facilities and supervision and related educational and counseling services (including instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education) through regular association with college instructors and athletes and exposure to college and university campuses and other recreational facilities, the Director shall make grants or enter into contracts for the conduct of [an annual youth recreation and sports program] a *national summer youth sports program* concentrated in the summer months and with continued activities throughout the year, so as to offer disadvantaged youth living in areas of rural and urban poverty an opportunity to receive such recreation and educational instruction, information, and services and to participate in such physical fitness programs and sports competitions.

(b) No assistance may be provided under this section unless satisfactory assurances are received that (1) not less than 90 per centum of the youths participating in each program to be assisted under this section are from families with incomes below the poverty level, as determined by the Director, and that such participating youths and other neighborhood residents, through the involvement of the appropriate community action agency or otherwise, will have maximum participation in program planning and operation and (2) all significant segments of the low-income population of the community to be served will be served on an equitable basis in terms of participating youths and instructional and other support personnel.

(c) Programs under this section shall be administered by the Director through grants or contracts with any qualified organization of colleges and universities or such other qualified nonprofit organizations active in the field with access to appropriate recreational facilities as the Director shall determine in accordance with regulations

which he shall prescribe. Each such grant or contract and subcontract with participating institutions of higher education or other qualified organizations active in the field shall contain provisions to assure that the program to be assisted will provide a non-Federal contribution (in cash or in kind) of no less than 20 per centum of the direct costs necessary to carry out the program. Each such grant, contract, or subcontract shall include provisions for—

(1) providing opportunities for disadvantaged youth to engage in competitive sports and receive sports skills and physical fitness instruction and education in good health and nutrition practices;

(2) providing such youth with instruction and information regarding study practices, career opportunities, job responsibilities, and drug abuse;

(3) carrying out continuing related activities throughout the year;

(4) meeting the requirements of subsection (b) of this section;

(5) enabling the contractor and institutions of higher education or other qualified organizations active in the field located conveniently to such areas of poverty and the students and personnel of such institutions or organizations active in the field to participate more fully in the community life and in solutions of community problems; and

(6) serving metropolitan centers of the United States and rural areas, within the limits of program resources.

CONSUMER ACTION AND COOPERATIVE PROGRAMS

SEC. 228. (a) The Director shall make grants or enter into contracts to provide financial assistance for the development, technical assistance to and conduct of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs designed to demonstrate various techniques and models and to carry out projects to assist and provide technical assistance to low-income persons to try to improve the quality, improve the delivery, and lower the price of goods and services, to obtain, without undue delay or burden, financial credit at reasonable cost, and to develop means of enforcing consumer rights, developing consumer grievance procedures and presenting consumer grievances, submitting consumer views and concerns for protection against unfair, deceptive, or discriminatory trade and commercial practices and educating low-income persons with respect to such rights, procedures, grievances, views and concerns.

(b) No assistance may be provided under this section unless the grantee or contracting organization or agency is a nonprofit organization and has as a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of low-income persons in the project.

(c) The Director shall make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness, or which have not yet been evaluated until such time as an evaluation is conducted and the effectiveness determined and to carry out evaluations of such projects, of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971 or June 30, 1972.

PART C—SUPPLEMENTAL PROGRAMS AND ACTIVITIES

TECHNICAL ASSISTANCE AND TRAINING

SEC. 230. The Director may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this title, and (2) training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purpose of this title. Upon request of an agency receiving financial assistance under this title, the Director may make special assignments of personnel to the agency to assist and advise it in the performance of functions related to the assisted activity; but no such special assignment shall be for a period of more than two years in the case of any agency.

STATE AGENCY ASSISTANCE

SEC. 231. (a) The Director may provide financial assistance to State agencies designated in accordance with State law, to enable those agencies—

(1) to provide technical assistance to communities and local agencies in developing and carrying out programs under this title;

(2) to assist in coordinating State activities related to this title;

(3) to advise and assist the Director in developing procedures and programs to promote the participation of States and State agencies in programs under this title; and

(4) to advise and assist the Director, the Economic Opportunity Council established by section 631 of the Act, and the heads of other Federal agencies, in identifying problems posed by Federal statutory or administrative requirements that operate to impede State level coordination of programs related to this title, and in developing methods or recommendations for overcoming those problems.

(b) In any grants or contracts with State agencies, the Director shall give preference to programs or activities which are administered or coordinated by the agencies designated pursuant to subsection (a), or which have been developed and will be carried on with the assistance of those agencies.

(c) In order to promote coordination in the use of funds under this Act and funds provided or granted by State agencies, the Director may enter into agreements with States or State agencies pursuant to which they will act as agents of the United States for purposes of providing financial assistance to community action agencies or other local agencies in connection with specific projects or programs involving the common or joint use of State funds and funds under this title.

(d) If any member of a board to which section 211(b) is applicable files and allegation with the Director that an agency receiving assistance under this section is not observing any requirement of this Act, or any regulation, rule, or guideline promulgated by the Director under this Act, the Director shall promptly investigate such allegation and shall consider it; and, if after such investigation and consideration he

finds reasonable cause to believe that the allegations are true, he shall hold a hearing, upon the conclusion of which he shall notify all interested persons of his findings. If he finds that the allegations are true, and that, after being afforded a reasonable opportunity to do so, the agency has failed to make appropriate corrections, he shall forthwith terminate further assistance under this title to such agency until he has received assurances satisfactory to him that further violations will not occur.

RESEARCH AND PILOT PROGRAMS

SEC. 232. (a) The Director may contract or provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this title. He may also contract or provide financial assistance for research pertaining to the purposes of this title.

(b) The Director shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any research or pilot projects may be incorporated into one or more programs for which those agencies are responsible. As part of the annual report required by section 608, or in a separate annual report, the Director shall submit a description for each fiscal year of the current plan required by this section, of activities subject to the plan, and of the findings derived from those activities, together with a statement indicating the time and, to the extent feasible, the manner in which the benefits of those activities and findings are expected to be realized.

(c) Not more than 15 per centum of the sums appropriated or allocated in any fiscal year for this title shall be used for the purposes of this section. One-third of the sums so appropriated or allocated shall be available only for projects authorized under subsection (f) of this section.

(d) No pilot or demonstration project under this section shall be commenced in any city, county, or other major political subdivision, unless a plan setting forth such proposed pilot or demonstration project has been submitted to the appropriate community action agency, or, if there is no such agency, to the local governing officials of the political subdivision, and such plan has not been disapproved by the community action agency or governing body, as the case may be, within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

(e) The Director shall develop and carry out pilot projects which (1) aid elderly persons to achieve greater self-sufficiency, (2) focus upon the problems of rural poverty, (3) are designed to develop new techniques and community-based efforts to prevent narcotics addiction or to rehabilitate narcotic addicts, or (4) are designed to encourage the

participation of private organizations, other than nonprofit organizations, in programs under this title.

(f) The Director shall conduct, either directly or through grants or other arrangements, research and pilot projects designed to assure a more effective use of human and natural resources of rural America and to slow the migration from rural areas due to lack of economic opportunity, thereby reducing population pressures in urban centers. Such projects may be operated jointly or in cooperation with other federally assisted programs, particularly programs authorized under the Public Works Economic Development Act of 1965, in the area to be served by the project.

SPECIAL ASSISTANCE

SEC. 234. The Director may provide financial assistance for projects conducted by public or private nonprofit agencies which are designed to serve groups of low-income individuals who are not being effectively served by other programs under this title. In administering this section, the Director shall give special consideration to programs designed to assist older persons and other low-income individuals who do not reside in low-income areas and who are not being effectively served by other programs under this title.

DEMONSTRATION COMMUNITY PARTNERSHIP AGREEMENTS

SEC. 235. (a) *The Director may provide financial assistance for carrying out community partnership agreements under this section, upon his approval of an agreement meeting the requirements of subsection (b) of this section entered into by (A) a community action agency or a public or private nonprofit agency designated under section 210 of this Act or a combination of such agencies, and (B) a public agency of a State, or a political subdivision of a State or a combination of such subdivisions. Such agreement shall provide for the planning, development, and administration of programs and activities of the type described in part A of this title.*

(b) *Such agreement shall set forth the terms of any arrangements for the use of financial assistance under this section, including a description of—*

- (1) *the area to be served;*
- (2) *the programs and activities to be provided;*
- (3) *a survey of the needs for services within the area and an inventory of the resources available to meet such needs;*
- (4) *the persons who are to benefit from such programs and activities;*
- (5) *the role of public agencies, community action agencies, community economic development corporations, and other nonprofit agencies and organizations in providing programs and activities under the agreement; and*
- (6) *the extent, if any, to which programs under other provisions of this title and funded through other public and private sources are to be included as part of the agreement for the purposes of planning.*

(c) *Financial assistance extended under this section shall not exceed 80 per centum of the approved cost of the assisted programs and activities. The Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Matching non-Federal funds shall be in cash.*

(d) *Of the sums which are appropriated or allocated for assistance under this section, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of sums appropriated or allocated for assistance under this subsection for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State compared to all States. For purposes of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 census. Funds within each State under this section shall be allocated by the Director or public or private nonprofit agencies designated under section 210 of this Act in the same proportion as the amount to be available to such area under section 221 for such fiscal year bears to the total of such amounts for use within the State for the prior fiscal year. Funds not utilized by any area within a State under this section shall be reallocated within the State as the Director deems appropriate for use under this section. Funds not utilized within a State shall be reallocated by the Director for use in other areas in the Nation, as he deems appropriate to achieve the objectives of the Act.*

(e) *No program shall be approved for assistance under this section unless the Director finds that the programs and activities to be provided under such agreement will be supplemental to, and not in substitution for, programs under other provisions of this Act and services previously provided through other sources. The requirement of this subsection shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations with respect to situations where a strict application of that requirement would result in necessary hardship or otherwise be inconsistent with the purposes of this Act.*

(f) *No program shall be approved for assistance under this section unless the Director finds that other funds and resources devoted to programs designed to meet the needs of persons eligible for assistance under this Act within the community will not be diminished in order to provide any contributions required under subsection (c) of this section, but nothing herein shall be construed so as to preclude inclusion of other services as a part of the agreement for the purpose of planning pursuant to subsection (b) (6) of this section.*

(g) *The provisions of section 242 of this Act shall not apply to assistance provided under this section.*

Sec. 236. (a) There shall be established within the Office of Economic Opportunity or successor authority an Intergovernmental Advisory Council on Community Services (referred to in this section as the "Council").

(b) The Council shall be composed of nine members who shall be appointed by the President as follows:

(i) Three members shall be appointed from among representatives of State and county and municipal government or organizations which represent such governmental units, selected on an equitable political and geographic basis after considering recommendations made by the National Governors' Conference, the National League of Cities-United States Conference of Mayors, the National Association of Counties and similar organizations representative of State and local government.

(ii) Three members shall be appointed from among representatives of community action agencies and other grantees under this Act or organizations which represent such agencies and grantees under this Act or organizations which represent such agencies and grantees, selected on an equitable political and geographic basis after considering recommendations previously made by the Director of the Office of Economic Opportunity.

(iii) Three members shall be appointed from among representatives of labor, management, and other sectors which have demonstrated active interest in community action and antipoverty programs.

(c) The Council shall—

(1) encourage the formation of community partnership agreements;

(2) review the substance of such agreements and any regulations, guidelines, or other program criteria with respect thereto and advise the Director thereon prior to final approval thereof;

(3) evaluate the effectiveness of such agreements in meeting the purposes of this Act;

(4) conduct a continuing survey throughout the Nation on the extent to which, and terms under which, public and private resources have been and may be available for antipoverty efforts;

(5) identify and encourage means of increasing resources available for such activities; and

(6) submit annual reports to the President and to the Congress on or before March 1, 1976, and March 1, 1977, with respect to its activities and findings, together with such recommendations for legislation as it may deem appropriate.

(d) The Director shall provide the Council with such information and financial assistance as shall be necessary for the Council to discharge its functions under this section and necessary administrative service (including those related to budgeting, accounting, financial reporting, personnel and procurement) for which payment shall be made in advance or by reimbursement, and shall furnish the Council with copies of all grant applications within ten days of receipt thereof.

Sec. 237. Out of any sums appropriated or allocated for local initiative programs under section 221 of this Act for any fiscal year, the Director may transfer and make available for the purpose of carrying out section 235 of this Act an amount not to exceed 50 per centum of any amount so appropriated or allocated which is in excess of \$330,000,000 but not in excess of \$450,000,000.

PART D—GENERAL AND TECHNICAL PROVISIONS

ASSISTANT DIRECTORS FOR COMMUNITY ACTION

SEC. 240. The Director shall appoint two assistant directors for the purpose of assisting the Director in the administration of the provisions of this title. One such assistant director, to be known as the Assistant Director for Community Action in Rural Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the rural poor are so expended. The other assistant director to be known as the Assistant Director for Community Action in Urban Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the urban poor are so expended. Each assistant director shall have such additional responsibilities consistent with the foregoing responsibilities as the Director may hereafter assign.

RURAL AREAS

SEC. 241. (a) In exercising authority under this title, the Director shall take necessary steps to further the extension of benefits to residents of rural areas, consistent with the extent and severity of poverty among rural residents, and to encourage high levels of managerial and technical competence in programs undertaken in rural areas. These steps shall include, to the maximum extent practicable, (1) the development under section 222(a) of programs particularly responsive to special needs of rural areas; (2) the establishment, pursuant to section 232, of a program of research and pilot project activities specifically focused upon the problems of rural poverty; (3) the provision of technical assistance so as to afford a priority to agencies in rural communities and to aid those agencies, through such arrangements as may be appropriate, in securing assistance under Federal programs which are related to this title but which are not generally utilized in rural areas; and (4) the development of special or simplified procedures, forms, guidelines, model components, and model programs for use in rural areas.

(b) The Director shall establish criteria designed to achieve an equitable distribution of assistance under this title within the States between urban and rural areas. In developing such criteria, he shall consider the relative number in the States or areas therein of: (1) low-income families, particularly those with children; (2) unemployed persons; (3) persons receiving cash or other assistance on a needs basis from public agencies or private organizations; (4) school dropouts; (5) adults with less than an eighth-grade education; (6) persons rejected for military service; and (7) poor persons living in urban

places compared to the number living in rural places as determined by the latest reports of the Bureau of the Census.

(c) Notwithstanding any other provisions of this title, the Director is authorized to provide financial assistance in rural areas to public or private nonprofit agencies for any project for which assistance to community action agencies is authorized, if he determines that it is not feasible to establish a community action agency within a reasonable period of time. The assistance so granted shall be subject to such conditions as the Director deems appropriate to promote adherence to the purposes of this title and the early establishment of a community action agency in the area.

(d) The Director shall encourage the development of programs for the interchange of personnel, for the undertaking of common or related projects, and other methods of cooperation between urban and rural communities, with particular emphasis on fostering cooperation in situations where it may contribute to new employment opportunities, and between larger urban communities with concentrations of low-income persons and families and rural areas in which substantial numbers of those persons and families have recently resided.

SUBMISSION OF PLANS TO GOVERNORS

SEC. 242. In carrying out the provisions of this title, no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State or local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State, and such plan has been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title. Funds to cover the costs of the proposed contract, agreement, grant, loan, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans or other assistance to any institution of higher education in existence on the date of the approval of this Act.

FISCAL RESPONSIBILITY AND AUDIT

SEC. 243. (a) No funds shall be released to any agency receiving financial assistance under this title until it has submitted to the Director a statement certifying that the assisted agency and its delegate agencies (or subcontractors for performance of any major portion of the assisted program) have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency and encourage compliance with prescribed management policies and such additional fiscal responsibility and accounting requirements as the Director may establish. The statement may be furnished by a certified public accountant, a duly licensed public accountant or, in the case of a public agency, the appropriate public financial officer who

accepts responsibility for providing required financial services to that agency.

(b) Within three months after the effective date of a grant to or contract of assistance with an organization or agency, the Director shall make or cause to be made a preliminary audit survey to review and evaluate the adequacy of the accounting system and internal controls established thereunder to meet the standards set forth in the statement referred to in subsection (a). Promptly after the completion of the survey, the Director shall determine on the basis of findings and conclusions resulting from the survey, whether the accounting systems and internal controls meet those standards and, if not, whether to suspend the grant or contract. In the event of suspension, the assisted agency shall be given not more than six months within which to establish the necessary systems and controls, and, in the event of failure to do so within such time period, the assistance shall be terminated by the Director.

(c) At least once annually the Director shall make or cause to be made an audit of each grant or contract of assistance under this title. Promptly after the completion of such audit, he shall determine on the basis of resulting findings and conclusions whether any of the costs of expenditures incurred shall be disallowed. In the event of disallowance, the Director may seek recovery of the sums involved by appropriate means, including court action or a commensurate increase in the required non-Federal share of the costs of any grant or contract with the same agency or organization which is then in effect or which is entered into within twelve months after the date of disallowance.

(d) The Director shall establish such other requirements and take such actions as he may deem necessary and appropriate to carry out the provisions of this section and to insure fiscal responsibility and accountability, and the effective and efficient handling of funds in connection with programs assisted under this title. These requirements and actions shall include (1) necessary action to assure that the rate of expenditure of any agency receiving financial assistance does not exceed the rate contemplated under its approved program; and (2) appropriate requirements to promote the continuity and coordination of all projects or components of programs receiving financial assistance under this title, including provision for the periodic reprogramming and supplementation of assistance previously provided.

SPECIAL LIMITATIONS

SEC. 244. The following special limitations shall apply, as indicated, to programs under this title.

(1) Financial assistance under this title may include funds to provide a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council or committee, as appropriate to assure and encourage the maximum feasible participation of members of groups and residents of areas served in accordance with the purposes of this title, and to provide reimbursement of actual expenses connected with those meetings; but those funds (or matching non-Federal funds) may not be used to pay allowances in the case of any individual who is a Federal, State, or local government employee, or an employee of a community action group, or for

payment of an allowance to any individual for attendance at more than two meetings a month.

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(2) The Director shall issue necessary rules or regulations to assure that no employee engaged in carrying out community action program activities receiving financial assistance under this title is compensated from funds so provided at a rate in excess of \$15,000, per annum, and that any amount paid to such an employee at a rate in excess of \$15,000 per annum shall not be considered in determining whether the non-Federal contributions requirements of section 225(c) have been complied with; the Director may, however, provide in those rules or regulations for exceptions covering cases (particularly in large metropolitan areas) where, because of the need for specialized or professional skills or prevailing local salary levels, application of the foregoing restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

(3) No officer or employee of the Office of Economic Opportunity shall serve as member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title; but this shall not prohibit an officer or employee from serving on a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

(4) In granting financial assistance for projects or activities in the field of family planning, the Director shall assure that family planning services, including the dissemination of family planning information and medical assistance and supplies, are made available to all low-income individuals who meet the criteria for eligibility for assistance under this title which have been established by the assisted agency and who desire such information, assistance, or supplies. The Director shall require, in connection with any such financial assistance, that—

(A) no individual will be provided with any information, medical supervision, or supplies which that individual indicates are inconsistent with his or her moral, philosophical, or religious beliefs; and

(B) no individual will be provided with any medical supervision or supplies unless he or she has voluntarily requested such medical supervision or supplies.

The use of family planning services assisted under this title shall not be a prerequisite to the receipt of services from or participation in any other programs under this Act.

(5) No financial assistance shall be extended under this title to provide general aid to elementary or secondary education in any school or school system; but this shall not prohibit the provision of special, remedial, and other noncurricular educational assistance.

(6) In extending assistance under this title the Director shall give special consideration to programs which make maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

(7) No financial assistance shall be extended under this title in any case in which the Director determines that the costs of developing

and administering all of the programs assisted under this title carried on by or under the supervision of any community action agency exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such programs. The Director, after consultation with the Director of the Bureau of the Budget, shall establish by regulation, criteria for determining (i) the costs of developing and administering such programs, and (ii) the total costs of such programs. In any case in which the Director determines that the cost of administering such programs does not exceed 15 per centum of such total costs but is, in his judgment, excessive, he shall forthwith require such community action agency to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more such community action agencies of a common director and other administrative personnel. The Director may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this title.

(8) Consistent with the provisions of this Act, the Director shall assure that financial assistance under this title will be distributed on an equitable basis in any community and within any State so that all significant segments of the low-income population are being served.

DURATION OF PROGRAM

SEC. 245. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [eight] eleven succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE III—SPECIAL PROGRAMS TO COMBAT POVERTY IN RURAL AREAS

PART A—RURAL LOAN PROGRAMS

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this part to meet some of the special needs of low-income rural families by establishing a program of loans to assist in raising and maintaining their income living standards.

LOANS TO FAMILIES

SEC. 302. (a) The Director is authorized to make loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time to any low income rural family where, in the judgment of the Director, such loans have a reasonable possibility of effecting a permanent increase in the income of such families, or, in the case of the elderly, will contribute to the improvement of their living or housing conditions by assisting or permitting them to—

(A) acquire or improve real estate or reduce encumbrances or erect improvements thereon.

(B) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment, or

(C) participate in cooperative associations; and/or to finance non-agricultural enterprises which will enable such families to supplement their income.

(b) Loans under this section, shall be made only if the family is not qualified to obtain such funds by loan under other Federal programs.

COOPERATIVE ASSOCIATIONS

SEC. 303. The Director is authorized to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families.

LIMITATIONS ON ASSISTANCE

SEC. 304. No financial or other assistance shall be provided under this part unless the Director determines that—

(a) the providing of such assistance will materially further the purposes of this part, and

(b) in the case of assistance provided pursuant to section 303, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

LOAN TERMS AND CONDITIONS

SEC. 305. Loans pursuant to sections 302 and 303 shall have such terms and conditions as the Director shall determine, subject to the following limitations:

(a) there is reasonable assurance of repayment of the loan;

(b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes;

(e) with respect to loans made pursuant to section 303, the loan is repayable within not more than thirty years; and

(f) no financial or other assistance shall be provided under this part to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: *Provided*, that (1) packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including, dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creation of a new or different substance; and (2) a cooperative organization formed by and consisting of members of an Indian tribe (including any tribe with

whom the special Federal relationship with Indians has been terminated) engaged in the production of agricultural commodities, or in manufacturing products, on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated) shall not be regarded as a cooperative organization within the purview of this clause.

REVOLVING FUND

SEC. 306. (a) To carry out the lending and guaranty functions authorized under this part, there is authorized to be established a revolving fund. The capital of the fund shall consist of such amounts as may be advanced to it by the Director from funds appropriated pursuant to section 321 and shall remain available until expended.

(b) The Director shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the capital of the fund at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity during the last month of the preceding fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payment so deferred shall themselves bear interest.

(c) Whenever any capital in the fund is determined by the Director to be in excess of current needs, such capital shall be credited to the appropriation from which advanced, where it shall be held for future advances.

(d) Receipts from any lending and guaranty operations under this Act (except operations under title IV carried on by the Small Business Administration) shall be credited to the fund. The fund shall be available for the payment of all expenditures of the Director for loans, participations, and guaranties authorized under this part.

PART B—ASSISTANCE FOR MIGRANT, AND OTHER SEASONALLY EMPLOYED, FARMWORKERS AND THEIR FAMILIES

STATEMENT OF PURPOSE

SEC. 311. The purpose of this part is to assist migrant and seasonal farmworkers and their families to improve their living conditions and develop skills necessary for a productive and self-sufficient life in an increasingly complex and technological society.

FINANCIAL ASSISTANCE

SEC. 312. (a) The Director may provide financial assistance to assist State and local agencies, private nonprofit institutions and cooperatives in developing and carrying out programs to fulfill the purpose of this part.

(b) Programs assisted under this part may include projects or activities—

(1) to meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children, education, health services, improved housing and sanitation (including the provision and maintenance of emergency and temporary housing and sani-

tation facilities), legal advice and representation, and consumer training and counseling;

(2) to promote increased community acceptance of migrant and seasonal farmworkers and their families; and

(3) to equip unskilled migrant and seasonal farmworkers and members of their families as appropriate through education [and training] and developmental programs to meet the changing demands in agricultural employment brought about by technological advancement and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available Government employment or training programs.

LIMITATIONS ON ASSISTANCE

SEC. 313. (a) Assistance shall not be extended under this part unless the Director determines that the applicant will maintain its prior level of effort in similar activities.

(b) The Director shall establish necessary procedures or requirements to assure that programs under this part are carried on in coordination with other programs or activities providing assistance to the persons and groups served.

TECHNICAL ASSISTANCE, TRAINING, AND EVALUATION

SEC. 314. The Director may provide directly or through grants, contracts, or other arrangements, such technical assistance or training of personnel as may be required to implement effectively the purposes of this title.

NATIONAL OFFICE FOR MIGRANT AND SEASONAL FARMWORKERS

SEC. 315. There shall be established within the Community Services Administration a National Office for Migrant and Seasonal Farmworkers which shall be responsible for administering this part and for coordinating programs under this part with other Federal programs designed to assist or serve migrant and seasonal farmworkers, and for reviewing and monitoring such programs.

PART C—DURATION OF PROGRAM

SEC. 321. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the [eight] *eleven* succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

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[TITLE V—WORK EXPERIENCE, TRAINING, AND DAY CARE PROGRAMS

[PART A—WORK EXPERIENCE AND TRAINING PROGRAMS

[STATEMENT OF PURPOSE

[SEC. 501. It is the purpose of this part to expand the opportunities for constructive work experience and other needed training available to persons (including workers in farm families with less than \$1,200 net family income, unemployed heads of families and other needy persons) who are unable to support themselves or their families.

[TRANSFER OF FUNDS

[SEC. 502. In order to permit the carrying out of work experience and training programs meeting the criteria set forth in part E of title II of the Manpower Development and Training Act of 1962, the Director is authorized to transfer funds to the Secretary of Health, Education, and Welfare to enable him (1) to make payments under section 1115 of the Social Security Act for experimental, pilot, or demonstration projects which provide pretraining services and basic maintenance, health, family, basic education, day care, counseling, and similar supportive services required for such programs, and (2) to reimburse the Secretary of Labor for carrying out the activities described in such part E of title II of the Manpower Development and Training Act of 1962. Costs of such projects and activities shall, notwithstanding the provisions of the Social Security Act and the Manpower Development and Training Act of 1962, be met entirely from funds appropriated to carry out this part: *Provided*, That such funds may not be used to assist families and individuals insofar as they are otherwise receiving or eligible to receive assistance or social services through a State plan approved under titles I, IV, X, XIV, XVI, or XIX of the Social Security Act.

[LIMITATIONS ON WORK EXPERIENCE AND TRAINING PROGRAMS

[SEC. 503. (a) The provisions of paragraphs (1) to (6), inclusive, of section 409 of the Social Security Act, unless otherwise inconsistent with the provisions of this part, shall be applicable with respect to work experience and training programs assisted with funds under this part. The costs of such programs to the United States shall, notwithstanding the provisions of such Act, be met entirely from funds appropriated or allocated to carry out the purpose of this part.

[(b) Work experience and training programs shall be so designed that participation of individuals in such programs will not ordinarily exceed 36 months, except that nothing in this subsection shall prevent the provision of necessary and appropriate follow-up services for a reasonable period after an individual has completed work experience and training.

[(c) Not more than 12½ percent of the sums appropriated or allocated for any fiscal year to carry out the purposes of this part shall be used within any one state. In the case of any work experience and training program approved on or after July 1, 1968, not more than 80 percent of the costs of projects or activities referred to in section 502 may be paid from funds appropriated or allocated to carry out this part, unless the Secretary of Health, Education, and Welfare determines, pursuant to regulations prescribed by him establishing objective criteria for such determinations, that assistance in excess of such percentage is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

[DURATION OF PROGRAMS

[SEC. 504. The Director shall carry out the programs provided for in this part during the fiscal year ending June 30, 1967, and the three succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

[TRANSITION

[SEC. 505. The Secretary of Labor is authorized to provide work experience and training programs authorized by section 261(a) (3) and (4) of part E of title II of the Manpower Development and Training Act of 1962, commencing July 1, 1967. The Secretary of Health, Education, and Welfare is authorized to provide such work experience and training programs through June 30, 1967, and may also continue to completion those work experience and training programs commenced prior to that date, but in no event shall such programs be extended beyond June 30, 1968. After June 30, 1967, the Secretary of Health, Education, and Welfare, pursuant to agreement with the Secretary of Labor which shall include provisions for joint evaluation and approval of the training and work experience aspect of each project or program, may also—

[(1) with the concurrence of the Secretary of Labor, renew existing projects and programs, or develop and provide new projects or programs, to accomplish the purposes of this part and of part E of title II of the Manpower Development and Training Act of 1962; and

[(2) with the concurrence of the Secretary of Labor, develop and provide other work experience and training programs pursuant to such part E, with respect to such projects or parts of projects which the Secretary of Labor is unable to provide after being given notice and a reasonable opportunity to do so.

Before July 1, 1967, the Secretary of Health, Education, and Welfare may, for the purposes of this part and part E of title II of the Manpower Development and Training Act of 1962, utilize the services and facilities available under the manpower development and utilization programs administered by the Department of Labor which may include, but not be limited to, testing, counseling, job referral and follow-up services required to assist participants in securing and obtaining employment, training opportunities, either on or off the job, available under the Manpower Development and Training Act of 1962, and relocation assistance to involuntarily unemployed individuals in accordance with the standards prescribed in section 104 of the Manpower Development and Training Act of 1962, and shall compensate the Secretary of Labor for the reasonable costs thereof either by advance or reimbursement.]

TITLE V—HEADSTART AND FOLLOW THROUGH PROGRAMS

PURPOSE OF TITLE

SEC. 501. In recognition of the role of Project Headstart and Follow Through in the effective delivery of comprehensive health, education, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this title to provide the legislative basis for the administration of the Headstart and Follow Through programs in the Department of Health, Education, and Welfare.

OFFICE OF CHILD DEVELOPMENT

SEC. 502. Part A of this title shall be administered by the Office of Child Development in the Department of Health, Education, and Welfare. There shall be established within the Office of Child Development a division of migrant programs and a division of Indian programs, and the sums of \$10,000,000 are authorized to be appropriated annually for the administration of each such division.

FINANCIAL ASSISTANCE FOR HEADSTART PROGRAM

SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused primarily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

AUTHORIZATION OF APPROPRIATIONS

SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 513. (a) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after June 30, 1975, the Secretary shall not allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. In addition, the Secretary shall reserve not more than 20 per centum of the sums so appropriated for use in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest satisfactory available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States; but there shall be made available, for use by Headstart programs within each State, no less funds for any fiscal year than were obligated for use by Headstart programs within such State with respect to fiscal year 1975, adjusted annually for cost-of-living increases. Allocation of such increases within each State shall, to the extent feasible, be made in such manner as to reflect the proportionate increases in program costs incurred by grantees, in accordance with regulations which the Secretary shall prescribe for this purpose. For the purpose of this subsection, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census.

(b) *Financial assistance extended under this part for a Headstart program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.*

(c) *No program shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.*

(d) *The Secretary shall establish policies and procedures designed to assure that not less than 10 per centum of the total number of enrollment opportunities in Headstart programs in the Nation shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.*

(e) *The Secretary shall adopt appropriate administrative measures to assure that the benefits of this part will be distributed equitably between residents of rural and urban areas.*

DESIGNATION OF HEADSTART AGENCIES

Sec. 514. (a) The Secretary is authorized to designate as a Headstart agency any local public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this part and perform the functions set forth in section 515 within a community, and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Headstart program.

(b) *For the purposes of this title, a community may be a city, county, multicounty, or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organization base and possesses the commonality of interest needed to operate a Headstart program.*

(c) *In the administration of the provisions of this section, the Secretary shall give priority in the designation of Headstart agencies to any local public or private nonprofit agency which is receiving funds under any Headstart program on the date of the enactment of this Act, except that the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary.*

POWERS AND FUNCTIONS OF HEADSTART AGENCIES

Sec. 515. (a) In order to be designated as a Headstart agency under this part, an agency must have authority under its charter or applicable law to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a Headstart program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Headstart program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) *In order to be so designated, a Headstart agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests, (2) provide for their regular participation in the implementation of such programs, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available from public and private sources.*

SUBMISSION OF PLANS TO GOVERNORS

Sec. 516. In carrying out the provisions of this part, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Headstart program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by him to be fully consistent with the provisions and in furtherance of the purposes of this part. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of enactment of this Act.

ADMINISTRATIVE REQUIREMENTS AND STANDARDS

Sec. 517. (a) Each Headstart agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also

provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

(b) No financial assistance shall be extended under this part in any case in which the Secretary determines that the costs of developing and administering a program assisted under this title exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum of such total costs but, in his judgment, is excessive, he shall forthwith require the recipient of such financial assistance to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this part.

(c) The Secretary shall prescribe rules or regulations to supplement subsection (a) of this section, which shall be binding on all agencies carrying on Headstart program activities with financial assistance under this part. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to insure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this part and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

(d) At least thirty days prior to their effective date, all rules, regulations, guidelines, instructions, and application forms shall be published in the Federal Register and shall be sent to each grantee with the notification that each such grantee has the right to submit comments pertaining thereto to the Secretary prior to the final adoption thereof.

PARTICIPATION IN HEADSTART PROGRAMS

Sec. 518. (a) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this part. Such criteria shall provide (1) that children from

low-income families shall be eligible for participation in programs assisted under this part if their families are below the poverty line, or if their families are eligible or in the absence of child care would potentially be eligible for public assistance; (2) that children who are disadvantaged because of their limited English-speaking ability shall be eligible for participation in programs assisted under this part; and (3) that programs assisted under this part may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (1).

(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Headstart programs, unless such fees are authorized by legislation hereafter enacted.

APPEALS, NOTICE, AND HEARING

Sec. 519. The Secretary shall prescribe procedures to assure that—

(1) special notice of and an opportunity for a timely and expeditious appeal to the Secretary will be provided for an agency or organization which desires to serve as a delegate agency under this part and whose application to the Headstart agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary, in accordance with regulations which he shall prescribe;

(2) financial assistance under this part shall not be suspended, except in emergency situations, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(3) financial assistance under this part shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

RECORDS AND AUDITS

Sec. 520. (a) Each recipient of financial assistance under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this part.

TECHNICAL ASSISTANCE AND TRAINING

Sec. 521. The Secretary may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this part, and (2) training for specialized or other personnel needed in connection with Headstart programs.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 522. (a) *The Secretary may provide financial assistance, and through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part, and provide a program of research and needs assessment relating to bilingual methods and approaches in order to enhance the effectiveness of Headstart and Follow Through programs carried out under this title and related programs for persons of limited English-speaking ability. He may also contract or provide financial assistance for research pertaining to the purposes of this part.*

(b) *The Secretary shall establish an overall plan to govern the approval of research, demonstration, or pilot projects and the use of all research authority under this part. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.*

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

SEC. 523. (a) *The Secretary shall make a public announcement concerning—*

(1) *the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and*

(2) *the results, findings, data, or recommendations made or reported as a result of such activities.*

(b) *The public announcements required by subsection (a) of this section shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results.*

(c) *The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.*

(d) *The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.*

Measure and evaluate the impact of programs authorized by this part, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

(b) *Prior to obligating funds for the programs and projects covered by this part with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this part. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this part.*

EVALUATION

SEC. 524. (a) *The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this part, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such programs, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. The Secretary may, for such purposes, contract or make other arrangements for independent evaluations of those programs or individual projects.*

(b) *The Secretary shall to the extent feasible develop and publish standards for evaluation of program effectiveness in achieving the objectives of this part. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under this part.*

(c) *In carrying out evaluations under this part, the Secretary may require Headstart agencies to provide for independent evaluations.*

(d) *In carrying out evaluations under this part, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this part about such programs and projects.*

(e) *The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.*

(f) *The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this part shall become the property of the United States.*

PART B—FOLLOW THROUGH PROGRAMS

FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

SEC. 551. (a) (1) *The Secretary is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in paragraph (2) of this subsection, any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Headstart or similar programs.*

(2) *Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, he may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.*

(3) Programs to be assisted under this section shall provide such comprehensive services as the Secretary determines will aid in the continued development of children described in paragraph (1) to their full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, he may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

AUTHORIZATION OF APPROPRIATIONS

SEC. 552. (a) There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1975 through 1977. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

(b) Financial assistance extended under this part for a Follow Through program shall not exceed 80 per centum of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this part.

(c) No project shall be approved for assistance under this part unless the Secretary is satisfied that the services to be provided under such project will be in addition to, and not in substitution for, services previously provided without Federal assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may adopt.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS; EVALUATION; AND TECHNICAL ASSISTANCE ACTIVITIES

SEC. 553. (a) In conjunction with other activities authorized by this part, the Secretary may—

(1) provide financial assistance, by contract or otherwise, for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part;

(2) provide, directly or through grants or contracts, for the continuing evaluation of projects assisted under this part, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for

delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such projects, which evaluations shall be conducted by persons not directly involved in the administration of the project evaluated; and

(3) provide, directly or through grants or other appropriate arrangements, (A) technical assistance to Follow Through programs in developing, conducting, and administering programs under this part, and (B) training for specialized or other personnel which is needed in connection with Follow Through programs.

SPECIAL CONDITIONS

SEC. 554. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

(b) Financial assistance under this part shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken.

(c) Financial assistance under this part shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

PART C—GENERAL PROVISIONS

DEFINITIONS

SEC. 571. As used in this title, the term—

(1) "Secretary" means the Secretary of Health, Education, and Welfare;

(2) "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; except that, when used in section 513(a) of this title, this term means only a State, Puerto Rico, or the District of Columbia; and

(3) "financial assistance" includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

LABOR STANDARDS

SEC. 572. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1953;

(15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

COMPARABILITY OF WAGES

SEC. 573. (a) The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this title shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher, or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

NONDISCRIMINATION PROVISIONS

SEC. 574. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 575. No individual employed or assigned by any Headstart agency or other agency assisted under this title shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

POLITICAL ACTIVITIES

SEC. 576. (a) For purposes of chapter 15 of title 5 of the United States Code any agency which assumes responsibility for planning, developing, and coordinating Headstart programs and receives assistance under this title shall be deemed to be a State or local agency;

and for purposes of clause (1) and (2) of section 1502(a) of such title any agency receiving assistance under this part shall be deemed to be a State or local agency.

(b) Programs assisted under this title shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Secretary, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

ADVANCE FUNDING

SEC. 577. For the purpose of affording adequate notice of funding available under this title, appropriations for carrying out this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

BILINGUAL ASSISTANCE

SEC. 578. The Secretary shall insure that programs and activities assisted under this title provide that special assistance be given to the needs of persons of limited English-speaking ability (as defined in section 703(a)(1) of title VII of the Elementary and Secondary Education Act of 1965), by providing bilingual Headstart and Follow Through programs in which instruction is given in English and, to the extent necessary to allow such children to progress effectively through Headstart and Follow Through, in the native language of such children, and that such instruction is given with appreciation for the cultural heritage of such children.

[PART B] PART D—DAY CARE PROJECTS

STATEMENT OF PURPOSE

[SEC. 521] SEC. 581. The purpose of this part is to provide day care for children from families which need such assistance to become or remain self-sufficient or otherwise to obtain objectives related to the purposes of this Act, with particular emphasis upon enabling the parents or relatives of such children to choose to undertake or to continue basic education, vocational training, or gainful employment.

FINANCIAL ASSISTANCE FOR DAY CARE PROJECTS

[SEC. 522] SEC. 582. (a) The [Director] Secretary is authorized to provide financial assistance to appropriate public agencies and private organizations to pay not to exceed 90 per centum of the cost of plan-

ning, conducting, administering, and evaluating projects under which children from low-income families or from urban and rural areas with large concentrations or proportions of low-income persons may receive day care. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment and services. Such day care projects shall provide health, education, social, and such other supportive services as may be needed. Financial assistance under this section may be provided to employers, labor unions, or to joint employer-union organizations, for day care projects established at or in association with a place of employment or training where such projects are financed in major part through private funds. Project costs payable under this part may include costs of renovation and alteration of physical facilities. Financial assistance under this section may be provided in conjunction with or to supplement day care projects under the Social Security Act or other relevant statutes.

(b) The [Director] Secretary may require a family which is not a low-income family to make payment, in whole or in part, for the day care services provided under this program where the family's financial condition is, or becomes through employment or otherwise, such as to make such payment appropriate.

(c) The [Director] Secretary may provide, directly or through contracts or other arrangements, technical assistance and training necessary for the initiation or effective operation of programs under this part.

(d) The [Director] Secretary [and the Secretary of Health, Education, and Welfare] shall take all necessary steps to coordinate programs under [their] his jurisdictions which provide day care, with a view to establishing, insofar as possible, a common set of program standards and regulations, and mechanisms for coordination at the State and local levels. Such standards shall be no less comprehensive than the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare, the Office of Economic Opportunity and the Department of Labor on September 23, 1968. In approving applications for assistance under this part, the [Director] Secretary shall take into consideration (1) the extent to which applicants show evidence of coordination and cooperation between their projects and other day care programs in the areas which they will serve, and (2) the extent to which unemployed or low-income individuals are to be employed, including individuals receiving or eligible to receive assistance under the Social Security Act.

(e) Each project to which payments are made hereunder shall provide for a thorough evaluation. This evaluation shall be conducted by such agency or independent public or private organization as the [Director] Secretary shall designate, with a view to determining, among other things, the extent to which the day care provided may have increased the employment of parents and relatives of the children served, the extent to which such day care may have reduced the costs of aid and services to such children, the extent to which such children have received health and educational benefits, and the extent to which the project has been coordinated with other day care activities in the area served. Up to 100 per centum of the costs of evaluation may be paid by the [Director] Secretary from funds appropriated for the

purposes of carrying out this part, except that where such evaluation is carried on by the assisted agency itself, he may pay only 90 per centum of such costs. Such evaluations, together with a report on the program described in this part, shall be included in the report required by section 608.

DURATION OF PROGRAMS

[SEC. 523.] *Sec. 583.* The [Director] Secretary shall carry out the programs provided for in this part during the fiscal year ending June 30, 1968, and the [seven] ten succeeding fiscal years.

TITLE VI—ADMINISTRATION AND COORDINATION

PART A—ADMINISTRATION

[OFFICE OF ECONOMIC OPPORTUNITY

[SEC. 601. (a) There is hereby established in the Executive Office of the President the Office of Economic Opportunity. The Office shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate. There shall also be in the Office one Deputy Director and five Assistant Directors who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Director and the Assistant Directors shall perform such functions as the Director may from time to time prescribe.

[(b) Notwithstanding the provisions of section 5 (d) of the Reorganization Act of 1949 (5 U.S.C. 133z-3(b)), at any time after one year from the date of enactment hereof the President may, by complying with the procedures established by that Act, provide for the transfer of the Office from the Executive Office of the President and for its establishment elsewhere in the executive branch as he deems appropriate.

[(c) The compensation of the Director of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Director of the Bureau of the Budget.

[(d) The compensation of the Deputy Director of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Deputy Director of the Bureau of the Budget.

[(e) The compensation of the Assistant Directors of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Assistant Secretaries of the Executive Departments.]

COMMUNITY SERVICES ADMINISTRATION

[SEC. 601. (a) There is established within the executive branch an agency known as the "Community Services Administration" (referred to in this Act as the "Administration") which shall be headed by a Director (referred to in this Act as the "Director"), which shall be the successor authority to the Office of Economic Opportunity. The Director, Deputy Director, and Assistant Directors of the Administration shall be appointed by the President by and with the advice

and consent of the Senate. The Director shall be compensated at a rate not less than that of level IV of the Executive Schedule specified in section 5316 of title V, United States Code.

AUTHORITY OF DIRECTOR

SEC. 602. In addition to the authority conferred upon him by other sections of this Act, the director is authorized, in carrying out his functions under this Act, to—

(a) appoint in accordance with the civil service laws such personnel as may be necessary to enable the [Office] Community Services Administration to carry out its functions, and, except as otherwise provided herein, fix their compensation in accordance with the Classification Act of 1949 (5 U.S.C. 1071 et seq.);

(b) (1) employ experts and consultants or organizations thereof as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), except that no individual may be employed under the authority of this subsection for more than 100 days in any fiscal year; (2) compensate individuals so employed at rates not in excess of \$100 per diem, including travel time; and (3) allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73-2) for persons in the Government service employed intermittently, while so employed: Provided, however, That contracts for such employment may be renewed annually;

(c) appoint, without regard to the civil service laws, one or more advisory committees composed of such private citizens and officials of the Federal, State, and local governments as he deems desirable to advise him with respect to his functions under this Act; and members of such committees (including the National Advisory Council established in section 605), other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Director, shall be entitled to receive compensation and travel expenses as provided in subsection (b) with respect to experts and consultants;

(d) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of his functions under this Act and, as necessary or appropriate, delegate any of his powers under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the [Office of Economic Opportunity] Community Services Administration and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the [Office of Economic Opportunity] Community Services Administration and the furnishing of such information by such [Office] Community Services Administration to such other agencies;

(e) utilize, with their consent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or political subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivision without reimbursement;

(f) accept in the name of the [Office] Community Services Administration, and employ or dispose of in furtherance of the purposes of

this Act, or of any title thereof, any money, or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise;

(g) accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b));

(h) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this Act as he deems necessary to carry out the provisions hereof, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditure for construction, repairs, and capital improvements;

(i) disseminate, without regard to the provisions of section 4154 of title 39, United States Code, data and information, in such forms as he shall deem appropriate, to public agencies, private organizations, and the general public;

(j) adopt an official seal, which shall be judicially noticed;

(k) notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real or personal property by the United States, deal with, complete, rent, renovate, modernize, or sell for cash or credit at his discretion any properties acquired by him in connection with loans, participations, and guaranties made by him pursuant to titles III and IV of this Act;

(l) collect or compromise all obligations to or held by him and all legal or equitable rights accruing to him in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection;

(m) expend funds made available for purposes of this Act—

(1) for printing and binding, in accordance with applicable law and regulation; and

(2) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by him; but the Director shall not utilize the authority contained in this subparagraph (2)—

(A) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this Act, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which, it is needed, and

(B) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of his intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority; and

(n) establish such policies, standards, criteria, and procedures, prescribe such rules and regulations, enter into such contracts and agreements with public agencies and private organizations and persons, make such payments (in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants, with necessary adjustments on account of overpayments or underpayments), and

generally perform such functions and take such steps as he may deem to be necessary or appropriate to carry out the provisions of this Act.

POLITICAL ACTIVITIES

SEC. 603. (a) For purposes of chapter 15 of title 5 of the United States Code any overall community action agency which assumes responsibility for planning, developing, and coordinating community-wide antipoverty programs and receives assistance under this Act shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this Act (other than part C of title I) shall be deemed to be a State or local agency.

(b) Programs assisted under this Act shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Director, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

(c) No part of any funds appropriated to carry out this Act, subpart (1) of part B of title V of the Higher Education Act of 1965, or any program administered by ACTION shall be used to finance, directly or indirectly, any activity designed to influence the outcome of any election to Federal office, or any voter registration activity, or to pay the salary of any officer or employee of the [Office of Economic Opportunity.] Community Services Administration, the Teacher Corps, or ACTION, who, in his official capacity as such an officer or employee, engages in any such activity. As used in this section, the term "election" has the same meaning given such term by section 301(a) of the Federal Election Campaign Act of 1971, and the term "Federal office" has the same meaning given such term by section 301(c) of such Act.

APPEALS, NOTICE AND HEARING

SEC. 604. The Director shall prescribe procedures to assure that—

(1) special notice of and an opportunity for a timely and expeditious appeal to the Director is provided for an agency or organization which would like to serve as a delegate agency under title I-B or II and whose application to the prime sponsor or community action agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Director;

(2) financial assistance under title I-B, II, and III-B shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an applica-

tion for refunding under section 123, 221, 222, or 312 be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(3) financial assistance under title I-B, II, and III-B shall not be terminated for failure to comply with applicable terms and conditions unless the recipient agency has been afforded reasonable notice and opportunity for a full and fair hearing.

NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY

SEC. 605. (a) There is hereby established in the [Office] Community Services Administration a National Advisory Council on Economic Opportunity (hereinafter referred to as the Advisory Council), to be composed of twenty-one members appointed, for staggered terms and without regard to the civil service laws, by the President. Such members shall be representative of the public in general and appropriate fields of endeavor related to the purposes of this Act. The President shall designate the chairman from among such members. The Advisory Council shall meet at the call of the chairman but not less often than four times a year. The Director shall be an ex-officio member of the Advisory Council.

(b) The Advisory Council shall—

(1) advise the Director with respect to policy matters arising in the administration of this Act; and

(2) review the effectiveness and the operation of programs under this Act and make recommendations concerning (A) the improvement of such programs, (B) the elimination of duplication of effort, and (C) the coordination of such programs with other Federal programs designed to assist low income individuals and families.

Such recommendations shall include such proposals for changes in this Act as the Advisory Council deems appropriate.

(c) The Advisory Council shall make an annual report of its findings and recommendations to the President not later than March 31 of each calendar year beginning with the calendar year 1967. The President shall transmit each such report to the Congress together with his comments and recommendations.

ANNOUNCEMENT OF RESEARCH OR DEMONSTRATION CONTRACTS

SEC. 606. (a) The Director or the head of any Federal agency administering a program under this Act shall make a public announcement concerning:

(1) The title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency or organization for any demonstration or research project; and

(2) The results, findings, data, or recommendations made or reported as a result of such activities.

(b) The public announcements required by subsection (a) shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

(c) It shall be the duty of the Comptroller General to assure that the requirements of this section are met, and he shall at once report to the Congress concerning any failure to comply with these requirements.

LABOR STANDARDS

SEC. 607. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair, including painting and decorating of projects, buildings and works which are federally assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 4 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

REPORTS

SEC. 608. Not later than one hundred and twenty days after the close of each fiscal year, the Director shall prepare and submit to the President for transmittal to the Congress a full and complete report on the activities of the Office during such year.

DEFINITIONS

SEC. 609. As used in this Act—

(1) the term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, or the Virgin Islands, and for purposes of title I, title II, title III-A, and title IV the meaning of "State" shall also include the Trust Territory of the Pacific Islands; except that when used in section 225 of this Act this term means only a State, Puerto Rico, or the District of Columbia. The term "United States" when used in a geographical sense includes all those places named in the previous sentence, and all other places continental or insular, subject to the jurisdiction of the United States;

(2) the term "financial assistance" when used in titles I, II, III-B, IV, and V-B includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

(3) the term "permanent resident of the United States" when used in titles I-A and I-B shall include any native and citizen of Cuba who arrived in the United States from Cuba as a non-immigrant or as a parolee subsequent to January 1, 1959, under the provisions of section 214(a) or 21d(d)(5), respectively, or any person admitted as a conditional entrant under section 203(a)(7), of the Immigration and Nationality Act; and

(4) the term "Director" means the Director of the Office of Economic Opportunity.

(5) the term "lower living standard budget" means that income level (adjusted for regional and metropolitan, urban and

rural differences and family size) determined annually by the Bureau of Labor Statistics of the Department of Labor and referred to by such Department as the "lower living standard budget."

PROGRAMS FOR THE ELDERLY POOR

SEC. 610. It is the intention of Congress that whenever feasible the special problems of the elderly poor shall be considered in the development, conduct, and administration of programs under this Act. The Director shall (1) carry out such investigations and studies, including consultations with appropriate agencies and organizations, as may be necessary to develop and carry out a plan for the participation of the elderly poor in programs under this Act, including programs providing employment opportunities, public service opportunities, education and other services and activities which assist the elderly poor to achieve self-sufficiency; (2) maintain a constant review of all programs under this Act to assure that the needs of the elderly poor are given adequate consideration; (3) initiate and maintain interagency liaison with all other appropriate Federal agencies to achieve a coordinated national approach to the needs of the elderly poor; and (4) determine and recommend to the President and the Congress such programs requiring additional authority and the necessary legislation to provide such authority. In exercising his responsibilities under this section, the Director shall cooperate with the Commissioner on Aging. The Director shall describe the ways in which this section has been implemented in the annual report required by section 608.

COMPARABILITY OF WAGES

SEC. 610-1. (a) The Director shall take such action as may be necessary to assure that persons employed in carrying out programs financed under part A of title I or title II (except a person compensated as provided in section 602) shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

(b) Not later than sixty days after the close of the fiscal year 1967 and each fiscal year thereafter the Director shall prepare and submit to the President for submission to the Congress a list of the names of all officers or employees whose compensation is subject to the limitations set forth in subsection (a) of this section and who were receiving at the end of such fiscal year a salary of \$10,000 or more per year, together with the amount of compensation paid to each person and the amount of such compensation paid from funds advanced or granted pursuant to this Act. No grant, contract or agreement shall be made under any of the provisions of this Act referred to in subsection (a) of this section which does not contain adequate provisions to assure the furnishing of information required by the preceding sentence.

(c) No person whose compensation exceeds \$6,000 per annum and is paid pursuant to any grant, contract, or agreement authorized under part A of title I or part A of title II (except a person compensated as provided in section 602) shall be employed at a rate of compensation which exceeds by more than 20 percent the salary which he was receiving in his immediately preceding employment, but the Director may grant exceptions for specific cases. In determining salary in preceding employment for one regularly employed for a period of less than 12 months per year, the salary shall be adjusted to an annual basis.

LIMITATION ON BENEFITS FOR THOSE VOLUNTARILY POOR

SEC. 611. The Director shall take such action as may be necessary to assure that, in determining a person's eligibility for benefits under this Act on account of his poverty, such person will not be deemed to meet the poverty criteria if his lack of income results from his refusal, without good cause, to seek or accept employment commensurate with his health, age, education, and ability.

JOINT FUNDING

SEC. 612. Pursuant to regulations prescribed by the President, where funds are advanced for a single project by more than one Federal agency to a community action agency or other agency assisted under this Act, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single local share requirement may be established according to the proportion of funds advanced by each agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 613. No individual employed or assigned by any community action agency or other agency assisted under this Act shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this Act by such community action agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

PROHIBITION OF FEDERAL CONTROL

SEC. 614. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

DURATION OF PROGRAM

SEC. 615. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the

[eight] *eleven* succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TRANSFER OF FUNDS

SEC. 616. Notwithstanding any limitation on appropriations for any program or activity under this Act or any Act authorizing appropriations for such program or activity, not to exceed 10 per centum for fiscal years ending prior to July 1, 1970, and not to exceed 15 per centum for fiscal years ending prior to July 1, 1972, and not to exceed 20 per centum for fiscal years ending thereafter of the amount appropriated or allocated from any appropriation for the purpose of enabling the Director to carry out any such programs or activity under the Act may be transferred and used by the Director for the purpose of carrying out any other such program or activity under the Act.

DISTRIBUTION OF BENEFITS BETWEEN RURAL AND URBAN AREAS

SEC. 617. The Director shall adopt appropriate administrative measures to assure that benefits of this Act will be distributed equitably between residents of rural and urban areas.

LIMITATIONS ON PERSONAL ADMINISTRATION EXPENSES

SEC. 619. The total administrative expenses, including the compensation of Federal employees, incurred by Federal agencies under the authority of this Act for any real fiscal year shall not exceed ten percent of the amount authorized to be appropriated by this Act for that year: *Provided, however,* That grants, subsidies, and contributions, and payments to individuals, other than Federal employees shall not be counted as an administrative expense.

PRIVATE ENTERPRISE PARTICIPATION

SEC. 620. The Director and the heads of any other Federal departments or agencies to which the conduct of programs described in this Act have been delegated shall take such steps as may be desirable and appropriate to insure that the resources of private enterprise are employed to the maximum feasible extent in the programs described in this Act. The Director and such other agency heads shall submit, at least annually to the Congress a joint or combined report describing the actions taken and the progress made under this section.

RESPONSIBILITY FOR FOLLOW-THROUGH PROGRAMS

SEC. 621. Pursuant to section 602(d), the Director shall delegate his functions under section 222(a)(2) to the Secretary of Health, Education, and Welfare, and such functions shall be carried out through the Office of Education of the Department of Health, Education, and Welfare.

ADVANCE FUNDING

SEC. 622. For the purpose of affording adequate notice of funding available under this Act, appropriations for grants, contracts, or other payments under this Act are authorized to be included in the appro-

priation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

GUIDELINES

SEC. 623. All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be published in the Federal Register at least thirty days prior to their effective date.

NONDISCRIMINATION PROVISIONS

SEC. 624. (a) The Director shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect to such program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any such program because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(b) No person in the United States shall on the grounds of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with, any program or activity receiving assistance under this Act. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program or activity receiving assistance under this Act.

[POVERTY LINE] CRITERIA FOR ELIGIBILITY

SEC. 625. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the [average] percentage change in the consumer price index during the annual or other interval immediately preceding the time at which the revision is made.

(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary consumer price index data becomes available.

(d) *In applying the poverty line to families as a criterion for eligibility in programs authorized by this Act, the family unit shall not be defined so as to include income earned by individuals who are eighteen years of age or older other than the parents heading the household.*

(e) *Each agency administering programs for the disadvantaged authorized by this Act shall include among the disadvantaged those persons who suffer in the labor market because of their limited speaking, reading, and writing abilities in the English language.*

PART B—COORDINATION

STATEMENT OF PURPOSE

SEC. 630. This part establishes an Economic Opportunity Council, provides for an information center, and prescribes certain duties and responsibilities. Its purpose is to promote better coordination among all programs related to this Act, with a view to making those programs more effective in reaching and serving the poor, assisting State and local agencies to adapt diverse Federal programs to varying local problems and conditions, stimulating new and more imaginative ways of combining complementary Federal resources in the solution of specific problems, and generally improving cooperation and communication among all levels of government, agencies, and institutions in matters related to the purposes of this Act.

ECONOMIC OPPORTUNITY COUNCIL

SEC. 631. (a) There is established, in the Executive Office of the President, the Economic Opportunity Council (hereinafter referred to as the "Council"), which shall be composed of the Director and the heads of such Federal departments and agencies, such Presidential assistants and such other officials of the Federal Government as the President may from time to time designate. The President shall designate one of the members of the Council to serve as chairman. Each member shall designate an alternate to sit in his stead in the event of his unavoidable absence.

(b) It shall be the responsibility of the Council to assist the President in—

- (1) providing for the coordination of Federal programs and activities related to this Act;
- (2) developing basic policies and setting priorities with respect to such programs and activities;
- (3) resolving differences arising among Federal departments and agencies with respect to such programs and activities; and
- (4) initiating and arranging for the carrying out of specific actions or projects designed to achieve the objectives of this Act.

(c) The President shall appoint an Executive Secretary of the Council. The Executive Secretary is authorized to appoint and fix the compensation of such personnel as may be necessary to assist him in the performance of his duties. Employees of other Federal departments and agencies may be detailed to the Council from time to time to provide temporary assistance.

(d) To the extent appropriate, a report of the activities of the Council shall be included in the annual report of the Director to the President and to the Congress, or in a separate report to the Congress.

(e) From the sums authorized and appropriated to carry out the provisions of this title, the President shall reserve such amounts as may be necessary to carry out the purposes of this section.

RESPONSIBILITIES OF THE DIRECTOR

SEC. 632. In addition to his other powers under this Act, and to assist the President in coordinating the antipoverty efforts of all Federal agencies, the Director shall—

(1) undertake special studies of specific coordination problems at the request of the President or the Council, or on his own initiative;

(2) consult with interested agencies and groups, including State agencies described in section 231 of this Act and the National Advisory Council, with a view to identifying coordination problems that may warrant consideration by the Council or the President and, to the extent feasible or appropriate, initiate action for overcoming those problems, either through the [Office of Economic Opportunity] *Community Services Administration* or in conjunction with other Federal, State, or local agencies; and

(3) prepare a five-year national poverty action plan showing estimates of Federal and other governmental expenditures, and, where feasible, the contributions of the private sector, needed to eliminate poverty in this country within alternative periods of time. Such plan shall include estimates of the funds necessary to finance all relevant programs authorized by this and other Acts, and any new programs which may be necessary to eliminate poverty in this country, and it shall include recommendations for such new programs. The plan shall be presented to the Congress and updated on an annual basis.

COOPERATION OF FEDERAL AGENCIES

SEC. 633. (a) Federal agencies administering programs related to this Act shall—

(1) cooperate with the Director and with the Council in carrying out their duties and responsibilities; and

(2) carry out their programs and exercise their functions so as to assist in carrying out the provisions and purposes of this Act, to the fullest extent permitted by other applicable law.

(b) The Council and the Director may call upon Federal agencies to supply statistical data, program reports, and other materials as they deem necessary to discharge their responsibilities under this Act.

(c) The President may direct that particular programs and functions, including the expenditure of funds, of Federal agencies shall be carried out, to the extent not inconsistent with other applicable law, in conjunction with or in support of programs authorized under this Act.

COMBINATIONS AMONG PROJECTS AND PROGRAMS

SEC. 634. In order to encourage efficiencies, close unnecessary service gaps, and generally promote more effective administration, the Director shall require, to the fullest extent feasible, that projects or programs assisted under this Act be carried on so as to supplement one another, or where appropriate other related programs or projects, and be included within or otherwise carried on in combination with community action programs. In the case of other programs related to this Act, the heads of the Federal agencies responsible for those programs shall, to the extent permitted by law, similarly provide assistance for projects and activities in a manner which encourages combinations with other related projects and activities where appropriate, and with community action programs. The Economic Oppor-

tunity Council shall, in carrying out its responsibilities under this part, make a continuing review of the operation of this section with a view to (1) determining particular groups of programs which, because of their objectives, or similarities in target groups or areas, are especially appropriate for combined or closely coordinated operation at the State or local level, and making recommendations accordingly to the President or appropriate Federal officials; (2) evaluating Federal agency procedures for carrying out this section, and developing or recommending additional or common procedures, as appropriate; and (3) determining whether, and to what extent, consolidations of Federal programs may be justified and making recommendations respecting such consolidations to the Director and the President.

INFORMATION CENTER

SEC. 635. (a) The Director shall establish and operate an information center for the purpose of insuring that maximum use is made of Federal programs related to this Act and that information concerning those programs and other relevant information is readily available to public officials and other interested persons. The Director shall collect, prepare, analyze, correlate, and distribute information as described above either free of charge or by sale at cost (any funds so received to be deposited to the Director's account as an offset of that cost), and may make arrangements and pay for any printing and binding without regard to the provisions of any other law or regulations. In connection with operation of the center, the Director may carry on research or studies concerning the improvement of information systems in support of the purposes of this Act, the adequacy of existing data, ways in which data generated on the State and local level may be incorporated into Federal information systems, and methods by which data may be made more readily available to State and local officials or used to further coordination objectives.

(b) The Director shall publish and maintain on a current basis, a catalog of Federal programs relating to individual and community improvement. He may also make grants, from funds appropriated to carry out title II of this Act, to States and communities to establish information service centers for the collection, correlation, and distribution of information required to further the purposes of this Act.

(c) In order to assure that all appropriate officials are kept fully informed of programs related to this Act, and that maximum use is made of those programs, the Director shall establish procedures to assure prompt distribution to State and local agencies of all current information, including administrative rules, regulations, and guidelines, required by those agencies for the effective performance of their responsibilities.

PROHIBITION

SEC. 636. In order to assure that existing Federal agencies are used to the fullest extent possible in carrying out the purposes of this Act, no funds appropriated to carry out this Act shall be used to establish any new department or office when the intended function is being performed by an existing department or office.

SPECIAL RESPONSIBILITIES: TRAINING PROGRAMS

SEC. 637. (a) It shall be the responsibility of the Director, the Secretary of Labor, the Secretary of Health, Education, and Welfare, and the heads of all other departments and agencies concerned, acting through such procedures or mechanisms as the President may prescribe, to provide for, and take such steps as may be necessary and appropriate to implement, the effective coordination of all programs and activities within the executive branch of the Government relating to the training of individuals for the purpose of improving or restoring employability.

(b) The Secretary of Labor, pursuant to such agreement as may be necessary appropriate (which may include arrangements for reimbursement) shall—

(1) be responsible for assuring that the Federal-State employment maximum support for the programs described in subsection (a); and

(2) obtain from the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Director of the [Office of Economic Opportunity,] *Community Services Administration* and the head of any other Federal agency administering a training program, such employment information as will facilitate the placement of individuals being trained.

DEFINITIONS

SEC. 638. As used in this part, "programs related to this Act" and "coordination" shall include the programs and actions described in this section:

(1) be responsible for assuring the Federal-State emphasis of this Act and all Federal or federally assisted programs which have objectives which are, in whole or substantial part, complementary to the purposes of this Act, or which provide resources which may be used in combination with resources under this Act to assist in achieving any of the purposes of this Act.

(2) "Coordination" includes, but is not limited to—

(A) actions to improve the common effectiveness of programs in reaching and serving the poor, such as actions: to extend services to new areas, provide them in a common place, or structure them so that they are more readily accepted or widely utilized; to eliminate procedures or requirements that may be inappropriate for or result in unnecessary hardship to disadvantaged persons with limited education or other special handicaps; to establish common eligibility standards among programs serving substantially similar groups or operating in the same areas; or to develop methods of operation or administration that will provide new employment incentives or opportunities for the poor;

(B) actions to promote better use at the State or local level of Federal assistance available under diverse programs, such as actions to establish procedures for cooperation among State or local agencies seeking assistance from different

Federal sources with a view to eliminating unnecessary duplication and service gaps and promoting common, or complementary priorities; or to modify or improve technical or administrative requirements imposed by different Federal agencies that may operate to increase unnecessarily the burdens of State or local agencies, minimize their opportunities for the imaginative use of Federal assistance, or discourage their cooperation with one another;

(C) actions to promote simplification and efficiencies through the joint or combined use of Federal resources, such as actions to develop new methods of processing requests for assistance or granting assistance that will enable Federal agencies more generally to use resources jointly in support of common objectives; to establish common priorities for purposes of program planning, research and demonstration activities; and to effect combinations among or redirect Federal programs or activities for the purpose of eliminating unnecessary duplication;

(D) actions to improve communication and general cooperation, such as actions to strengthen ties among regional offices of different Federal agencies and among such offices and other regional agencies or organizations; to develop and improve procedures by which Federal agencies may act together in promulgating or making available items of information, including information as to the availability and allocation of funds, which are closely related to one another for purposes of State or local planning and budgeting; or to develop procedures by which State and local agencies may be afforded new opportunities to participate in Federal policy decisions, including decisions on recommended legislation, affecting their capacity to operate efficiently and effectively.

[TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

[STATEMENT OF PURPOSE

[SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

[PART A—SPECIAL IMPACT PROGRAMS

[STATEMENT OF PURPOSE

[SEC. 711. The purpose of this part is to establish special programs of assistance to private locally initiated community corporations and related nonprofit agencies, including cooperatives, or organizations conducting activities which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods

(defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; and (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this title.

ESTABLISHMENT OF PROGRAMS

SEC. 712. (a) The Director is authorized to provide financial assistance to community development corporations and to cooperatives and other nonprofit agencies in conjunction with qualifying community development corporations for the payment of all or part of the costs of programs which are designed to carry out the purposes of this part. Such programs shall be restricted in number so that each is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

(1) economic and business development programs, including programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the areas served so as to provide employment and ownership opportunities for residents of such areas, and programs including those described in title IV of this Act for small businesses in or owned by residents of such areas;

(2) community development and housing activities which create new training, employment, and ownership opportunities and which contribute to an improved living environment; and

(3) manpower training programs for unemployed or low-income persons which support and complement economic, business, housing, and community development programs, including without limitation activities such as those described in part B of title I of this Act.

(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

REQUIREMENTS FOR FINANCIAL ASSISTANCE

SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any program or component project under this part unless he determines that—

(1) such community development corporation is responsive to residents of the area under guidelines established by the Director;

(2) all projects and related facilities will, to the maximum feasible extent, be located in the area served;

(3) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

(4) projects will be planned and carried out with the maximum participation of local businessmen and financial institutions and organizations by their inclusion on program boards of directors, advisory councils, or through other appropriate means;

(5) the program will be appropriately coordinated with local planning under this Act, the Demonstration Cities and Metropolitan Development Act of 1966, and with other relevant planning for physical and human resources of the areas served;

(6) the requirements of subsections 122(e) and 124(a) of this Act have been met;

(7) preference will be given to low income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

(8) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training with skills which are also in demand in communities, neighborhoods, or rural areas, other than those for which programs are established under this part.

(b) Financial assistance under this section shall not be extended to assist in the relocation of establishments from one location to another if such relocation would result in an increase in unemployment in the area of original location.

(c) The level of financial assistance for related purposes under this Act to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

APPLICATION OF OTHER FEDERAL RESOURCES

SEC. 714. (a) SMALL BUSINESS ADMINISTRATION PROGRAMS.—

(1) Funds granted under this part which are invested, directly or indirectly, in a small business investment company or a local development company shall be included as "private paid-in capital and paid-in surplus," "combined paid-in capital and paid-in surplus," and "paid-in capital" for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958.

(2) Within ninety days of the enactment of the Economic Opportunity Amendments of 1972, the Administrator of the Small Business Administration, after consultation with the Director, shall prescribe such regulations as may be necessary and appropriate to insure the availability to community development corporations of such programs as shall further the purposes of this part.

(b) ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS.—

(1) Areas selected for assistance under this part shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965, and shall qualify for assistance under the provisions of title I and title II of that Act.

(2) Within ninety days of the enactment of the Economic Opportunity Amendments of 1972, the Secretary of Commerce, after consultation with the Director, shall prescribe such regulations as may be necessary and appropriate to insure the availability to community development corporations of such programs as shall further the purposes of this part.

[(c) PROGRAMS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary steps (1) to assure that community development corporations assisted under this part or their subsidiaries, shall qualify as sponsors under section 106 of the Housing and Urban Development Act of 1968, and sections 221, 235, and 236 of the National Housing Act of 1949; (2) to assure that land for housing and business location and expansion is made available under title I of the Housing Act of 1949 as may be necessary to carry out the purposes of this part; and (3) to assure that funds are available under section 701(b) of the Housing Act of 1954 to community development corporations assisted under this part.

[(d) COORDINATION AND COOPERATION.—The Director shall take such steps as may be necessary and appropriate, in coordination and cooperation with the heads of other Federal departments and agencies, so that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this part.

[(e) REPORTING ON OTHER FEDERAL RESOURCES.—On or before six months after the date of enactment of the Economic Opportunity Amendments of 1972, and annually thereafter, the Director shall submit to the Congress a detailed report setting forth a description of all Federal agency programs which he finds relevant to achieving the purposes of this part and the extent to which such programs have been made available to community development corporations receiving financial assistance under this part including specifically the availability and effectiveness of programs referred to in subsection (a), (b), and (c) of this section. Where appropriate, the report required under this subsection also shall contain recommendations for the more effective utilization of Federal agency programs for carrying out the purposes of this part.

[FEDERAL SHARE

[SEC. 715. Federal grants to any program carried out pursuant to this part, including grants used by community development corporations for capital investments, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the grantee, under conditions which the Director deems appropriate, within thirty days following approval by the Director and the local community development corporation of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this part, and the proceeds from such capital investments, shall not be considered Federal property.

[PART B—RURAL PROGRAMS

[STATEMENT OF PURPOSE

[SEC. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

[FINANCIAL ASSISTANCE

[SEC. 722. (a) The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time, to any low-income rural family where, in the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—

[(1) acquire or improve real estate or reduce encumbrances or erect improvements thereon;

[(2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or

[(3) participate in cooperative associations, or to finance non-agricultural enterprises which will enable such families to supplement their income.

[(b) The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power, as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—

[(1) administrative costs of staff and overhead;

[(2) costs of planning and developing new enterprises;

[(3) costs of acquiring technical assistance; and

[(4) initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.

[LIMITATIONS ON ASSISTANCE

[SEC. 723. (a) No financial assistance shall be provided under this part unless the Director determines that—

[(1) any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;

[(2) adequate technical assistance is made available and committed to the programs being supported:

[(3) such financial assistance will materially further the purposes of this part; and

[(4) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.

[(b) The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.

[PART C—SUPPORT PROGRAMS

[TRAINING AND TECHNICAL ASSISTANCE

[SEC. 731. (a) The Director shall provide directly or through grants, contracts, or other arrangements such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

[(b) Technical assistance to community development corporations and both urban and rural cooperatives may include planning, management, legal, preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

[(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this title.

[DEVELOPMENT LOAN FUND

[SEC. 732. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations and to cooperatives eligible for financial assistance under section 712 of this title, to families under section 722(a), and to local cooperatives eligible for financial assistance under section 722(b) for business, housing, and community development projects who the Director determines will carry out the purposes of this title. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

[(1) there is reasonable assurance of repayment of the loan;

[(2) a loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and

[(3) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made.

Loans made by the Director pursuant to this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date on which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower, which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

[(b) The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.

[(c) (1) To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.

[(2) The Rural Development Loan Fund shall consist of such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this title.

[(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds made available from appropriations for the purpose of carrying out this title. The Secretary may make deposits in the Community Development Loan Fund in any fiscal year in which he has made available for grants to community development corporations not less than \$60,000,000 out of funds made available from appropriations for the purpose of carrying out this title.

[EVALUATION AND RESEARCH

[SEC. 733. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. The results of such evaluations, together with the Directors findings and recommendations concerning the program, shall be included in the report required by section 608 of this Act.

[(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents. The Director shall particularly investigate

the feasibility and most appropriate manner of establishing development banks and similar institutions and shall report to the Congress on his research findings and recommendations not later than June 30, 1973.

[PART D—GENERAL

[PROGRAM DURATION AND AUTHORITY

[SEC. 741. The Director shall carry out programs provided for in this title during the fiscal year ending June 30, 1972, and for the three succeeding fiscal years. For each fiscal year only such sums may be appropriated as the Congress may authorize by law.]

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

STATEMENT OF PURPOSE

SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

DEFINITIONS

SEC. 702. As used in this title—

(1) the term "Resources Committee" means the Community Economic Development Resources Committee established under section 749;

(2) the term "community development corporation" means a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part A of this title and any organization more than 50 per centum of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title;

(3) the term "local cooperative association" means an organization which is receiving financial assistance under part B of this title or any organization more than 50 per centum of which is owned or otherwise controlled by such an organization, or designated by such an organization for the purpose of this title; and

(4) the term "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and each of the territories and possessions of the United States.

AUTHORIZATION OF APPROPRIATIONS

SEC. 703. For the purpose of carrying out this title, there are authorized to be appropriated \$84,000,000 for fiscal year 1975, and such sums as may be necessary for each of the two succeeding fiscal years.

Part A—Urban and Rural Special Impact Programs

STATEMENT OF PURPOSE

SEC. 711. The purpose of this part is to establish special programs of assistance to nonprofit private locally initiated community development corporations which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this part, and (4) provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and ownership opportunities for residents of such areas, including those who are disadvantaged in the labor market because of their limited speaking, reading, and writing abilities in the English language.

ESTABLISHMENT AND SCOPE OF PROGRAMS

SEC. 712. (a) The Director is authorized to provide financial assistance in the form of grants to nonprofit and for profit community development corporations and other affiliated and supportive agencies and organizations associated with qualifying community development corporations for the payment of all or part of the cost of programs which are designed to carry out the purposes of this part. Financial assistance shall be provided so that each community economic development program is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

(1) community economic and business development programs, including but not limited to: (A) programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the area served so as to provide employment and ownership opportunities for residents of such areas, and (B) programs for small businesses located in or owned by residents of such areas;

(2) community development including industrial parks and housing activities which contribute to an improved environment and which create new training, employment, and ownership opportunities for residents of such area;

(3) training and public service employment programs and related services for unemployed or low-income persons which support and complement community development programs financed under this part, including, without limitation, activities such as those described in the Comprehensive Employment and Training Act of 1973; and

(4) social service programs which support and complement community economic development programs financed under this part, including but not limited to child care, educational services, health services, credit counseling, energy conservation, and programs for the maintenance of housing facilities.

(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

FINANCIAL ASSISTANCE REQUIREMENTS

SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any community economic development program under this part unless he determines that—

(1) such community development corporation is responsible to residents of the area served (i) through a governing body not less than 50 per centum of the members of which are area residents and (ii) in accordance with such other guidelines as may be established by the Director, except that the composition of the governing bodies of organizations owned or controlled by the community development corporation need not be subject to such residency requirement;

(2) the program will be appropriately coordinated with local planning under this title, with housing and community development programs, with employment and training programs, and with other relevant planning for physical and human resources in the areas served;

(3) adequate technical assistance is made available and committed to the programs being supported;

(4) such financial assistance will materially further the purposes of this part;

(5) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met;

(6) all projects and related facilities will, to the maximum feasible extent, be located in the areas served;

(7) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

(8) projects will be planned and carried out with the fullest possible participation of resident or local businessmen and representatives of financial institutions, including participation through contract, joint venture, partnership, stock ownership or membership on the governing boards or advisory councils of such projects consistent with the self-help purposes of this title;

(9) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

(10) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

(11) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant;

(12) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants;

(13) preference will be given to low-income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

(14) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training with skills which are also in demand in communities, neighborhoods, or rural areas other than those for which programs are established under this part.

(b) The level of financial assistance for related purposes under this Act, or any other program for Federal financial assistance, to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

FEDERAL SHARE OF PROGRAM COSTS

SEC. 714. Federal assistance to any program carried out pursuant to this part, including grants used by community development corporations for capital improvements, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that the assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the order of the grantee, under conditions which the Director deems appropriate, within thirty days following approval of the grant agreement by the Director and such grantee of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this title, and the proceeds from such capital investments, shall not be considered Federal property. Upon investment, title rights vest in the community development corporation. The Federal Government retains the right to direct that on severance of the grant relationship the assets purchased continue to be used for the original purpose for which they were granted.

PART B—SPECIAL RURAL PROGRAMS

STATEMENT OF PURPOSE

SEC. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

FINANCIAL ASSISTANCE

SEC. 722. (a) *The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,5000 at any one time, to any low-income rural family where, in the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—*

(1) *acquire or improve real estate or reduce encumbrances or erect improvements thereon;*

(2) *operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or*

(3) *participate in cooperative associations, or to finance non-agricultural enterprises which will enable such families to supplement their income.*

(b) *The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—*

(1) *administrative costs of staff and overhead;*

(2) *costs of planning and developing new enterprises;*

(3) *costs of acquiring technical assistance; and*

(4) *initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.*

LIMITATION ON ASSISTANCE

SEC. 723. (a) *No financial assistance shall be provided under this part unless the Director determines that—*

(1) *any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;*

(2) *adequate technical assistance is made available and committed to the program being supported;*

(3) *such financial assistance will materially further the purposes of this part; and*

(4) *the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.*

(b) *The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.*

PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

DEVELOPMENT LOAN FUND

SEC. 731. (a) *The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, and families and local cooperatives eligible for financial assistance under this title, for business, housing, and community development projects which the Director determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—*

(1) *there is reasonable assurance of repayment of the loan;*

(2) *the loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and*

(3) *the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made.*

Loans made by the Director pursuant to this section shall bear the interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date in which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

(b) *The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.*

(c) (1) *To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and the other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.*

(2) *The Rural Development Loan Fund shall consist of such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this part.*

(3) *The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds*

made available from appropriations for the purpose of carrying out this part.

ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION

SEC. 732. (a) To the extent he deems appropriate, the Director shall utilize funds available under this part to prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation to provide a user-controlled independent and professionally operated long-term financing vehicle with the principal purpose of providing financial support for community economic development corporations, cooperatives, other affiliated and supportive agencies and organizations associated with community economic development cooperations, and other entities eligible for assistance under this title.

(b) In implementing this section, the Director shall insure that the Model Community Economic Development Finance Corporation plan provides for the establishment of the Corporation in such a way that—

(1) representatives of Community Development Corporations shall make up the majority of the governing body;

(2) community development corporations may eventually purchase up to a 100 per centum interest in the Model Community Economic Development Finance Corporation;

(3) a portion of the moneys made available under parts A and B of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation; and

(4) Funds made available under part C of this title may be utilized by community development corporations to purchase an interest in the Model Community Economic Development Finance Corporation.

(c) In addition to meeting the requirements of subsection (b), the Director shall, in preparing the plan, consider and make recommendations with respect to the following elements:

(1) the amount and method of initial capitalization taking into consideration capitalization and operational techniques such as those utilized by the Reconstruction Finance Corporation, the Federal Home Loan Bank System, the Federal National Mortgage Association, and Farm Credit Board under the Federal Farm Loan Act;

(2) the guarantee of and use of public funds through the issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

(3) the role of the Secretary of the Treasury in the initial capitalization and subsequent issuance of notes, debentures, bonds, and such other obligations as deemed necessary;

(4) the nature of obligations issued with respect to acceptance as security for fiduciary, trust, and public funds;

(5) the use of firms, organizations, corporations, and individuals indigenous to the areas served under this title;

(6) the tax status of real and personal property to be owned by the Model Community Economic Development Finance Corporation;

(7) the terms, including the interest rate, time limitation, fees and commissions, and security required for loans and guarantees and other obligations to be issued by the Model Community Economic Development Finance Corporation;

(8) the tax status of interest-bearing obligations to be issued by the Model Community Economic Development Finance Corporation;

(9) after consultation with the Resources Board the use of information services, facilities, officers, and employees of Federal agencies and departments of the Federal Government; and

(10) the extent to which the Model Community Economic Development Finance Corporation shall be a depository of public money and a financial agent of the United States Government.

(d) Not later than June 1, 1975, the Director shall submit to the appropriate committees of the Congress the plan required by this section.

PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES

TRAINING AND TECHNICAL ASSISTANCE

SEC. 741. (a) The Director shall provide, directly or through grants, contracts, or other arrangements, such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

(b) Technical assistance to community development corporations and both urban and rural cooperatives may include planning, management, legal preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this subchapter.

SMALL BUSINESS ADMINISTRATION PROGRAMS

SEC. 742. Funds granted under this title which are invested, directly or indirectly, in a small business investment company, limited small business investment company, or a local development company, shall be deemed to be 'private paid-in capital and paid-in surplus,' 'combined paid-in capital and paid-in surplus,' and 'paid-in capital' for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958, as amended.

ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS

SEC. 743. Areas selected for assistance under this title shall be deemed "redevelopment areas" within the meaning of section 401 of

the Public Works and Economic Development Act of 1965, shall qualify for assistance under the provisions of title I and title II of such Act, and shall be deemed to have met the overall economic development program requirements of section 202(b)(10) of such Act.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

Sec. 744. (a) The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary steps to assist community development corporations and local cooperative associations to qualify for and receive (1) such assistance in connection with technical assistance, counselling to tenants and homeowners, and loans to sponsors of low- and moderate-income housing under section 106 of the Housing and Urban Development Act of 1968 as amended by section 811 of the Housing and Community Development Act of 1974, (2) such land for housing and business location and expansion under title I of the Housing and Community Development Act of 1974, and (3) such funds for comprehensive planning under section 701 of the Housing Act of 1954 as amended by section 401 of the Housing and Community Development Act of 1974, as shall further the purposes of this Act.

(b) The Director, after consultation with the Secretary of Housing and Urban Development, shall take all appropriate steps to encourage State and local governments to provide financial and technical assistance to, and generally support and cooperate with, community development corporations and local cooperative associations.

DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

Sec. 745. The Secretary of Agriculture or, where appropriate, the Administrator of the Farmers Home Administration, after consultation with the Director, shall take all necessary steps to insure that community development corporations and local cooperative associations shall qualify for and shall receive (1) such assistance in connection with housing development under the Housing Act of 1949, (2) such assistance in connection with housing, business, industrial, and community development under the Consolidated Farmers Home Administration Act of 1961 and the Rural Development Act of 1972, and (3) such further assistance under all such programs of the United States Department of Agriculture, as shall further the purpose of this title.

COORDINATION AND COOPERATION

Sec. 746. (a) The Director, after consultation with the Resources Committee and in coordination and cooperation with the heads of other Federal departments and agencies, shall take such steps as may be necessary and appropriate to insure that the purposes of sections 742 through 745 are met and that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this title.

(b) The Director shall take all necessary and appropriate steps to encourage State and local governments to make grants, provide technical assistance, enter into contracts, and generally support and co-

operate with community development corporations and local cooperative associations.

(c) Eligibility for assistance under programs enumerated in this section shall not be denied to any applicant on the ground that it is a community development corporation, a local cooperative association, or a for-profit, non-profit, or cooperative entity under State law.

(d) Any funds approved as a grant to a community development corporation or a local cooperative association pursuant to the provisions of this title, and any assets or services required with such funds, shall be deemed non-Federal for the purpose of any programs referred to in this title which may require a non-Federal contribution.

EVALUATION AND RESEARCH

Sec. 747. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director, in consultation with existing grantees familiar with programs carried out under this Act, may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. In evaluating the performance of any community development corporation funded under part A of this title, the criteria for evaluation shall be based upon such program objectives, goals, and priorities as are consistent with the purposes of this title and were set forth by such community development corporation in its proposal for funding as approved and agreed upon by the Director or as subsequently modified from time to time by mutual agreement between the Director and such community development corporation.

(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents.

PLANNING GRANTS

Sec. 748. In order to facilitate the purposes of this title, the Director is authorized to provide financial assistance to any public or private nonprofit agency or organization for planning of community economic development programs and cooperative programs under this title.

COMMUNITY ECONOMIC DEVELOPMENT RESOURCES COMMITTEE

Sec. 749. (a) In order to assure maximum utilization of the resources of all Federal agencies having responsibilities under this title, and other public and private agencies and organizations, there shall be established a Community Economic Development Resources Committee. The Committee shall be composed of seven members as follows:

- (1) the Director, who shall serve as chairman;
- (2) the Secretary of Commerce or his representative;
- (3) the Secretary of Agriculture or his representative;
- (4) the Secretary of Labor or his representative;
- (5) the Secretary of Health, Education, and Welfare or his representative;

(6) the Secretary of Housing and Urban Development or his representative; and

(7) the Administrator of the Small Business Administration or his representative.

(b) The Resources Committee shall develop on a continuing basis, plans and procedures to the maximum extent for cooperative efforts of Federal agencies required to provide assistance under sections 742, 743, 744, 745, and 746, of this Act, and submit to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor, and to the National Commission on Community Economic Development established under section 750, not later than June 1, 1975, a report on the plans and procedures established and resources expected therefrom.

(c) A majority of the membership of the Resources Committee shall constitute a quorum for the purpose of conducting business.

SPECIAL REVIEW OF COMMUNITY ECONOMIC DEVELOPMENT

SEC. 750. (a) (1) There shall be established a National Commission on Community Economic Development (referred to in this section as the 'Commission'). Upon the submission of its final report required by subsection (c) of this section, the Commission shall cease to exist.

(2) The Commission shall be composed of the following individuals:

(A) Two Members of the Senate who shall be members of different political parties and shall be appointed by the President pro tempore of the Senate;

(B) Two Members of the House of Representatives who shall be members of different political parties and shall be appointed by the Speaker of the House of Representatives; and

(C) Nine individuals who shall be appointed by the President not later than sixty days after the date of enactment of this Act, of whom five shall be appointed from among individuals who are experienced in the operation of community economic development programs, cooperatives, and other similar programs conducted under this title, and of whom four shall be appointed from among individuals who are representative of management, labor, the financial community, and State and local government. No more than five of the members appointed under this paragraph shall be members of the same political party.

(3) The President shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Commission.

(4) A majority of the membership of the Commission shall constitute a quorum for the purpose of conducting business, but a lesser number may conduct hearings.

(5) The terms of office of the appointive members of the Commission shall expire after submission of the final report.

(6) Members appointed under clause (C) of paragraph (2) of this subsection may, while serving on the business of the Commission, be entitled to receive compensation at rates fixed by the President but not exceeding the rate prescribed for GS-18 of the General Schedule under section 5332 of title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business; such members may be allowed travel expenses, including per diem in lieu of subsistence.

(b) The Commission shall be responsible for conducting a study, which study shall include—

(1) a consideration of an appropriate administrative agency for carrying out community economic development programs in the future, including consideration of the establishment of an independent agency to administer such programs and to conduct and coordinate a system of making financial assistance and credit available to community economic development corporations and cooperatives assisted under this title;

(2) a review of the extent to which programs and activities conducted under this title meet the overall need in the Nation for community economic development programs;

(3) a review of the resources available to meet such needs;

(4) a review of the adequacy of plans and procedures established by the Resources Committee pursuant to section 749 of this title; and

(5) a review of the plan submitted by the Director pursuant to section 732 of this title.

(c) Not later than June 30, 1975, the Commission shall submit a final report to the President and to the Congress on the results of the study authorized by this section, together with such findings and recommendations, including recommendations for legislation as it deems appropriate.

(d) The Director shall provide the Commission with necessary administrative services (including those related to budgeting accounting, financial reporting, personnel, and procurement) for which payment shall be made in advance, or by reimbursement, from funds of the Commission and such amounts as may be agreed upon by the Commission and the Director.

(e) In carrying out the provisions of this section, the Commission is authorized to—

(1) enter into contracts with institutions of post-secondary education and other appropriate individuals, public agencies, and private organizations;

(2) appoint and fix the compensation of such personnel as may be necessary;

(3) employ experts and consultants in accordance with section 3100 of title 5, United States Code;

(4) utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement; and

(5) consult with the heads of such Federal agencies as it deems appropriate.

(f) (1) The Commission is further authorized to conduct such hearings at such times and places as it deems appropriate for carrying out the purposes of this section.

(2) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out this section.

NONDISCRIMINATION PROVISIONS

SEC. 751. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant

or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this title.

TITLE VIII—NATIVE AMERICAN PROGRAMS

SHORT TITLE

SEC. 801. This title may be cited as the "Native American Economic Opportunity Programs Act".

STATEMENT OF PURPOSE

SEC. 802. The purpose of this title is to promote the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives (as defined in paragraph (3) of section 813 of this title), and Alaskan Natives.

FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

SEC. 803. (a) The Director is authorized to provide financial assistance to public and nonprofit private agencies, including but not limited to, governing bodies of Indian tribes on Federal and State reservations, Alaskan Native villages and regional corporations established by the Alaska Native Claims Settlement Act, and such public and nonprofit private agencies serving Hawaiian Natives, and Indian organizations in urban or rural nonreservation areas, for projects pertaining to the purposes of this title. In determining the projects to be assisted under this title, the Director shall consult with other Federal agencies for the purpose of eliminating duplication or conflict among similar activities or projects and for the purpose of determining whether findings resulting from those projects may be incorporated into one or more programs for which those agencies are responsible.

(b) Financial assistance extended to an agency under this title shall not exceed 80 per centum of the approved costs of the assisted project, except that the Director may approve assistance in excess of such percentage if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to

plant, equipment, and services. The Director shall not require non-Federal contributions in excess of 20 per centum of the approved costs of programs or activities assisted under this title.

(c) No project shall be approved for assistance under this title unless the Director is satisfied that the activities to be carried out under such project will be in addition to, and not in substitution for, comparable activities previously carried out without Federal assistance, except that the Director may waive this requirement in any case in which he determines, in accordance with regulations establishing objective criteria, that application of the requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes of this title.

TECHNICAL ASSISTANCE AND TRAINING

SEC. 804. The Director may provide, directly or through other arrangements, (1) technical assistance to public and private agencies in developing, conducting, and administering projects under this title, and (2) short-term in-service training for specialized or other personnel which is needed in connection with projects receiving financial assistance under this title.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 805. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

SEC. 806. (a) The Director shall make a public announcement concerning—

(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency for a research, demonstration, or pilot project; and

(2) except in cases in which the Director determines that it would not be consistent with the purposes of this title, the results, findings, data, or recommendations made or reported as a result of such activities.

(b) The public announcements required by subsection (a) shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (b) of this section shall be within thirty days of the receipt of such results.

SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

SEC. 807. (a) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out on or

in an Indian reservation or Alaskan Native village, unless a plan setting forth the project has been submitted to the governing body of that reservation or village and the plan has not been disapproved by the governing body within thirty days of its submission.

(b) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a State other than on or in an Indian reservation or Alaskan Native village or Hawaiian Homestead, unless the Director has notified the chief executive officer of the State of his decision to provide that assistance.

(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan Native village, or Hawaiian Homestead, unless the Director has notified the local governing officials of the political subdivision of his decision to provide that assistance.

RECORDS AND AUDITS

SEC. 808. (a) Each agency which receives financial assistance under this title shall keep such records as the Director may prescribe, including records which fully disclose the amount and disposition by that agency of such financial assistance, the total cost of the project in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any agency which receives financial assistance under this title that are pertinent to the financial assistance received under this title.

APPEALS, NOTICE, AND HEARING

SEC. 809. The Director shall prescribe procedures to assure that—

(1) financial assistance under this title shall not be suspended, except in emergency situations, unless the assisted agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(2) financial assistance under this title shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the assisted agency has been afforded reasonable notice and opportunity for a full and fair hearing.

EVALUATION

SEC. 810. (a) The Director shall provide, directly through grants or contracts, for the evaluation of projects assisted under this title, including evaluations that describe and measure the impact of such projects, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate

control groups composed of persons who have not participated in such projects. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this title. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this title.

(c) In carrying out evaluations under this title, the Director may require agencies which receive assistance under this title to provide for independent evaluations.

(d) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this title about such programs and projects.

(e) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(f) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this title shall become the property of the United States.

LABOR STANDARDS

SEC. 811. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting or decorating, of buildings or other facilities in connection with projects assisted under this title, shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950, and section 2 of the Act of June 1, 1934.

DELEGATION OF AUTHORITY

SEC. 812. (a) The Director is authorized to delegate to the heads of other departments and agencies of the Federal Government any of his functions, powers, and duties under this title, as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this title.

(c) Funds appropriated for the purpose of carrying out this title may be transferred between departments and agencies of the Government, if such funds are used for the purposes for which they are authorized and appropriated.

DEFINITIONS

Sec. 813. As used in this title, the term—

(1) "financial assistance" includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

(2) "Indian reservation or Alaskan Native village" includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands or lands subject to a restriction against alienation imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaskan Natives or Alaskan Native organizations under the Alaska Native Claims Settlement Act; and

(3) "Native Hawaiian" means any individual any of whose ancestors were natives of the area which consists of the Hawaiian Islands prior to 1778.

AUTHORIZATION OF APPROPRIATIONS

Sec. 814. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal years 1975 through 1977.

TITLE IX—EVALUATION

COMPREHENSIVE EVALUATION OF PROGRAMS

[SEC. 901. (a) The Director shall provide for the continuing evaluation of programs under this Act and of programs authorized under related Acts, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such programs, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. The Director may, for such purposes, contract or make other arrangements for independent evaluations of those programs or individual projects.

(b) The Director shall to the extent feasible develop and publish standards for evaluation of program effectiveness in achieving the objectives of this Act. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under any section of this Act.

(c) In carrying out this title, the Director may require community action agencies to provide independent evaluations.

COOPERATION OF OTHER AGENCIES

[SEC. 902. Federal agencies administering programs related to this Act shall—

(1) cooperate with the Director in the discharge of his responsibility to plan and conduct evaluations of such poverty-related programs as he deems appropriate, to the fullest extent permitted by other applicable law; and

(2) provide the Director on a cooperative basis with such agency, with such statistical data, program reports, and other materials, as they collect and compile on a program operations, beneficiaries, and effectiveness.

CONSULTATION

[SEC. 903. (a) In carrying out evaluations under this title, the Director shall, whenever possible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

(b) The Director shall consult, when appropriate, with State agencies, in order to provide for jointly sponsored objective evaluation studies of programs on a State basis.

PUBLICATION OF EVALUATION RESULTS

[SEC. 904. (a) The Director shall publish summaries (prepared by the evaluator) of the results of evaluative research and evaluations of program impact and effectiveness no later than sixty days after its completion.

(b) The Director shall take necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds shall become the property of the United States.

(c) The Director shall publish summaries of the results of activities carried out pursuant to this title in the report required by section 608 of this Act.

EVALUATION BY OTHER ADMINISTERING AGENCIES

[SEC. 905. The head of any agency administering a program authorized under this Act may, with respect to such program, conduct evaluations and take other actions authorized under this title to the same extent and in the same manner as the Director under this title. Nothing in this section shall preclude the Director from conducting such evaluations or taking such actions otherwise authorized under this title with respect to such programs.]

TITLE IX—EVALUATION

PROGRAM AND PROJECT EVALUATION

Sec. 901. (a) (1) The Director shall, directly or through grants or contracts, measure and evaluate the impact of all programs authorized by this Act and of poverty-related programs authorized by other Acts, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project evaluated.

(2) In carrying out his responsibilities under this subsection, the Director, in the case of research, demonstrations, and related activities carried out under title XI of this Act, shall, after taking into consideration the views of State agencies and community action agencies designated pursuant to section 210 of this Act, on an annual basis—

(A) reassess priorities to which such activities should be directed; and

(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 1102(a) of this Act, whether and on what basis such activities should be continued, revised, terminated.

(3) The Director shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation, as he deems appropriate.

(b) Prior to obligating funds for the programs and projects covered by this Act with respect to fiscal year 1976, the Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 608 of this Act shall describe the actions taken as a result of these evaluations.

(c) In carrying out evaluations under this title, the Director shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects, and shall consult, when appropriate, with State agencies and community action agencies designated pursuant to section 210, in order to provide for jointly sponsored objective evaluation studies on a State or areawide basis.

(d) The Director shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(e) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

COOPERATION OF OTHER FEDERAL AGENCIES

SEC. 902. Such information and cooperation as the Director may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch."

TITLE XI—RESEARCH AND DEMONSTRATIONS

STATEMENT OF PURPOSE

SEC. 1101. The purpose of the title is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, including persons of limited English-speaking ability, in

rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 1102. (a) The Director may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise furthering the purposes of this title.

(b) The Director shall establish an overall plan to govern the approval of research, demonstration, and pilot projects and the use of all research authority under this title. Such plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any such projects may be incorporated into one or more programs for which those agencies are responsible.

(c) No project shall be commenced under this section unless a plan setting forth such proposed project has been submitted to the chief executive officer of the State in which the project is to be located and such plan has not been disapproved by him within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

(d) In making grants or contracts under this title, the Director shall insure that not less than 25 per centum of the funds made available under this title in any fiscal year shall be made available for programs or projects receiving financial assistance under section 221 or 235 of this Act.

CONSULTATION

SEC. 1103. In carrying out projects under this title, the Director shall, whenever feasible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 1104. (a) The Director shall make a public announcement concerning—

(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this title; and

(2) the results, findings, data, or recommendations made or reported as a result of such research, demonstration, or pilot project.

(b) The public announcements required by subsection (a) of this section shall be made within thirty days of making any such grant or contract, and the public announcements required by subsection (b) of this section shall be made within thirty days of the receipt of such results, findings, data, or recommendations.

(c) *The Director shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this title shall become the property of the United States.*

(d) *The Director shall publish studies of the results of activities carried out pursuant to this title not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such studies.*

NONDISCRIMINATORY PROVISIONS

SEC. 1105. (a) The Director shall not provide financial assistance for any program, project, or activity under this title unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this title. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program, project, or activity receiving assistance under this title.

PROHIBITION OF FEDERAL CONTROL

SEC. 1106. Nothing contained in this title shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

DEFINITIONS

SEC. 1107. As used in this title, the term—

- (1) "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands; and*
- (2) "demonstration or pilot project" means any project, whether or not involving research, which includes the delivery of human services.*

AUTHORIZATION OF APPROPRIATIONS

SEC. 1108. There are authorized to be appropriated for carrying out the purposes of this title such sums as may be necessary for fiscal years 1975 through 1977.

CHILD ABUSE PREVENTION AND TREATMENT ACT

THE NATIONAL CENTER ON CHILD ABUSE AND NEGLECT

SEC. 2. (a) The Secretary of Health, Education, and Welfare (hereinafter referred to in this Act as the "Secretary") shall establish an

office to be known as the National Center on Child Abuse and Neglect (hereinafter referred to in this Act as the "Center").

(b) The Secretary, through the Center, shall—

(1) compile, analyze, and publish a summary annually of recently conducted and currently conducted research on child abuse and neglect;

(2) develop and maintain an information clearinghouse on all programs, including private programs, showing promise of success, for the prevention, identification, and treatment of child abuse and neglect;

(3) compile and publish training materials for personnel who are engaged or intend to engage in the prevention, identification, and treatment of child abuse and neglect;

(4) provide technical assistance (directly or through grant or contract) to public and nonprofit private agencies and organizations to assist them in planning, improving, developing, and carrying out programs and activities relating to the prevention, identification, and treatment of child abuse and neglect;

(5) conduct research into the causes of child abuse and neglect, and into the prevention, identification, and treatment thereof; and

(6) make a complete and full study and investigation of the national incidence of child abuse and neglect, including a determination of the extent to which incidents of child abuse and neglect are increasing in number or severity.

(c) *The Secretary may carry out his functions under subsection (b) of this section either directly or by way of grant or contract.*

* * * * *

DEMONSTRATION PROGRAMS AND PROJECTS

SEC. 4. (a) The Secretary, through the Center, is authorized to make grants to, and enter into contracts with, public agencies or nonprofit private organizations (or combinations thereof) for demonstration programs and projects designed to prevent, identify, and treat child abuse and neglect. Grants or contracts under this subsection may be—

(1) for the development and establishment of training programs for professional and paraprofessional personnel in the fields of medicine, law, education, social work, and other relevant fields who are engaged in, or intend to work in, the field of the prevention, identification, and treatment of child abuse and neglect; and training programs for children, and for persons responsible for the welfare of children, in methods of protecting children from child abuse and neglect;

(2) for the establishment and maintenance of centers, serving defined geographic areas, staffed by multidisciplinary teams of personnel trained in the prevention, identification, and treatment of child abuse and neglect cases, to provide a broad range of services related to child abuse and neglect, including direct support and supervision of satellite centers and attention homes, as well as providing advice and consultation to individuals, agencies, and organizations which request such services;

(3) for furnishing services of teams of professional and paraprofessional personnel who are trained in the prevention, iden-

tification, and treatment of child abuse and neglect cases, on a consulting basis to small communities where such services are not available; and

(4) for such other innovative programs and projects, including programs and projects for parent self-help, and for prevention and treatment of drug-related child abuse and neglect, that show promise of successfully preventing or treating cases of child abuse and neglect as the Secretary may approve.

Not less than 50 per centum of the funds appropriated under this Act for any fiscal year shall be used only for carrying out the provisions of this subsection.

(b)(1) Of the sums appropriated under this Act for any fiscal year, not less than 5 per centum and not more than 20 per centum may be used by the Secretary for making grants to the States for the payment of reasonable and necessary expenses for the purpose of assisting the States in developing, strengthening, and carrying out child abuse and neglect prevention and treatment programs.

(2) In order for a State to qualify for assistance under this subsection, such State shall—

(A) have in effect a State child abuse and neglect law which shall include provisions for immunity for persons reporting instances of child abuse and neglect from prosecution, under any State or local law, arising out of such reporting;

(B) provide for the reporting of known and suspected instances of child abuse and neglect;

(C) provide that upon receipt of a report of known or suspected instances of child abuse or neglect an investigation shall be initiated promptly to substantiate the accuracy of the report, and, upon a finding of abuse or neglect, immediate steps shall be taken to protect the health and welfare of the abused or neglected child, as well as that of any other child under the same care who may be in danger of abuse or neglect;

(D) demonstrate that there are in effect throughout the State, in connection with the enforcement of child abuse and neglect laws and with the reporting of suspected instances of child abuse and neglect, such administrative procedures, such personnel trained in child abuse and neglect prevention and treatment, such training procedures, such institutional and other facilities (public and private), and such related multidisciplinary programs and services as may be necessary or appropriate to assure that the State will deal effectively with child abuse and neglect cases in the State;

(E) provide for methods to preserve the confidentiality of all records in order to protect the rights of the child, his parents or guardians;

(F) provide for the cooperation of law enforcement officials, courts of competent jurisdiction, and appropriate State agencies providing human services;

(G) provide that in every case involving an abused or neglected child which results in a judicial proceeding a guardian ad litem shall be appointed to represent the child in such proceedings;

(H) provide that the aggregate of support for programs or projects related to child abuse and neglect assisted by State funds

shall not be reduced below the level provided during fiscal year 1973, and set forth policies and procedures designed to assure that Federal funds made available under this Act for any fiscal year will be so used as to supplement and, to the extent practicable, increase the level of State funds which would, in the absence of Federal funds, be available for such programs and projects;

(I) provide for dissemination of information to the general public with respect to the problem of child abuse and neglect and the facilities and prevention and treatment methods available to combat instances of child abuse and neglect; and

(J) to the extent feasible, insure that parental organizations combating child abuse and neglect receive preferential treatment.

(3) Programs or projects related to child abuse and neglect assisted under part A or B of title IV of the Social Security Act shall comply with the requirements set forth in clauses (B), (C), (E), and (F) of paragraph (2).

(c) Assistance provided pursuant to this section shall not be available for construction of facilities; however, the Secretary is authorized to supply such assistance for the lease or rental of facilities where adequate facilities are not otherwise available, and for repair or minor remodeling or alteration of existing facilities.

(d) The Secretary shall establish criteria designed to achieve equitable distribution of assistance under this section among the States, among geographic areas of the Nation, and among rural and urban areas. To the extent possible, citizens of each State shall receive assistance from at least one project under this section.

(e) For the purpose of this section, the term "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam and the Trust Territories of the Pacific.

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COMMUNITY SERVICES ACT OF 1974

MAY 15, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PERKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

ADDITIONAL, MINORITY, ADDITIONAL MINORITY, AND SUPPLEMENTAL MINORITY

[To accompany H.R. 14449]

The Committee on Education and Labor, to whom was referred the bill (H.R. 14449) to provide for the mobilization of community development and assistance services and to establish a Community Action Administration in the Department of Health, Education, and Welfare to administer such programs, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts a substitute text which appears in italic type in the reported bill.

INTRODUCTION

PURPOSE

It is the purpose of this bill to provide for the continuation of programs currently authorized under the Economic Opportunity Act of 1964, as amended, including Community Action, Legal Services, Senior Opportunities and Services, Headstart, Follow Through and others. In recognition of the delegation of several programs under the delegation authority of the Director of the Office of Economic Opportunity, the Committee has legislated the transfer of these programs to other Federal departments and agencies: Headstart, Follow Through, Native Americans, Comprehensive Health Services and the Human Services Policy Research program have been transferred to the Department of Health, Education and Welfare; and the migrant programs under Part B of Title II have been transferred to the Depart-

ment of Labor. The Community Economic Development Program, Title VII of the Economic Opportunity Act, is transferred to the Department of Commerce.

The bill establishes a Community Action Administration under the Secretary of Health, Education and Welfare with a Director to be appointed by the President and confirmed by the Senate. In addition to administering the community action and other programs under his jurisdiction, the Director is authorized to take an active role in coordinating and evaluating programs administered by other Federal agencies as well as initiating innovative programs.

A SUMMARY OF THE MAJOR PROVISIONS OF THE BILL

The Community Services Act of 1974 provides for the continuation of programs presently authorized under the Economic Opportunity Act of 1964, as amended, including the Community Action Program, and establishes a Community Action Administration in the Department of Health, Education, and Welfare to administer these programs. The bill authorizes to be appropriated such sums as may be necessary for fiscal years 1975, 1976 and 1977, except that \$330,000,000 is authorized to be appropriated for local initiative programs under section 121 for fiscal year 1975; \$50,000,000 is authorized to be appropriated for incentive grants under section 145 for fiscal year 1975; separate authorizations of \$500,000,000, \$525,000,000, and \$550,000,000 for fiscal years 1975, 1976, and 1977, respectively, are provided for Headstart; and \$60,000,000 for each fiscal year is authorized for Follow Through.

In addition, the bill:

Repeals the Economic Opportunity Act of 1964, as amended.

Changes the level of Federal support for Community Action programs to 80% for fiscal 1975, 70% for fiscal 1976 and 60% for fiscal 1977. Allows the local share to be met on a statewide basis.

Establishes a new Incentive Grant program designed to encourage Community Action Agencies to secure new local dollars.

Modifies the allotment formula for Community Action Programs to reflect the Orshansky poverty index as determined by the 1970 Census.

Transfers the authority for the Headstart program to the Department of Health, Education and Welfare, and authorizes the Program for three years.

Transfers the authority for the Follow Through program to the Department of Health, Education and Welfare, and authorizes the Program for three years.

Provides authority in the Department of Health, Education and Welfare for the Native American Program.

Provides authority for the Human Services Policy Research Act in the Department of Health, Education and Welfare for three years.

Transfers the Community Economic Development program to the Department of Commerce and authorizes the Program for three years.

Transfers the Comprehensive Health Services program to the Department of Health, Education and Welfare.

Transfers the Migrant programs under Part B of Title II to the Department of Labor.

COMMITTEE ACTION

In February 1973 the Equal Opportunities Subcommittee began hearings on various legislative proposals to continue the Economic Opportunity Act of 1964. A total of fifteen days of hearings were held both in Washington and throughout the country. On April 9, the Subcommittee ordered reported to the full Committee H.R. 14094. On April 30, the full Committee ordered reported to the House H.R. 14449 with an amendment by a vote of 27-8.

COST ESTIMATE

Program	Fiscal year—		
	1975	1976	1977
Local initiative.....	\$330,000,000	\$330,000,000	\$330,000,000
Incentive grants.....	50,000,000	50,000,000	50,000,000
Legal services.....	71,500,000	90,000,000	100,000,000
Community food and nutrition.....	25,000,000	30,000,000	30,000,000
Senior opportunities and services.....	10,500,000	10,500,000	10,500,000
Migrant programs.....	56,000,000	60,000,000	60,000,000
Youth recreation and sports program.....	3,000,000	5,000,000	5,000,000
Head Start.....	500,000,000	525,000,000	550,000,000
Follow Through.....	60,000,000	60,000,000	60,000,000
Native American program.....	32,000,000	37,000,000	43,000,000
Human services policy research.....	22,000,000	22,000,000	22,000,000
Community economic development.....	40,000,000	40,000,000	40,000,000
Total.....	\$1,199,500,000	\$1,259,500,000	\$1,300,500,000

PROGRAMS AUTHORIZED BY THE COMMUNITY SERVICES ACT

Community Action

The Community Action program authorized by Title I provides assistance, both financial and technical, to communities conducting campaigns to reduce poverty. As originally conceived, Community Action was a recognition of the fact that while poverty is a national concern its various causes and symptoms are best understood and best dealt with at the local level. Communities are encouraged and helped to develop programs aimed at the special needs of their own poor families, to develop their own ideas, commit their own resources, assume responsibility for initiating and carrying out programs suited to their own needs. Under the Community Action program financial and other assistance is provided to the communities for a variety of purposes and through a variety of mechanisms and a number of categorical approaches.

Local Initiative

Local Initiative funds provide the vehicle for the total Community Action process which includes analysis of community problems, the development of a strategy for dealing with those problems, the assignment of priorities, the development of programs to accomplish specific objectives, mobilization of resources to support needed program efforts, the conduct of programs and self-evaluation of these efforts. In addition, to the extent permitted, Local Initiative funds sustain a wide range of specific programs dealing with health, manpower, day care, youth development and other programs in addition to those of a "special emphasis" category which tend to be better known.

Legal Services

A conference report is currently awaiting action by the Congress which would establish a Legal Services Corporation. Recognizing the

need for a transitional authority until the Corporation is established, the Committee has retained the authority for the Legal Services program in this bill.

Community Food and Nutrition

The Community Food and Nutrition Program (originally the Emergency Food and Medical program) was established to provide food and assistance in areas with serious hunger problems. Federal feeding programs were severely limited and ineffectively implemented. Its chief purposes have been to provide mechanisms and facilities, such as outreach, transportation, certification assistance and liaison, and to identify and overcome obstacles to the full use of food programs, rather than direct feeding. In a limited way the program has provided food on a temporary basis in critical situations. Funds have been used for self-help projects whereby participants can raise and process their own foodstuffs. At the suggestion of the Office of Economic Opportunity, the program name has been changed to reflect the program's increasing focus on community nutrition and to delete references to medical services which are not effectively provided in a program of this size.

Environmental Action

This program authorizes projects to combat pollution and improve the environment. It combines the elements of a work program with a recognition of the need to improve the environment, particularly the environment in which the poor find themselves. Projects may include clean-up and sanitation activities, reclamation and rehabilitation of areas damaged by natural and man-made destruction.

Rural Housing Development and Rehabilitation

This program is designed to give special emphasis to the problem of inadequate housing in rural areas. Its intention is to encourage experimentation in rural areas, to enhance existing Federal housing programs, and provide new housing thrusts in the future through assistance to nonprofit rural housing development corporations and cooperatives for construction of new housing and the repair and renovation of existing housing.

Senior Opportunities and Services

The Senior Opportunities and Services program is designed to meet the special needs of elderly citizens which are not met by the more generalized programs designed for younger persons. Health, employment, housing, consumer, welfare and other needs of the elderly are recognized and provided for.

Design and Planning Assistance

This program provides financial assistance for technical assistance and professional architectural and related services for programs conducted by community-based design and planning organizations. The program encourages the maximum use of voluntary services of professional and community personnel.

Youth Recreation and Sports Program

The Youth Recreation and Sports Program provides disadvantaged young people with recreation and physical fitness instruction concen-

trated in the summer months and utilizing college and university and other recreational facilities. The program includes instruction concerning study practices, career opportunities, job responsibilities, health and nutrition and drug abuse education. It is currently administered through the National Collegiate Athletic Association, and in 1973 had 105 institutions located in 71 cities participating.

Consumer Action and Cooperative Programs

The Consumer Action and Cooperative program aids the development, technical assistance and operation of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs. It is intended to aid low-income individuals and groups in enforcing consumer rights, and protecting against unfair or discriminatory trade and commercial practices.

Technical Assistance and Training

Through this program the Director provides training and technical assistance to communities to develop and conduct programs to meet their own needs and national goals. The Director may assign personnel to the local agency for limited times, however most assistance is provided through contracts with various professional and volunteer organizations which have special competence in the areas involved.

State Agency Assistance

State agencies under this program are generally an adjunct to the Office of the Governor within the individual State. Their purpose is to mobilize antipoverty resources within the State, serve as an advocate for the poor, provide technical assistance to grantees, consult with the Community Action Administration and local Community Action agency personnel on funding requests, to give advice, training and technical assistance, and to assist the Administration in monitoring and evaluation of program activities.

Rural Loan Program

The Rural Loan Program provides loans to low-income rural families to assist them in maintaining and raising their income. Loans are made to both individuals and cooperative associations. The program is conducted by the Farmers Home Administration.

Special Programs for Migrants and Seasonal Farmworkers

Title II(B) provides special programs for millions of Americans who depend for bare subsistence on earnings sporadically available from farm employment. The program serves both those classified as seasonal-hire farm labor and those who migrate during peak harvest seasons. It is the intent of the Committee that these programs should provide a wide variety of services including day care, remedial education (including high school equivalency), emergency food and housing, and health care.

Evaluation, Research and Demonstration

Research activities are designed to expand information on the causes of poverty, its incidence and on the means and mechanisms necessary to alleviate it. These efforts seek to develop workable models and innovative programs that can be used by Federal, State

or local agencies to meet the needs of the poor. Evaluation activities involve attempts objectively to assess the effects of a given program and the relative effects of different programs and techniques, as well as other variables such as different managerial and operational techniques.

Headstart

Headstart is a comprehensive preschool program for poor children providing medical, dental, nutritional, educational and social services so as to meet many of the intellectual, social and health needs and enhance the quality of life of the deprived school child while he is in the program. There is heavy emphasis on parental involvement. Headstart serves children through three basic programs—full year, part-day; full-year, full day; and short summer programs. Headstart is conducted by the Office of Child Development in the Department of Health, Education and Welfare.

Follow Through

Follow Through is designed to build upon the gains enjoyed by children in Headstart and, as in Headstart, a range of early childhood needs—educational, physical, psychological, as well as social needs—are recognized through programs conducted in the early grade school years. Follow Through is administered by the Office of Education.

Native American

The Native American program, administered by the Department of Health, Education and Welfare, applies innovative approaches to the special needs of Indians and Alaska Natives in an effort to increase the economic and social self-sufficiency of the Indian people.

Human Services Policy Research

This research program presently operated by HEW under delegation by the Office of Economic Opportunity, provides broad policy research on questions of employment, income maintenance, etc. and basic research and statistical studies on the extent and causes of poverty.

Community Economic Development

The Community Economic Development program provides support for economic and community development in urban and rural areas with high concentrations of poor people through Community Development Corporations and cooperatives. The program is designed to have a limited number of significant and highly visible projects promoting opportunities for community self-development, individual entrepreneurship and good jobs.

THE COMMITTEE BILL

Except as otherwise indicated, the Committee Bill contains all of the provisions of the Economic Opportunity Act of 1964, as amended.

COMMUNITY ACTION

Although Community Action was once highly controversial, the Committee finds that it enjoys wide acceptance and support from State and city officials and civic leaders from all sections of the country and reflecting the full spectrum of political persuasion.

George Wallace, Governor of Alabama, wrote the Committee, "There is strong support in Alabama, from all segments of the local communities, for the continued Federal funding of CAA's . . . because of this strong local support, I urge the passage of legislation to assure the continued categorical Federal funding of effective and well administered Community Action Agencies."

In a statement submitted for the Subcommittee on Equal Opportunities' hearings on the continuation of OEO programs, Governor Richard Kneip of South Dakota said,

"Community Action Agencies have provided services that would otherwise never have reached the rural areas of South Dakota."

Numerous elected officials have reiterated New Orleans' Mayor Moon Landrieu's assertion to the Subcommittee that local communities do not have the resources to assume the cost of services now provided by Community Action Agencies.

"Those who propose the termination of Federal support claim that city officials could choose to sustain the program out of municipal resources," Mayor Landrieu told the Subcommittee, "But they do not tell us where those resources are to be found, except through milking money out of other municipal services, thus causing deterioration in other areas. This is a choice of suicide by hanging or suicide by poison. We who wish to continue our CAAs either as private or public agencies simply do not have the resources to do so, except at the cost of maintaining them in a severely weakened and essentially ineffective form."

The Committee believes that a continued strong Federal commitment to Community Action Agencies is essential; and while it agrees that communities which can contribute to the support of community action programs should be encouraged to do so, it believes that poor communities, particularly in rural areas, which do not have the resources to contribute to this effort, should receive the assistance needed to continue their community action programs.

Community Action Agencies clearly perform a unique and essential function not only in providing services to the poor, but reflecting the specific concerns of the communities they serve. Local participation and flexibility are the cornerstones of the Community Action Program.

The Community Action Program has been successful because it has been tailored to the unique needs of the local community. In some cases functioning as part of the local government has been determined as the best method of serving the community, and some 95 CAP are public agencies operating through the local government structure. The Committee bill provides incentives to encourage more public participation. In other instances, vigorous private, nonprofit agencies are most appropriate. The Committee believes it essential to preserve this flexibility to meet the specific needs of the local community.

Community Action Agencies have been most effective in mobilizing other Federal and local resources.

The Committee believes that one of the most important functions of Community Action Agencies is to initiate innovative programs. In the past, CAPs have responded to specific local problems with programs which may have applicability on a national level. The Maine

Community Action Agency's energy conservation project initiated this past winter in response to the severe impact of the energy crisis on the poor is one outstanding example.

Not the least significant role of the Community Action Program has been the opportunity for employment of low-income individuals in communities served by Community Action Agencies; 185,000 persons are presently employed by CAPs and delegate agencies. Of these individuals, roughly half were poor or on welfare rolls before their employment with CAPs. The Committee regards this employment factor as highly significant, and expects a continued effort when the program is transferred to HEW.

It is the Committee's intention in transferring the Community Action Program from the Office of Economic Opportunity to the Department of Health, Education, and Welfare that currently funded Community Action Agencies will be sustained and that subcontracts entered into by these agencies will be honored. To the extent feasible, the Committee urges that the new Community Action Administration in HEW retain the regulations promulgated by the Office of Economic Opportunity and certainly, in the period of transition between the closing of operations by the Office of Economic Opportunity and the establishment at full operating level of the new Administration, that these regulations shall remain in force.

SENIOR OPPORTUNITIES AND SERVICES

In providing for the transfer of elderly programs previously administered by the Office of Economic Opportunity to the Community Action Administration in the Department of Health, Education and Welfare, the Committee cautions that these programs should be administered by the Community Action Administration and not transferred to the Administration on Aging.

The Senior Opportunities and Services programs are targeted to the elderly poor and not the entire elderly population as are programs under the Administration on Aging. The funding mechanism for SOS programs has been flexible and has permitted the development of many innovative programs which have been later implemented in the Older Americans Act and other legislation.

SOS has been most successful in generating local and other Federal program money. With an average investment of \$30,000-\$35,000 per program in OEO money, SOS has generated more money in other Federal programs than it receives from OEO. On a national basis, with about \$7,000,000 available for SOS programs in 1973, approximately \$11 million in other Federal programs affecting the elderly was generated.

SOS programs are primarily outreach programs consisting of transportation, home care, feeding and health care. Rather than duplicate programs under other authorities, SOS fills in gaps, targets the poverty population and facilitates implementation of other programs. SOS programs have been run in the past by Community Action Agencies and have had close ties with the Emergency Food and Medical Services Program.

Because of its focus on the elderly poor, the innovative thrust of its programs and its close coordination with other programs under the Community Services Act, the Committee feels it appropriate that SOS be kept within the Community Action Administration.

INCENTIVE GRANTS

The Committee authorized a special incentive program which provides for a dollar-for-dollar matching grant where State and local public funds are made available to a Community Action Agency to add to the activities it previously conducted. Local contributions must be in cash.

These public contributions may not substitute for but must be in addition to the funds currently being spent by the public body for programs and services under its jurisdiction.

Section 1201(c) authorizes in addition to the amount made available to Community Action Agencies an appropriation of \$50,000,000 for fiscal year 1975 and such sums as may be necessary for the remaining two fiscal years for conducting these incentive programs.

DELEGATION OF AUTHORITY TO STATES

A new provision was added to Section 111 of the Act which would permit the Director to delegate certain of his functions to a State, provided that all community action agencies within that State formally approved of it. This amendment is intended to permit the community action agencies within a State to deal directly with their State government instead of a regional office of the Federal Government, if they so desire. The Committee does not intend, through this limited action, to suggest its preference for such a system of administration; indeed, the Committee would oppose any effort to mandate a State-administered program. It was the Committee's view that where such agreements were voluntarily sought by both the Director and the affected agencies any impediments to proceeding in that manner should be eliminated. Therefore, this new authority was added.

FORMULA AND MATCHING SHARE

Section 125 of the bill contains a three-part formula for the allotment among the States of local initiative funds. Under the previous authority in the Economic Opportunity Act, the formula was based on (1) the relative number of public assistance recipients in each State as compared to all the States; (2) the average number of unemployed persons in each State as compared to all the States; and (3) the relative number of related children living with families with incomes of less than \$1,000 in each State as compared to all of the States.

The bill changes the third portion of that allocation formula by substituting the Orshansky poverty index criteria for the \$1,000 income level. The Orshansky poverty index is a fluctuating level based on the latest census data and reflects size of family, farm or nonfarm location, and sex of the head of the household.

In order to assure that this change in the formula does not result in a drastic shift of funds among the States, the Committee adopted a provision that would limit any State's loss to one-half of one percent of its relative percentage of the total amount allocated in fiscal year 1974. The Committee believes that this provision is necessary to protect all ongoing programs and expects that the Director will use his discretionary funds insofar as possible to prevent any drastic curtailment of programs in any State.

The section also provides for a reducing Federal contribution. Beginning in fiscal year 1975, the Federal share would be 80%, in fiscal year 1976, 70%, and in fiscal year 1977, 60%. This reduction is coupled with a provision which would allow the Director to approve assistance in excess of the stated percentages upon evidence that the aggregate of all non-Federal contributions by agencies within a State meet the percentage requirements for the State. In other words, the Director may approve Federal contributions for a specific agency in excess of the stated maximum when the non-Federal contribution for the State meets or exceeds the requirement of the statute in the State. The Committee feels that the Director should pay special attention to those areas where the requirement of an increasing Federal contribution works a substantial hardship and should exercise the authority granted him in subsection (d) to avoid unnecessary hardships.

ALLOCATION FORMULA AMENDMENT EFFECT

	Current OEO H.R. 14449 (percent)	Amended H.R. 14449 (percent)	Minimum		1974 annual- ized obligations	Obligations over (under) minimum		Increase (decrease) in minimum
			OEO H.R. 14449	Amended OEO H.R. 14449		OEO H.R. 14449	Amended OEO H.R. 14449	
Region I—Boston:								
Connecticut.....	1.47	1.35	3,772	3,464	5,024	1,252	1,560	(308)
Maine.....	.56	.58	1,437	1,488	1,476	39	(12)	51
Massachusetts.....	2.89	2.76	7,416	7,083	8,728	1,312	1,645	(333)
New Hampshire.....	.22	.23	565	590	962	397	372	25
Rhode Island.....	.48	.43	1,232	1,103	2,001	769	898	(129)
Vermont.....	.19	.20	488	513	1,062	574	549	25
Region II—New York:								
New Jersey.....	3.39	3.19	8,699	8,186	9,820	1,121	1,634	(513)
New York.....	9.93	9.43	25,482	24,199	30,889	5,407	6,690	(1,283)
Puerto Rico.....	5.48	4.98	14,063	12,780	16,909	2,846	4,129	(1,283)
Region III—Philadelphia:								
Delaware.....	.23	.24	590	616	577	(13)	(39)	26
District of Columbia.....	.58	.53	1,488	1,360	5,800	4,312	4,440	(128)
Maryland.....	1.68	1.60	4,311	4,106	5,219	908	1,113	(205)
Pennsylvania.....	4.96	4.84	12,728	12,420	16,910	4,182	4,490	(308)
Virginia.....	1.64	1.71	4,209	4,388	5,078	869	690	179
West Virginia.....	.83	.95	2,130	2,437	3,840	1,710	1,403	307
Region IV—Atlanta:								
Alabama.....	2.02	2.19	5,184	5,620	6,484	1,300	864	436
Florida.....	2.79	2.85	7,160	7,314	7,295	135	(19)	154
Georgia.....	2.50	2.74	6,416	7,031	9,617	3,201	2,586	615
Kentucky.....	1.63	1.75	4,183	4,490	5,767	1,584	1,277	307
Mississippi.....	1.87	1.93	4,799	4,953	5,058	259	105	154
North Carolina.....	1.96	2.25	5,030	5,774	9,407	4,377	3,633	744
South Carolina.....	1.42	1.49	3,644	3,824	5,392	1,748	1,568	180
Tennessee.....	1.82	2.03	4,670	5,209	6,645	1,975	1,436	539
Region V—Chicago:								
Illinois.....	5.05	4.90	12,959	12,574	15,354	2,395	2,780	(385)
Indiana.....	1.70	1.68	4,363	4,312	4,193	(170)	(119)	(51)
Minnesota.....	1.42	1.40	3,644	3,593	3,973	329	380	(51)
Michigan.....	4.82	4.62	12,369	11,856	17,368	4,999	5,512	(513)
Ohio.....	4.11	3.90	10,547	10,008	12,884	2,337	2,876	(539)
Wisconsin.....	1.49	1.48	3,824	3,798	3,670	(154)	(128)	(26)
Region VI—Dallas:								
Arkansas.....	1.09	1.22	2,797	3,132	3,958	1,161	826	335
Louisiana.....	2.60	2.71	6,672	6,954	7,108	436	154	282
New Mexico.....	.68	.66	1,745	1,694	1,934	189	240	(51)
Oklahoma.....	1.16	1.23	2,977	3,156	3,958	981	802	179
Texas.....	4.68	5.14	12,010	13,190	16,435	4,425	3,245	1,180
Region VII—Kansas City:								
Iowa.....	.82	.84	2,104	2,156	3,671	1,567	1,515	52
Kansas.....	.77	.72	1,976	1,848	2,628	652	780	(128)
Missouri.....	2.21	2.25	5,671	5,774	9,801	4,130	4,027	103
Nebraska.....	.47	.46	1,206	1,180	2,243	1,037	1,063	(26)
Region VIII—Denver:								
Colorado.....	.84	.81	2,156	2,079	2,769	613	690	(77)
Montana.....	.31	.32	796	822	1,028	232	206	26
North Dakota.....	.23	.25	590	642	621	31	(21)	52
South Dakota.....	.27	.27	693	693	738	45	45	-----
Utah.....	.43	.42	1,103	1,078	1,451	348	373	(25)
Wyoming.....	.10	.10	257	257	403	146	146	-----

ALLOCATION FORMULA AMENDMENT EFFECT

	Current OEO H.R. 14449 (percent)	Amended H.R. 14449 (percent)	Minimum		1974 annual- ized obligations	Obligations over (under) minimum		Increase (decrease) in minimum
			OEO H.R. 14449	Amended OEO H.R. 14449		OEO H.R. 14449	Amended OEO H.R. 14449	
Region IX—San Francisco:								
Arizona.....	.78	.75	2,002	1,925	2,790	788	865	(77)
California.....	9.77	10.17	25,072	26,098	28,474	3,402	2,376	1,026
Hawaii.....	.40	.35	1,026	898	847	(179)	(51)	(128)
Nevada.....	.21	.20	539	513	410	(103)	(103)	(1)
Trusts.....					1,154	1,154	1,154	-----
Region X—Seattle:								
Alaska.....	.17	.17	436	436	965	529	529	-----
Idaho.....	.28	.27	719	693	811	92	118	(26)
Oregon.....	.85	.83	2,181	2,130	2,454	273	324	(51)
Washington.....	1.75	1.63	4,490	4,183	4,947	457	764	(307)
Grand total.....	100.00	100.00	256,620	256,620	329,000	72,380	72,380	-----

† Not applicable.

MIGRANT PROGRAMS

Administration of programs currently authorized by Title III-B of the Economic Opportunity Act of 1964 as amended has been transferred to the Department of Labor. Part B of Title II of H.R. 14449 provides that the Department of Labor retain responsibility for these programs. However, the Committee wishes to emphasize that programs authorized by Section 222 of H.R. 14449 are authorized in addition to the Migrant and Seasonal Farm Worker Manpower Programs authorized by Section 303 of Public Law 93-202.

EVALUATION, RESEARCH AND DEMONSTRATION

In his testimony before the Subcommittee on Equal Opportunities on February 5, 1974, OEO Director Alvin Arnett stressed the advocacy role of the Federal poverty program. He envisioned the poverty program as a prod to assure a poverty focus in other Federal programs.

Through the evaluation authority of the Director of the Community Action Administration, the Committee anticipates that the Director will review not only those programs under the Community Action Administration, but other programs authorized under this legislation and administered by other Federal agencies as well as programs affecting the poor under other authorities. The Committee believes this evaluation component to be one of the most important aspects of the new Administration. Community Action Agencies can provide essential input in evaluation of Federal programs on the local level.

The Community Action Administration's role as an incubator for new initiatives in poverty-related problems elevates the importance of research and demonstration programs under this bill. It is hoped that with the operation of many programs transferred to other agencies in the Federal Government that the Community Action Administration will assume a leadership role in the development of innovative and experimental programs to address the needs of the poor.

ESTABLISHMENT OF THE COMMUNITY ACTION ADMINISTRATION

Section 601 establishes within the Department of Health, Education, and Welfare a Community Action Administration which shall be headed by a Director who shall be appointed by the President with the advice and consent of the Senate. This Administration shall be the principal agency for carrying out this Act, and in the performance of his duties, the Director shall be directly responsible to the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare is specifically prohibited from delegating any of the functions of the Director to any other officer not responsible to the Director.

PROTECTION OF EMPLOYEE RIGHTS AND BENEFITS

Since the Office of Economic Opportunity is abolished by this legislation it was necessary to write in a provision which would protect the rights and benefits of the remaining OEO workers when the OEO functions and authorities are transferred to the Department of Health, Education, and Welfare. Accordingly, the Committee adopted language which transferred all OEO employees to the new Community Action Administration in HEW without loss of salary, rank or other benefits, including the right to representation and existing collective bargaining agreements. This amendment simply seeks to protect these Federal employees from somehow getting lost in the shuffle amid the confusion that will certainly attend any reorganization. The Committee did not seek any special treatment for these employees but merely wanted them to be transferred and to enjoy the same rights, no more and no less, as other employees of HEW. It is the Committee's view, too, that HEW will need to retain these employees, who are familiar with the OEO programs, procedures and with the community action agencies which the new Administration will continue to support. Any massive turnover or reduction in personnel would certainly produce the kind of chaos and confusion in HEW and among community action agencies and other grantees that gives the bureaucracy its reputation for excessive red tape and indifference. The Committee would view suspiciously any amendment the effect of which, however unwitting, would be to permit, if not invite, the government to indulge in the wholesale firing of former OEO employees.

The Committee's attention has been called to the fact that certain problems involving recognition of collective bargaining units may be created if the new Community Action Administration fails to maintain the regional office set-up that now exists in OEO. It is the Committee's expectation that regional offices will be retained in order to prevent the above-stated problem and minimize program disruption. In addition, the Committee notes that HEW has a strong and clear policy of regionalization.

HEADSTART-FOLLOW THROUGH

Title VII, Part A transfers legislative authority for Project Headstart to the Department of Health, Education, and Welfare and extends that authority through fiscal 1977. The Committee language embodies the Administration proposal for the continuation of Headstart.

In transferring this authority, the Committee simply recognizes in the law the delegation of operating authority from the Director of the Office of Economic Opportunity to the Secretary of Health, Education, and Welfare which took place in 1969. It is in no way intended to alter the nature of Headstart as a local community-based child development program with maximum parent involvement.

The Committee has heard testimony on and received evidence of efforts in at least one Federal region to reorganize Headstart grantees and to shift funds and control away from the community agencies which have had as much as eight years of experience operating Headstart. Section 714(c), which gives continued priority for funding to existing Headstart grantees, makes clear that decisions to terminate or deny refunding of a grantee can be made only for failure to comply with program and fiscal requirements established by the Secretary.

There has been some confusion as to how OMB Circular A-95 applies to Headstart. Departmental policy on this issue is contained in an Office of Child Development memorandum dated February 21, 1974 which clearly states that Circular A-95 (Part IV) does not require reorganization of Headstart projects. According to that policy statement, ". . . where it serves the aims and objects of the Headstart program, individual grantees may continue to be organized to serve children in more than one planning and development district, and more than one Headstart grantee may be funded to serve within a single planning and development district." The Committee agrees with this interpretation and wishes to point out that section 714, which authorizes multi-county Headstart grantees within a State, in no way restricts the operation of such grantees across substate regional boundary lines. Furthermore, in circumstances where a multi-purpose agency which receives Headstart funds is reorganized for planning purposes, there is nothing in the law which prohibits that agency from continuing to operate its Headstart program across boundary lines.

Section 713 provides for distribution of Headstart funds among the States according to the number of children in the State eligible for the Headstart program (i.e. children through the age of 5 from families with incomes below the poverty level as determined by the Orshansky poverty index). The Committee wishes to make clear that while it recognizes the existence of unequal funding which has existed over the last eight years in this program, it does not desire to see any programs disrupted or have any State receive less money than it is presently receiving. Therefore, a hold-harmless provision was inserted in the bill which will *guarantee that no State will receive less money than it received in fiscal year 1974.*

HANDICAPPED

Public Law 92-424 mandated that ten percent of the national Headstart enrollment would be reserved for handicapped children because it was believed by the Committee that although Headstart had for years served many children with very minimal handicaps, it had systematically excluded children with substantial handicaps who could have benefited from the services Headstart provides. The Committee was explicit that only children with substantial handicaps were to be counted for the purpose of the ten percent enrollments with the

full understanding that children with minimal handicaps would *continue* to be served in the manner in which Headstart has served them but that they would *not* be classified as handicapped.

While the Committee genuinely wants handicapped children to be served by this program, it is concerned about the matter of MIS-LABELING of children. The Committee in reviewing the statistical reports on the number of handicapped children served in the program found the figures at first to be very impressive. Upon closer examination, combined with input from professionals and organizations working with the handicapped, the Committee has been led to believe that first impressions are indeed often deceiving. It appears that in the desire to meet the Congressional mandate, considerable "over-reporting" of children has occurred and, in fact, many children who normally have been recipients of the Headstart program, because they have "handicapping conditions" are now being classified *improperly* as "handicapped." The concern is that these children in all probability will outgrow their problems and the Committee does not want to see them stigmatized or labeled for life because of the need to meet the Congressional quota. The reason why children are being improperly classified suggested to the Committee is "for the sake of bureaucratic convenience" or "the need to meet statistical levels."

The Committee cannot understand why this situation should exist. The Federal definition of the term "handicapped" is quite clear when it describes the handicapped child as one who is "mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education and related services." The words "who by reason thereof require special education and related services" are important. Through that phrase the Congress has made the distinction between individuals who have "handicapping conditions" and those who are in fact "handicapped." A child who has a "handicapping condition" but does not require special education or related services is one who may need eye glasses, has a minor hearing loss, a mild emotional problem, asthma, anemia, or slight or delayed speech. These children with "handicapping conditions" have traditionally been served by the Headstart program but until this year have *not* been classified as handicapped. The problem goes beyond the labeling of those with these conditions. It has been brought to the attention of the Committee that other children are also being improperly labeled. Examples given were a child who speaks Spanish who was deemed to have a speech problem and was therefore "handicapped." Another was a child from a ghetto area who was not open or friendly and was classified as mentally retarded. While the Committee has no accurate count as to how prevalent the mislabeling occurrences are throughout the country, it is felt that *if only one child is improperly labeled and consequently stigmatized, then it is one child too many.*

The Committee directs that the Office of Child Development would take immediate steps to *guarantee* that no child is included in the count under the 10% requirement unless he or she has a truly certified handicap. The Committee recognizes that OCD already has guidelines requiring that children be certified by professionals. Yet in spite of the fact, children are still being improperly classified.

Speech Problems

The area in which mislabeling abuses seem to occur most often is speech. It appears that some of the speech labeling problems stem from the fact that children are not being certified by professionals trained in the speech field and as a result many children are being classified by "lay" or "non-professionals" who are making the determination as to what constitutes a handicapping speech and language disorder. Because the area of speech is the one in which improper labeling occurs most, the following language is intended to determine what should and should not be used to classify a child as speech handicapped and may be counted under the 10% requirement.

Definition of Speech Problems

Children whose speech and language is characterized by cultural-ethnic dialects, foreign language influences, or developmental articulatory errors consistent with their level of intellectual functioning, maturation, and learning should receive special Headstart assistance as needed, but should *not* be considered or classified as handicapped in speech or language under the 10-percent Headstart requirement, unless evidence of a disorder is also present.

Children who, for purposes of the 10-percent Headstart requirement, *should* be considered as handicapped by speech and language disorders include, but are not limited to, children with such identifiable disorders as receptive and/or expressive language impairment, stuttering, chronic voice disorders, and serious articulation problems affecting social, emotional, and/or educational achievement; and speech and language disorders accompanying conditions of hearing loss, cleft palate, cerebral palsy, mental retardation, emotional disturbance, multiple handicapping conditions, and other sensory and health impairments.

Serving the Severely Handicapped

The Committee wishes to make clear that it recognizes that handicapped children are now being served by the Headstart program. But, it recognizes that for the most part the handicapped children in Headstart have very mild to moderate impairments. Severely handicapped children in this program are rare. The Committee believes that those who are in Headstart are benefitting from it. The Committee has found no evidence that the integration of mild, moderate or severely handicapped children in regular Headstart programs creates any lasting problems for the program, its personnel or other children enrolled. The problem is certainly not one of integration of handicapped children but one of exclusion of those who have substantial handicaps. Therefore, it is the Committee's intent that every effort will be made to continue to bring in children who have more substantial handicaps into the program.

The Committee has retained the ten percent handicapped children enrollment mandate and reemphasizes the original intent of the Congress that only children with substantial handicaps that require special education and related services are to be counted for the purposes of this part.

To facilitate achievement of this goal, the Committee has required that *each State* meet the ten percent enrollment criterion, rather than by overall national or regional enrollment. Also the Committee expects that the Office of Child Development will seek to coordinate its

efforts in each State with other State and Federal agencies providing preschool services to handicapped children. Particular attention should be given to coordinating with State plans developed under the Education of the Handicapped Act and Developmental Disabilities Services Act. It is not the Committee's intent that Headstart be the total delivery system for preschool education and related services for handicapped children. There are one million preschool handicapped children and only 38,000 are to be served in part by Headstart. Thus the Committee expects that other State and Federal programs would continue and expand their services to these children. But because of this multiplicity of service systems, it becomes more important that coordination take place so that duplication is eliminated and that some handicapped children do not fall into the gaps between agencies and programs.

The Committee realizes the effective integration of handicapped children into Headstart will not be achieved overnight particularly since much needs to be done to re-educate Regional and local Headstart staffs to be willing to accept handicapped children into their programs and how they can meet the needs of such children. The Committee commends OCD for its initial efforts in providing technical assistance and information support activities in this regard. The Committee is concerned, however, that only one regional office presently employs a full-time staff person to coordinate such activities. It is the Committee's hope that efforts will be taken by OCD to assign individual full-time responsibility for this effort in other offices, particularly during the next several years as this aspect of the program develops.

Finally, the Office of Child Development did not submit the 1974 Annual Report on the handicapped as required by statute. Also the Committee has not been able to secure anything but rough preliminary data from an OCD supported study conducted by Systems Research Incorporated. Therefore, the Committee directs the OCD to submit the annual report, and as separate documents, the Michigan and Syracuse subcontract of the SRI studies to both Houses of Congress at the earliest possible date.

FOLLOW THROUGH

Part B transfers the legislative authority for Project Follow Through to the Department of Health, Education and Welfare and extends its authorization for three additional years. The Committee feels that Follow Through has been an effective program which has shown tremendous promise in creating new and exciting methods that aid in the continued development of children in the primary grades. The Committee specifically rejects the Administration's suggestion that Follow Through has outlived its usefulness and should be phased out over a period of years. By re-enacting the Following Through program as a separate authority in the Department of Health, Education and Welfare, the Committee expects to see Follow Through continue to be funded at a level that is certainly no less than the \$60 million that was appropriated in fiscal year 1973.

NATIVE AMERICAN PROGRAM

Background

The Native American Program (NAP), transferred from the Office of Economic Opportunity in FY 1974, applies innovative approaches

to deal with the special needs of Indians and Alaska Natives, and provides for a better focusing of available resources to enable them to attain economic self-sufficiency. The program assists native Americans, acting through their own instruments of self government, to establish their own programmatic and funding priorities and to provide direction to institutions and programs affecting their daily lives. A major element for the variety of NAP projects is overcoming the problems of poverty. Eighty percent of reservation residents are poor. Approximately 75% of native Americans not living on reservations are poor. Assistance under the Native American Program is provided through grants or contracts to tribal councils or other public or private non-profit agencies off reservations. The amount of the basic grants to reservations is based on the number of poor residents. Discretionary money is also available for short-term fundings to tribal councils or other grantees. The primary purposes of these grant and contracts include:

- (1) strengthening of tribal governments aimed at increasing the capability of reservation Indians to perform services now provided by non-Indian organizations;
- (2) support of a range of services to meet individual and family needs;
- (3) support for operation of urban centers serving Indian people living off reservations; and
- (4) funding to encourage self-help and community economic development efforts.

Basic Purpose

The basic purpose of the ONAP Program is to increase the economic and social service self-sufficiency of the Indian people. This is in line with the whole concept of self-determination which has as its main function to build the capacity of tribal governments and off-reservation Indians to make decisions and to manage programs which affect their social and economic conditions. This is reflected in the ONAP program through two major activities. The first is to assist tribal governments in building their capacity to manage economic development and human services and, secondly, for off-reservation Indians to develop the capacity for linking into human services delivery systems supported primarily through the Federal Government and State and local governments. This is done primarily through information and referral outreach centers in the major cities of the country with large concentrations of urban Indians.

The Act

The Act authorizes the Secretary of Health, Education, and Welfare to continue operation of the Native American Program in the same manner as that program is now being carried out under title II of the Economic Opportunity Act of 1964 under a delegation from the Director of the Office of Economic Opportunity. The Act authorizes the appropriation of such sums as may be necessary to carry out the program for fiscal years 1975, 1976 and 1977.

The Act not only continues the present focus of the Native American Program, but also parallel the language of those sections of the Economic Opportunity Act that affect the conduct of the program. The Secretary is authorized to provide financial assistance to public and non-profit private agencies for projects to promote the goal of enabling American Indians and Alaskan natives to become economi-

cally and socially self-sufficient. Technical assistance, training, and research and demonstration efforts related to the provision of this financial assistance is also authorized.

The estimated budget for the next three fiscal years is \$32 million for FY 1975, \$37 million for FY 1976, and \$43 million for FY 1977.

Because of the relationship of programs funded under the Native American Program with other human service programs under the Department of Health, Education, and Welfare, it is the committee's intent that NAP remain within HEW and not be delegated to the Bureau of Indian Affairs.

COMPREHENSIVE HEALTH SERVICES PROGRAM

The Comprehensive Health Services Program authorized by EOA Section 222(a)(4) was transferred to HEW on July 6, 1973. Since that time, this program has been operated successfully by the Health Services Administration as a single program which combined Neighborhood and Family Health Centers authorized by Section 314(e) of the Public Health Service Act, with the OEO program.

This combined program provides support of 157 ambulatory health care activities which provide primary health care (and develop arrangements for specialty and inpatient care), particularly to the low income population in areas where health resources are scarce or non-existent. During the past few months, a concerted effort has been made to improve the management capabilities of these community health care activities, and to improve their effectiveness so they can serve more people. Note that some centers receive *both* 314(e) and 222(2)(4) funds. Legislation now pending before the House Interstate and Foreign Commerce Committee to extend the Neighborhood Health Centers maintains broad authority to continue the existing programs.

We believe a transfer of EOA 222(a)(4) to the Secretary of HEW is the most efficient and effective course of action rather than a special authority within the Community Action Administration.

HUMAN SERVICES POLICY RESEARCH ACT

The Human Services Policy Research Act is intended to assure that the Secretary of HEW has authority necessary to continue policy research activities now carried out in HEW under authority of Section 232 of the Economic Opportunity Act of 1964 by delegation from OEO.

Background

By delegations of authority from the Director of OEO and the approval of the President, poverty related research conducted by OEO under Section 232 of the Economic Opportunity Act was transferred to HEW, HUD and Labor. The transfers which were in progress through the spring of 1973 were finally effective in July 1973. On-going projects, some FY 1973 funds and personnel were included in the transfers. Each of the receiving departments included in their FY 1974 budget submission specific requests for appropriation of funds to continue the transferred research activities.

Among the research activities transferred to HEW was Policy Research for which \$22.7 million is appropriated to the Departmental Management account of the HEW budget for FY 1974. These funds included \$1.9 million for personnel and other program administration expenses and the remainder for projects most of which were continua-

tions of OEO activities. Management responsibility was assigned to the Assistant Secretary for Planning and Evaluation. The HEW budget for FY 1975 requests a slight increase in the amounts of funds, and the necessary authority under the Human Services Policy Research Act.

Looking forward to FY 1975, the nature of the work will retain much of the character it now has. A large number of the projects will continue. There will, however, be an opportunity to focus some of the funds on high priority policy research problems in HEW such as studies on long term care and governmental programs for the disabled, many of whom slip into poverty because of their impairment.

CONGRESSIONAL INTENT

Under Section 232 of the Economic Opportunity Act the Office of Economic Opportunity conducted a broad program of research, demonstration, and related evaluation activities dealing with discovering the causes of and methods for preventing and eliminating poverty. In addition, that same authority was used to undertake innovative community development activities to aid the poor.

The separate authority contained in the Human Services Policy Research Act of 1974, which is an amendment to this Act, was requested by the Department of Health, Education and Welfare to enable them to continue to operate those research and development authorities and programs which have already been delegated to them, and to do so under the organizational structure which exists for their implementation. The Committee wishes to honor that request and it is its express intent that this new provision will supply the necessary authority to continue those delegated programs in the office which now handles them. This new provision should not be construed as in any way replacing or vitiating the need for the basic research and demonstration authority which has always existed within the Office of Economic Opportunity (Section 232 of the E.O.A., as amended) and will continue to exist in the new Community Action Administration (Section 132 of this Act). The Committee has included this special section in its report in order to remove any possible doubts as to congressional intent. Specifically, the Committee expects the Director of the Community Action Administration to devote a great deal of his attention to the development of new or better methods of providing services to the disadvantaged and to experimentation with different kinds of governmental and private sector intervention designed to lower economic barriers to full equality of opportunity. It is our express intent that the activities which the Director has conducted up until now under his R & D authority will be continued by him under his direct supervision and not by some other office with similar authority within HEW.

Projected Expenditures

The estimated expenditure will be \$22 million per year for each of the next three fiscal years.

AUTHORIZATION OF APPROPRIATIONS

The Committee authorized such sums as may be necessary for carrying out the purposes of this Act, except that specific authorizations were provided for community action programs, incentive grants, Headstart and Follow Through.

For local initiative activities under Section 121, the Committee authorized \$330,000,000 for fiscal 1975 and such sums as may be necessary for fiscal 1976 and 1977.

The Committee authorized \$50,000,000 for the new incentive grant program under section 145.

Headstart authorizations of appropriations for fiscal 1975, 1976, and 1977 are \$500,000,000, \$525,000,000 and \$500,000,000, respectively.

The Committee has expressed its intention that the Follow Through program be maintained at full operating level by establishing authorizations of appropriations of \$60,000,000 for each of the three fiscal years.

COMMUNITY ECONOMIC DEVELOPMENT

Title XI transfers the Community Economic Development Program (formerly Title VII of the Equal Opportunity Act of 1964 as amended) to the U.S. Department of Commerce for administration.

The amendment contains two parts:

Part A authorizes the Secretary of Commerce to provide financial and technical assistance to socially or economically disadvantaged persons, to assist them in developing and carrying out programs designed for minority business enterprise. This part is designed to encourage the cooperation of Federal agencies in the growth of minority enterprise.

Part B authorizes the Secretary of Commerce to:

(1) provide financial and technical assistance to urban and rural community-based corporations to emphasize the crucial role played by federally supplied equity capital and to encourage the cooperation of other Federal agencies in the growth of community development corporations;

(2) provide grants as well as loans to low-income farm families and rural cooperatives, as originally proposed in the Economic Opportunity Act of 1964 to help launch small cooperatives and help low-income farmers;

(3) provides training and technical assistance and long-term loans for urban and rural areas through a Development Loan Fund.

It is the intent of the Committee that the Secretary of Commerce place the programs funded under Part A and Part B of this title in separate offices, in order to insure their administrative autonomy and to maintain a clear distinction between minority entrepreneurship and community economic development—the former benefitting individuals, the latter designed to make an appreciable impact on the social and economic conditions of an entire community.

This distinction was recognized in testimony before the Subcommittee on Equal Opportunity of this Committee, given by Alvin Arnett, Director of the Office of Economic Opportunity:

“Although the OMBE program and Community Economic Development Program have distinct objectives and strategies, the two complement one another.

OMBE recognizes, that, unlike its program, which focuses on the entrepreneurially oriented individual, wherever he may wish to locate his business, the Community Economic Development Program has as its objectives, the comprehensive development of an economically disadvantaged ghetto or barrio or an economically disadvantaged rural area.”

AUTHORIZATION

The committee authorizes such sums as may be necessary for fiscal 1975, 1976, and 1977 for carrying out the purposes of this Act.

CONGRESSIONAL REVIEW

The Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor shall conduct a joint study, which study shall include:

(a) A consideration of an appropriate administrative agency for the conduct of programs after July 1, 1975, under this Title;

(b) Review the extent to which programs and activities conducted under this Act meet the overall need in the Nation for Community Economic Development Programs and the resources available from public and private funds in meeting those needs.

The Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor shall report on their findings, together with any recommendations for further legislation, not later than one year after enactment of this Act.

SECTION-BY-SECTION ANALYSIS

Short title

The first section of this legislation provides that it may be cited as the “Community Services Act of 1974”.

Section 2. Statement of purpose

This section sets forth the statement of purpose (1) to establish within the Department of Health, Education, and Welfare the Community Action Administration, and (2) to eliminate poverty by providing opportunity for education and training, work and decent living conditions. This section further states the sense of Congress that it is desirable to employ the resources of the private sector of the economy to further the policy of this act.

TITLE I—URBAN AND RURAL COMMUNITY ACTION PROGRAMS

Section 101. Statement of Purpose

This section states the basic purpose of community action agencies to stimulate a better focusing of all available resources upon the goal of enabling low-income individuals and families to attain the skills, knowledge, and motivations and secure the opportunities needed to become self-sufficient. Specific purposes are (1) strengthening the capabilities of communities to plan and coordinate assistance related to the elimination of poverty, so that such assistance can be made more responsible to the local needs and conditions; (2) improving the organization, efficiency, and effectiveness of services related to helping the poor to overcome particular problems in a way which considers and supports their progress in overcoming related problems; (3) increasing use of new types of services and innovative approaches to develop increasingly effective methods to attack the causes of poverty; (4)

developing the maximum feasible participation of residents of the areas and members of the groups served so as to obtain the full potential for self-advancement and to assure the full meaning and wide utilization of such projects; and (5) securing a more active role for business, labor, and professional groups to provide among other things increased employment opportunities as well as to secure the participation of public officials, private religious, charitable, and neighborhood organizations and individual citizens. This section further states the purpose of the title and policy of the Office of Economic Opportunity to enable rural poor to avoid migration to urban areas through providing them with basic education, health care, vocational training, and employment opportunities.

PART A—COMMUNITY ACTION AGENCIES AND PROGRAMS

SEC. 111. *Designation of community action agencies; community action programs.*—Subsection (a) of this section designates a community action agency as a State or political subdivision of a State or a combination of such subdivisions, or a public or private nonprofit agency or organization designated by a State or political subdivision or combination of subdivisions. Each community action agency must have the power to contract with both public and private nonprofit agencies and be designated as such an agency by the Director. Such subsection designates a community action program as one which is community based and operated and includes or is designated to include projects which provide a range of services having measurable and potential impact on the causes of poverty and which have been developed and organized to carry out the purposes of this title and which conform to other criteria that the Director may prescribe.

Subsection (b) of this section provides that components of a community action program may be administered by the community action agency where consistent with efficient management or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be designed either to meet local needs or pursuant to eligibility standards of Federal or State programs providing assistance to a particular kind of activity which will help in meeting those needs.

Subsection (c) of this section defines "community" for which a community action agency is designated to carry on a community action program as a city, county, multicounty, multicounty, or other governmental unit, an Indian reservation, or neighborhood or other area, regardless of political boundaries, which provides an organizational base and possesses the commonality of interest needed for an efficient and effective program.

Subsection (d) of this section provides that where a community action agency has failed to submit satisfactory plans for a program and neither the State nor any political subdivision is willing to be designated as a community action agency or to designate a public or private nonprofit agency for the Director to designate as the community action agency for the community, the Director may provide financial assistance to a public or private nonprofit agency (as a community action agency) other than one designated in subsection (a).

Subsection (e) of this section provides that no political subdivision of a State shall be included in the community action program of a State or of any political subdivision, or combinations thereof, if its

governing officials do not wish such inclusion. The political subdivision and any public or private nonprofit agency it designates shall be eligible for designation as a community action agency on the same basis as other political subdivisions or their designees.

Subsection (f) of this section provides that for the purpose of this title, tribal governments of an Indian reservation are to be deemed political subdivisions of a State.

SEC. 112. *Community action agencies and boards.*—Subsection (a) of this section requires that each community action agency which is a State or political subdivision of a State shall administer its program through a "community action board" meeting the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision or combination of subdivisions or is an agency designated under 111(d) must have a "community action governing board" meeting the requirements of subsection (b).

Subsection (b) of this section requires that a community action board, limited to not more than 51 members, be composed of (1) one-third public officials, including the chief elected official or officials or their representatives, unless the number of officials reasonably available for such service is less than one-third; (2) at least one-third persons democratically chosen to represent the poor of the area served; and (3) the remainder representatives of other major groups or interests in the community. Such subsection also limits the time of service on the board of persons other than public officials or their representatives to not more than 3 years at one stretch or more than 6 years total on the board.

Subsection (c) of this section provides that where a community action agency places responsibility for policy determinations and administration of programs carried on in a particular area of the community, or places substantial reliance on the recommendations of such an agency in making policy determinations, the board of that agency must meet the requirements of subsection (b).

Subsection (d) of this section requires that the Director promulgate rules relating to notice of meetings, quorums (which must be 50 percent of the members) and other procedures to assure boards to which subsection (b) applies to provide continuing and effective means for securing broad community involvement, such as assuring that all elements on such boards are afforded opportunities to participate in decisions. Such subsection also permits the boards to appoint executive committees to transact business.

Subsection (e) of this section specifies that "community action governing boards" must have the power to select persons for senior staff positions, determine major personnel, fiscal and program policies, approves overall programs, establish priorities and assure compliance with conditions of this title. Such subsection does not specify the powers to be delegated to "community action boards" when the State or political subdivision itself has been designated as the community action agency.

SEC. 113. *Specific powers and functions of community action agencies.*—Subsection (a) of this section requires that a community action agency have funds contributed from private or local public sources and from any Federal or State assistance programs under which the agency could act as a grantee, contractor, or sponsor of projects properly included in a community action program. Such subsection

also requires that a community action agency be able to transfer funds and delegate powers, including, where it would further program objectives, transfers, or delegations to component projects.

Subsection (b) of this section requires that a community action agency have the functions of (1) planning and evaluating the program to determine the causes of poverty, determining the effectiveness of services being provided and establishing priorities among services as needed for the most efficient use of resources; (2) encouraging related poverty agencies to plan, secure, and administer assistance on a common or cooperative basis by providing planning or technical assistance to such related agencies and generally cooperating with community action agencies and officials to improve existing efforts; (3) starting projects responsive to needs which are not otherwise being met, with emphasis on central or common services that a variety of programs can draw on and developing new services and approaches that can be incorporated into other programs and filling gaps pending their revision; (4) establishing procedures whereby poor and other area residents can influence the character of and participate in the implementation of programs affecting their interests, providing support to enable the poor and neighborhood groups to obtain assistance from public and private sources; and (5) joining and encouraging labor, business and other private groups and organizations to undertake activities supporting community action programs resulting in the additional use of private resources, as for example in developing employment opportunities.

SEC. 114. *Administrative standards.*—Subsection (a) of this section requires that as far as reasonably possible standards of organization, management, and administration will assure that program activities are conducted in a manner consistent with the purpose of this title and provide assistance free of any taint or partisan political bias or personal or family favoritism. Such subsection requires each community action agency to allow reasonable public access to information. Such subsection requires agencies to regulate employee salaries and benefits to insure that only competent persons are hired and that advancement is by impartial procedure, to guard against financial conflicts of interests, and to prohibit any employee in performance of his duty from participating in any direct action which is against the law.

Subsection (b) of this section requires the Director to issue regulations to implement subsection (a). Such subsection authorizes the Director to establish simplified requirements for smaller or rural agencies, providing that such regulations do not affect the applicability of regulations relating to conflict of interest, partisan political activities or participation in direct action. Such subsection also requires the Director to consult with the heads of other Government agencies to insure consistency in the regulations he may prescribe.

Section 115. Housing Development and Services Organizations

This section encourages the establishment of housing development and service organizations to focus on the housing needs of low-income families and individuals. The section provides that such organizations may be nonprofit housing development corporations, but prohibits such organizations from insuring mortgages or duplicating long-term financing programs now administered by specialized housing agencies.

PART B—FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS AND RELATED ACTIVITIES

Section 121. General Provisions for Financial Assistance

(a) This subsection authorizes the Director to provide financial assistance to community action agencies to assist them in developing community action programs. The Director may also provide financial assistance to other public or private nonprofit agencies to aid them in planning for the establishment of a community action agency.

Subsection (b) authorizes the Director to directly fund through public or private nonprofit agencies limited purpose programs where there is no community action agency designated or where the designated community action agency approves such direct funding.

Subsection (c) requires the Director to assure that reasonable efforts are made by applicants to obtain the views of local officials and agencies in the community and to resolve issues of cooperation and duplication prior to the submission of such application.

Subsection (d) requires community action agencies to develop a systematic approach to utilization of funds under this subpart including coordination with relevant public and private resources and with other relevant programs. The Director shall assure the participation of other Federal agencies in support of development of plans.

Subsection (e) stipulates that each application for financial assistance shall be reviewed on its merits rather than under binding national priorities.

SEC. 122. *Special programs and assistance.*—Subsection (a) of this section requires the Director to develop and carry on special programs to stimulate or deal with critical needs or problems of the poor. Such authority is to be used where the Director determines that the objectives sought could not be achieved through the use of authorities under section 121. Such authority is to be used in respect to programs which involve activities which can be incorporated into or coordinated with community action programs, involve new combinations of resources or new or innovative approaches, and are structured in a way that will promote the purpose of this title. The Director is authorized to provide financial assistance to public or private nonprofit agencies to carry on such special programs in such a manner that will encourage wherever feasible the inclusion of such projects in community action programs so as to minimize duplication and promote efficiency and otherwise secure the greatest possible impact in promoting family and individual self-sufficiency. Programs under this section shall include—

(1) A "Legal Services" program to provide legal services to persons unable to afford the services of a private attorney, together with legal research and information in furtherance of the cause of justice among poor persons. Such projects shall be carried on in a way that assures maintenance of the lawyer-client relationship. Further, the Director shall assure that the principal local bar associations in the area are given an opportunity to submit comments and recommendations on the proposal before it is approved or funded. Provides further that members, and immediate family, of the Armed Forces are eligible for legal services in cases of extreme hardship.

(2) A program known as "Community Food and Nutrition program" designed to provide on a temporary basis basic foodstuffs and services

through community action agencies or local public or private non-profit agencies. This assistance may supplement assistance of other Federal programs.

(3) A program entitled "Environmental Action" under which low-income persons will be paid for working on projects combating pollution and improving the environment. Projects may include clean-up and sanitation activities, reclamation and rehabilitation of eroded or ecologically damaged areas, conservation and beautification activities, the restoration and maintenance of the environment and the improvement of the quality of life in urban and rural areas.

(4) A "Rural Housing Development and Rehabilitation" program to assist low-income families in rural areas to construct and acquire ownership of adequate housing, to rehabilitate or repair existing substandard units and to otherwise assist low-income families in obtaining standard housing. Financial assistance may be provided to rural housing development corporations in rural areas to be used for such purposes as administrative expenses, revolving development funds, nonrevolving land, development and construction write-downs, rehabilitation or repair of substandard housing, and loans to low-income families. Loans may be used for the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period shall not exceed 33 years. No loans may bear an interest rate of less than 1 percent except that if the Director, having examined the family income of the applicant, the projected housing costs of the applicant, and other factors he deems appropriate, may waive the interest in whole or in part for such periods of time as he may establish where he determines that the applicant would otherwise be unable to participate in this program. No such waiver may, however, be granted if the adjusted family income, as determined by the Farmers Home Administration, is in excess of \$3,700 per annum. Where a waiver is provided the applicant must be required to commit at least 20 percent of his adjusted family income toward the mortgage debt service and other housing costs. Family incomes are required to be recertified annually and monthly payments adjusted accordingly.

(5) A program entitled "Senior Opportunities and Services" to identify and meet the needs of poor persons above the age of sixty in employment and volunteer services, referral, creation of additional services and programs to remedy gaps, use of public services, recreation and service centers to meet the needs of the older poor and assure them greater self-sufficiency.

Section 123. Resident Employment

This section requires maximum employment opportunity, including opportunity for occupational training and career advancement for residents of the area and members of groups served by programs under this part. The Director shall also encourage employment of persons aged 55 and older.

Section 124. Neighborhood Centers

This section authorizes the Director to encourage the development of neighborhood centers to promote effectiveness of needed services and to promote maximum participation of neighborhood residents in planning, policymaking, administration and operation.

SEC. 125. Allotment of funds; limitations on assistance.—This section is the general provision governing allotment of community action funds among the several States. It provides that of the sums allocated for assistance under sections 121, and 122(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 percent among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands according to their respective needs and shall also reserve not more than 20 percent of those sums for allotment in accordance with such criteria and procedures as may be prescribed. The Director shall allot the remainder among the States in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families below the poverty level in each State as compared with all other States using 1970 Bureau of the Census criteria, except that no State shall be reduced by more than 1/2 percent of the total national allotment received in fiscal year 1974. The Director may reallot that part of a State's allotment which he determines will not be needed, at such dates as he may fix, in proportion to the original allotments with appropriate adjustments to assure that an amount so made available to a State in excess of its needs is similarly reallotted. Authorizes the Director to provide for the separate allotment of funds for any special program under section 122(a). Such an allotment may be made in accordance with the criteria in subsection (a) or may be made in accordance with other criteria which will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, with the exception that not more than 12 1/2 percent of the funds for any program may be used in any one State. Unless otherwise provided in this part, this section would require that financial assistance extended to any agency under sections 121 and 122(a) shall not exceed 80 percent of the cost of the assisted program or activity for the period ending June 30, 1975, 70 percent for the period ending June 30, 1976, and 60 percent thereafter. However, the Director may approve assistance in excess of such percentages if he determines that such action is required to further the purposes of this title. The non-Federal share may be met on a state-wide rather than individual CAA basis. Non-Federal contributions may be in cash or in kind, including but not limited to plant equipment, or services, but at least one-half of the required non-Federal contribution must be in cash. No program shall be approved for assistance under sections 121, and 122(a) unless the services provided will be in addition to, and not in substitution for, services previously provided without Federal assistance, and the funds or other resources devoted to programs designed to meet the needs of the poor in the community will not be diminished in order to provide for the non-Federal contribution required for receiving such assistance. These requirements may be waived in situations where they would result in unnecessary hardship or otherwise be inconsistent with the purposes of this legislation.

Section 126. Design and Planning Assistance Programs

This section authorizes financial assistance for programs conducted by community-based design and planning organizations for technical

assistance, architectural and related services relating to housing, neighborhood facilities, transportation and other aspects of community planning and development.

Section 127. Youth Recreation and Sports Programs

This section provides disadvantaged youth with recreation and physical fitness instruction and exposure to college and university campuses and other recreational facilities.

Subsection (b) requires that 90 percent of the youth be from families with incomes below the poverty level.

Subsection (c) authorizes the Secretary to make grants or contracts with organizations of colleges and universities, or other such qualified nonprofit organizations with appropriate facilities to provide adequate recreational services to the youths.

The Federal contributions cannot exceed 80 percent of the program costs.

Section 128. Consumer Action and Cooperative Programs

This section authorizes financial assistance for the development and conduct of consumer action and advocacy and cooperative programs designed to assist low-income persons with respect to consumer rights, procedures, grievances, views and concerns.

PART C—SUPPLEMENTAL PROGRAMS AND ACTIVITIES

Section 131. Technical Assistance and Training

This section permits the Director to provide directly or through grants or other arrangements, technical assistance to communities in developing, conducting, and administering community action programs and training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purpose of the title. The section also permits the Director, upon request of any agency receiving financial aid, to assign personnel to that agency, for periods not to exceed 2 years, to assist and advise it in the performance of functions related to the assisted activity.

Section 132. State Agency Assistance

This section permits the Director to provide financial assistance to designated State agencies, to enable those agencies to provide technical assistance to communities in developing and carrying out community action programs; to assist in coordinating State activities related to this title; to advise and assist the Director in providing the participation of States and State agencies in programs under this title; and to advise and assist the Director and the heads of other Federal agencies in identifying problems posed by Federal statutory or administrative requirements that impede coordination of the programs related to this title at State level and in developing methods for overcoming those problems. In extending assistance to State agencies the Director shall give preference to programs or activities which are administered or coordinated, or which have been developed with the assistance of agencies designated pursuant to this section. This section provides further that the Director shall terminate assistance if he finds that the State agency is not observing any requirement of this act, or any regulation, rule or guideline promulgated by the Director.

Section 133. Special Assistance

This section authorizes the Director to provide financial assistance for projects designed to serve low-income groups not effectively served by other programs under this part with special consideration for such programs for older persons.

PART D—GENERAL AND TECHNICAL PROVISIONS

Section 141. Rural Areas

Subsection (a) of this section requires that the Director take necessary steps to further the extension of benefits to residents of rural areas such as the development of special programs responsive to particular needs of rural areas, the development of pilot and demonstration activities focused upon the problems of rural poverty, including a more effective use of human and natural resources of rural America to slow the migration from rural bases because of lack of economic opportunity, the provisions of technical assistance so as to provide a priority to rural communities and to aid in securing assistance under Federal programs which are related to rural areas, and the development of special or simple procedures, forms guidelines, model components, and model programs for use in rural areas.

Subsection (b) of this section requires the Director to achieve an equitable distribution of assistance between urban and rural areas within States taking into consideration the relative numbers in States of low-income families, particularly with children, unemployed persons receiving public or private welfare, school dropouts, adults with less than an eighth-grade education, and persons rejected for military service.

Subsection (c) of this section permits the Director to provide financial assistance in rural areas to public or private agencies for any project for which assistance to community action agencies is authorized if it is not feasible within a reasonable period of time to establish a community action agency.

Subsection (d) of this section requires the Director to encourage the development of programs for the interchange of personnel, for the undertaking of common or related projects and other methods of cooperation between urban and rural communities, with particular emphasis on fostering cooperation in situations where it may contribute to new employment opportunities, and between larger urban communities with concentrations of low-income persons and families and rural areas in which substantial numbers of those persons and families have recently resided.

Section 142. Submission of Plans to Governors

This section provides that no assistance may be extended under this title to any agency or organization to carry out any program project or other activity within a State unless a plan for such assistance has been submitted to the Governor of the State and has not been disapproved by the Governor within 30 days of the submission, or if so disapproved has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title. This requirement does not apply to assistance extended to institutions of higher education.

Section 143. Fiscal Responsibility and Audit

Subsection (a) of this section prohibits the release of funds to any agency receiving financial assistance under this part until it has submitted a statement certifying that the assisted agency and its delegate agencies or subcontractors for performance of any major portion of the assisted program have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency, and encourage compliance with prescribed management policies and fiscal responsibility and accounting requirements. The required statement may be furnished by a certified public accountant, a duly licensed public accountant or, in case of a public agency, the appropriate public financial officer.

Subsection (b) requires the Director to make or cause to be made a preliminary audit survey to review the adequacy of the accounting system and internal controls established pursuant to subsection (a). The Director shall determine promptly after completion of the survey whether the findings and conclusions show whether the accounting systems and internal controls meet the standards and, if not, whether to suspend the assistance. If assistance is suspended, the assisted agency will be given not more than 6 months within which to establish a satisfactory system, and if it fails to do so within 6 months, the Director shall terminate the assistance.

Subsection (c) provides that the Director must make or have made at least once annually an audit of each grant or contract of assistance under this title. Promptly after completion, he shall determine whether any costs of expenditures incurred will be disallowed. The Director may seek recovery of any sums disallowed by appropriate means, including court action or a commensurate increase in the required non-Federal share of the costs of any grant or contract with the same agency or organization which is then in effect or which is entered into within 12 months after the date of disallowance.

Subsection (d) requires the Director to take the actions necessary to carry out the provisions of this section, including action to assure that the rate of expenditure of any agency receiving financial assistance does not exceed the rate contemplated under its approved program, and to promote the continuity and coordination of all projects or components of community action programs receiving financial assistance under this title.

Section 144. Special Limitations

This section prescribes special limitations to apply to programs under this title. They are as follows:

(1) Financial assistance extended may include funds for a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council, or committee to assure the maximum feasible participation of members of the groups and residents of the area served, and to provide reimbursements of actual expenses connected with those meetings. However, allowance may not be paid to any individual who is a Federal, State, or local government employee, or an employee of a community action agency, or for payment to any person for attendance at more than two meetings a month.

(2) No employee engaged in carrying out community action program activities may be compensated from funds so provided at a rate in excess of \$15,000 per annum. Any amount paid to such an employee in excess of \$15,000 per annum shall not be included in determining whether the non-Federal share requirements have been complied with. However, the Director may provide for exceptions in cases where, because of the need for specialized or professional skills or prevailing local wage levels, application of this restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

(3) The section prohibits any officer or employee of the Community Action Administration from serving as a member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title. However, this prohibition does not extend to a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

(4) In projects or activities in the field of family planning, services must be made available to all low-income individuals who are eligible for such assistance under criteria established by the grantee and who desire such information, assistance, and supplies. However, no individual may be provided with any information, medical supervision, or supplies which that individual indicates is inconsistent with his or her moral, philosophical or religious beliefs, and no individual will be provided with any medical supervision or supplies unless he or she has voluntarily requested such medical supervision or supplies. In no case shall the use of family planning services assisted under this part be a prerequisite to the receipt of services from or participation in any other programs under this act.

(5) No financial assistance may be extended under this title to provide general aid to elementary or secondary education in any school or school system. This limitation, however, does not prohibit the provision of special, remedial, and other noncurricular educational assistance.

(6) In extending assistance under this title the Director shall give special consideration to programs which make a maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

(7) No financial assistance may be extended in any case in which the Director determines that the cost for administering programs under this title exceeds 15 percent of the total costs.

(8) The Director shall assure that community action funds are distributed on an equitable basis in any community so that all segments of the low-income population are being served.

Section 145. Incentive Grants

Provides funds for incentive grants to community action agencies or public or private nonprofit agencies for new programs or to supplement existing programs. Funds for this purpose will be on a 50/50 matching basis; local and State matching shares to be in cash, newly obligated.

TITLE II—SPECIAL PROGRAMS TO COMBAT POVERTY IN RURAL AREAS

PART A—RURAL LOAN PROGRAMS

Section 211. Statement of Purpose

This section states that it is the purpose of the part to meet some of the special problems of low-income rural families by establishing a program of loans.

Section 212. Loans to Families

This section contains the basic authority for the Director to make grants and loans to low-income rural families.

Grants can be made under this section to low-income rural families where in the Director's judgment such grants have a reasonable possibility of effecting a permanent increase in the family income by assisting or permitting them to do one of the following things:

- (1) Acquire or improve real property or reduce encumbrances or erect improvements thereon.
- (2) Operate or improve the operation of farms, not larger than family sized, including but not limited to the purchase of feed seed, fertilizer, livestock, poultry, and equipment.
- (3) Participate in cooperative associations and/or finance non-agricultural enterprises which will enable such families to supplement their income.

The maximum grant which may be made under this provision to any family is \$1,500.

The Director is also authorized to make loans to low-income rural families to finance nonagricultural enterprises which will enable such families to supplement their income. The aggregate amount which may be loaned to a family under this provision is \$3,500. These loans will have a maximum maturity of 15 years.

It should be noted that grants under this section can be made only if the family is not qualified to obtain such funds by loan under other Federal programs.

Section 213. Cooperative Association

The section authorizes the Director to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families.

Section 214. Limitations on Assistance

No financial or other assistance may be provided under this part unless it will materially further the purposes of this part, and, in the case of assistance provided for family farm development corporations and cooperative associations, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

Section 215. Loan Terms and Conditions

Loans made under this part will have such terms and conditions as the Director will determine. However, there must be a reasonable assurance of repayment of the loan; credit must not otherwise be available on reasonable terms from private sources or other Federal,

State, or local programs; the amount of the loan, together with other funds available, must be adequate to assure completion of the project or achievement of the purposes for which the loan is made; the loan must bear interest at a rate not less than a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, the loan must be repayable within not more than 30 years if it is a loan to a cooperative association. It is also provided that none of the assistance under this part can be provided to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes.

Section 216. Revolving Fund

Subsection (a).—This section authorizes the establishment of a revolving fund to enable the Director to carry out the lending and guarantee functions authorized under this part. The capital of the fund will consist of such amounts as may be advanced to it by the Director from funds appropriated pursuant to this legislation and will remain available until expended.

Subsection (b).—The Director is required to pay into miscellaneous receipts of the Treasury at the close of each fiscal year interest on the capital of the fund at a rate determined by the Secretary of the Treasury. In fixing such rates the Secretary of the Treasury shall take into consideration the average market yield on outstanding Treasury obligations of comparable maturity.

Subsection (c).—When any capital in the fund is determined by the Director to be in excess of current needs, it shall be credited to the appropriation from which advanced where it shall be held for future advances in accordance with the terms of such appropriation.

Subsection (d).—Receipts from any lending and guarantee operations under this legislation, except operations under Title III carried on by the Small Business Administration, will be credited to the fund. The fund will be available for the payment of all expenditures of the Director for loans, participations, and guarantees authorized under this part.

PART B—ASSISTANCE FOR MIGRANT, AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

Section 221. Statement of Purpose

This section states the purpose of the part is to assist migrant and seasonal farmworkers and their families to improve their living conditions and develop skills.

Section 222. Financial Assistance

The Secretary of Labor is authorized to provide financial assistance to programs which may (1) meet the immediate needs of migrant and seasonal farmworkers and their families; (2) promote increased community acceptance of these workers and their families; provide opportunities for education and training through available Government employment or training programs.

Section 223. Limitations on Assistance

This section requires applicant to maintain prior level of effort in similar activities, and requires the Secretary of Labor to assure coordination of this program with other programs or activities providing assistance to the persons and groups served.

Section 224. Technical Assistance, Training, and Evaluation

This section authorizes the Secretary of Labor to provide technical assistance or training of personnel to implement the purposes of this part.

TITLE III—EMPLOYMENT AND INVESTMENT INCENTIVES

Section 301. Statement of Purpose

It is the purpose of this title to assist in the establishment, preservation and strengthening of small business concerns and to improve the managerial skills employed in such enterprises, with special attention to small business concerns located in urban or rural areas with high proportion of unemployed or low-income individuals or owned by low-income individuals; and to mobilize private as well as public managerial skills and resources.

Section 302. Loans, Participations, and Guaranties

This section authorizes the Administrator of the Small Business Administration to make, participate (on an immediate basis) in, or guarantee loans, repayable in not more than 15 years, to any small business concern (as defined in section 3 of the Small Business Act (15 U.S.C. 632)) and regulations issued thereunder or to any qualified person seeking to establish such a concern, when he determines that such loans will assist in carrying out the purposes of this part, with particular emphasis on employment of the long-term unemployed. No such loans shall be made, participated in, or guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed \$50,000. The Administrator of the Small Business Administration may defer payments on the principal of such loans for a grace period and use such other methods as he deems necessary and appropriate to assure the successful establishment and operation of such concern. The Administrator of the Small Business Administration may, in his discretion, as a condition of such financial assistance, require that the borrower take steps to improve his management skills by participating in a management training program approved by the Administrator of the Small Business Administration. The Administrator of the Small Business Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns.

Subsection (b) confers the powers under section 602 to the Administrator of the Small Business Administration to carry out programs in this title.

Subsection (c) requires the Administrator of the Small Business Administration to provide for continuing evaluation of programs under this section.

Section 303. Loan Terms and Conditions

This section provides that loans made pursuant to section 302, including immediate participations in and guarantees of such loans must have such terms and conditions as the Director shall determine subject to the six limitations—

(a) there is reasonable assurance of repayment of the loan;

(b) the financial assistance is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(c) the amount of the loan, together with other funds available is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes. The rate of interest on loans made in redevelopment areas designated under the Area Redevelopment Act (42 U.S.C. 2501 et seq.) shall not exceed the rate currently applicable to new loans made under section 6 of that act (42 U.S.C. 2505); and

(e) fees not in excess of amounts necessary to cover administrative expenses and probable losses may be required on loan guarantees.

Section 304. Distribution of Financial Assistance

This section requires that the Administrator of the Small Business Administration assure that in any fiscal year at least 50 percent of the loans are granted small business concerns are located in urban areas having high concentrations of unemployed or low-income individuals or to such concerns owned by low-income individuals. The Director and the SBA are to jointly define the meaning of "low income" as it applies to owners of small business concerns. Such definition need not correspond with the definition of "low income" as used elsewhere in this legislation.

Section 305. Limitation on Financial Assistance

This section prohibits financial assistance which would be used in relocating business establishments from one area to another where such relocation would result in an increase in unemployment in the area of original location.

Section 306. Technical Assistance and Management Training

Subsection (a) authorizes the Administrator of the Small Business Administration to provide financial assistance to public or private agencies for projects to provide technical and management assistance to individuals and enterprises eligible for assistance, with special attention to small businesses located in urban areas of high-poverty concentration and small businesses owned by low-income individuals.

Subsection (b) authorizes financial assistance for projects including planning, research, feasibility studies and market research, identification and development of new business opportunities, and stimulation

of new private capital resources, the furnishing of centralized services, the establishment and strengthening of business services agencies, including trade associations and cooperatives, encouragement of placement subcontracts by major businesses with small business concerns located in high-poverty concentration urban areas, including the furnishing of incentives and assistance to train and upgrade potential subcontractors and the furnishing of business counseling, management training, legal and other related services with special emphasis upon management training programs using the resources of the business community, including the development of management training opportunities in existing businesses.

Subsection (c) requires that the Secretary of Commerce give preference to projects promoting the ownership, participation in ownership, or management of small business concerns by residents of urban areas with high concentration of unemployed or low-income individuals, and to projects planned and carried out with a participation of local businessmen.

Subsection (d) requires that, to the extent feasible, services be provided in a location easily accessible to the individuals and small businesses served.

Subsection (e) requires that the Secretary of Commerce take steps to assure that contracts, subcontracts, and deposits are placed in such a way as to further the purposes of title III.

Subsection (f) requires that the Secretary of Commerce provide continuing program evaluation and that the results of such evaluation be published in the annual report of the Director.

Subsection (f) authorizes the President to transfer any of the functions under this section to the Secretary of Commerce.

Subsection (g) requires the Administrator of the Small Business Administration to provide independent and continuing evaluations of programs under this section.

Section 307. Government Contracts

This section directs the Administrator of the Small Business Administration, in coordination and cooperation with the heads of other Federal departments and agencies, to assure that contracts, subcontracts and deposits aided by Federal funds are placed to further the purposes of this title.

TITLE IV—WORK EXPERIENCE, TRAINING, AND DAY CARE PROGRAMS

PART A—WORK EXPERIENCE AND TRAINING PROGRAMS

Section 411. Statement of Purpose

The purpose of this part is to expand the opportunities for constructive work experience and other needed training available to persons who are unable to support or care for themselves or their families.

Section 412. Transfer of Funds

This section authorizes the Director to transfer funds to make payments under section 1115 of the Social Security Act, and to reimburse the Secretary of Labor for activities described in the Comprehensive Employment and Training Act.

Section 413. Limitations on Work Experience and Training Programs

Subsection (a) of this section provides that provisions of paragraphs (1) to (6) of section 409 of the Social Security Act, unless otherwise inconsistent, will be applicable with respect to programs assisted part A under this title.

Subsection (b) limits participation of individuals in work experience and training programs to 36 months.

Subsection (c) limits allocation of funds for this part for any one State to 12½ percent. It also provides that no more than 80 percent of the costs of projects or activities under section 412 may be paid from funds appropriated or allocated for this part.

Section 414. Transition

This section provides for joint evaluation and approval of training and work experience aspect of each project or program by the Secretary of Health, Education, and Welfare and the Secretary of Labor. With the concurrence of the Secretary of Labor, the Secretary of Health, Education, and Welfare may renew existing projects and programs or develop or provide new projects or programs to accomplish the purposes of this part and of the Comprehensive Employment and Training Act of 1973 and may develop and provide other work experience and training programs which the Secretary of Labor is unable to provide after being given reasonable notice and opportunity to do so.

PART B—DAY CARE PROJECTS

Section 421. Statement of Purpose

The purpose of this part is to provide day care for children to enable parents or relatives or such children to obtain basic education, vocational training, or gainful employment.

Section 422. Financial Assistance for Day Care Projects

This section authorizes the Director to provide up to 90 percent of the costs of planning, conducting, administering and evaluating day care projects. Non-Federal contributions may be in cash or in kind. Assistance may be provided to employers, labor unions, or to joint employer-union organizations. The Director may require a family which is not low-income to make payment for day care services provided under this program. The Director may provide technical assistance or training for the initiation or effective operation of programs under this part. The Director is directed to coordinate programs under his jurisdiction and other programs under the Department of Health, Education, and Welfare which provide day care and to develop a common set of program standards and regulations. The Director shall designate an agency or independent public or private organization to conduct a thorough evaluation of projects funded under this subpart to determine the extent to which the day care provided increased the employment of the parents and relatives served; up to 100 percent of the costs of such study may be paid by the Director.

TITLE V—EVALUATION, RESEARCH AND DEMONSTRATION

PART A—EVALUATION

Section 511. Comprehensive Evaluation of Programs

This section provides for the continuing evaluation of programs authorized under this legislation and related acts. The Director is authorized to make arrangements for independent evaluations of poverty programs or projects and is required to publish standards for evaluation of program effectiveness. The Director may require community action agencies to provide independent evaluations.

Section 512. Cooperation of Other Agencies

Federal agencies administering programs related to this legislation are required to cooperate with the Director in the conduct of evaluations and to provide the Director with statistical data and program reports on program operations and effectiveness.

Section 513. Consultation

This section requires the Director to obtain the opinions of program participants and to consult with State agencies to provide for jointly sponsored evaluation studies.

Section 514. Publication of Evaluation Results

This section requires the Director to publish summaries of evaluations within 60 days of completion of evaluations; to assure that evaluations, studies, data, and so forth become property of the United States; and to summarize the results of evaluation studies in the annual report required by section 609.

Section 515. Evaluation by Other Administering Agencies

The heads of agencies administering programs authorized by this legislation are required to conduct evaluations to the same extent and in the same manner as the Director. The Director may conduct independent evaluations with respect to such programs.

PART B—RESEARCH AND DEMONSTRATION PROJECTS

Section 521. Assistance for Projects

Subsection (a) of this section permits the Director to contract or provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this legislation. The Director may also contract or provide financial assistance for research pertaining to the purposes of this legislation.

Under subsection (b), the Director is required to establish an overall plan to govern the approval of pilot and demonstration projects and the use of all research authority under this title. The plan must set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan the Director must consult with other Federal agencies for the purpose of minimizing duplication or determining if results of activities under this section may be incorporated into one or more programs for which those agencies are responsible. A description of the activities under this section must be submitted in the annual report required by section 609 or in a separate report.

Subsection (c) provides that no more than 15 percent of the funds appropriated or allocated to this title in any fiscal year shall be used for pilot or demonstration projects or research projects authorized by this section.

Subsection (d) requires approval of demonstration project by the community action agency or governing body within 30 days of submission of the project plan. If disapproved, the Director may reconsider the plan.

Subsection (e) authorizes the Director to carry out demonstration projects related to elderly persons, rural poverty, prevention or rehabilitation of narcotic addicts or which encourage participation of private organizations.

Subsection (f) authorizes the Director to conduct research and demonstration projects for more effective use of human and natural resources and to slow the migration from rural areas due to lack of economic opportunity. Such projects may be jointly operated with other federally assisted programs.

TITLE VI—ADMINISTRATION AND COORDINATION

PART A—ADMINISTRATION

Section 601. Establishment of Community Action Administration

This section establishes the Community Action Administration under the Secretary of Health, Education and Welfare. The Director of the Administration shall be appointed by the President and confirmed by the Senate.

Section 602. Authority of the Director

This section authorizes the Director to appoint personnel, employ experts and consultants or organizations; appoint advisory committees; reimburse heads of other Federal agencies for performance of any of the provisions of this act and delegate any of his functions under this act; utilize the services and facilities of Federal and State or local agencies without reimbursement; accept money or property in the name of the administration; accept voluntary and uncompensated services; allocate, or transfer funds to other Federal agencies, funds available under this act; disseminate information to public agencies, private organizations and the general public; adopt an official seal; collect or compromise all obligations held by him; to dispose of property acquired in connection with loans and guarantees made under title II and title III; expend funds for printing and binding, rent of buildings and repair or improvement of space or buildings; establish policies, standards, rules and regulations, and so forth and make such payments necessary or appropriate to carry out the provisions of this legislation.

Section 603. Political Activities

This section prohibits the use of program funds to influence the outcome of any Federal election or voter registration activity or to pay any officer or employee of the administration who engages in his official capacity in such activity. Program funds shall not be used to identify the program with any partisan or nonpartisan political activity or voter registration activity. Community Action Agencies are deemed to be State or local agencies for purposes of chapter 15 of title 5

of the United States Code, and any agency receiving assistance under this act shall be deemed a State or local agency for purposes of clauses (1) and (2) of section 1502(a) of such title.

Section 604. Appeals, Notice and Hearing

This section provides for appeal, notice and hearing procedures in the event that an application for a community action agency has been rejected or financial assistance may be terminated because of failure to comply with applicable terms and conditions.

Section 605. Advisory Councils

This section establishes a National Advisory Council on Community Services and a National Voluntary Service Advisory Council to advise the Director with respect to policy matters and make recommendations on the operation of programs under this legislation.

Section 606. Announcement of Research or Demonstration Contracts

This section requires public announcement within 30 days of research or demonstration projects and publication within 30 days of the results of such activities.

Section 607. Labor Standards

This section provides that all laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair of projects, buildings and works assisted under this legislation will be paid not less than prevailing wages on similar construction activity as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

Section 608. Audit

This section requires contractors, subcontractors or grantees to keep records to facilitate an effective audit and provides the Director with access to such records for 3 years after completion of project.

Section 609. Reports

This section requires the Director to submit a report within 120 days after the end of each fiscal year on the activities of the Administration and on those programs authorized by this legislation but administered by other Federal agencies.

Section 610. Programs for the Elderly Poor

This section directs the Director to conduct investigations, review programs, initiate interagency liaison, and make recommendations with regard to the special problems of the elderly poor.

Section 611. Comparability of Wages

This section requires that persons employed in programs under title I be compensated at a comparable rate to that paid to persons performing similar services in the area where the program is carried out. The Director is required to provide a list of all such persons who receive an annual salary of \$10,000 or more and is restricted from paying more than 20 percent above such individual's previous salary rate.

Section 612. Limitation on Benefits for Those Voluntarily Poor

This section stipulates that individuals whose poverty results from refusal to seek or accept employment shall not be eligible for benefits under this legislation on account of poverty.

Section 613. Joint Funding

This section provides for a single Federal agency to administer a program and a single local share to be established in the event that funds are advanced for a single project by more than one Federal agency.

Section 614. Prohibition of Federal Control

This section prohibits direction, supervision or control over the curriculum, personnel, and so forth of any education institution or school system.

Section 615. Limitation with Respect to Certain Unlawful Activities

This section prohibits individuals employed under this act from engaging in any unlawful demonstration, rioting or civil disturbance.

Section 616. Transfer of Funds

This section authorizes the Director to transfer up to 20 percent of the appropriation for any program to carry out any other program or activity under this legislation.

Section 617. Limitations on Federal Administrative Expenses for Any Fiscal Year

This section restricts the total administrative expenses under the act to 10 percent of the total amount authorized to be appropriated for that year.

Section 618. Private Enterprise Participation

This section authorizes the Director to utilize the resources of private enterprise to the maximum feasible extent in programs under this legislation.

Section 619. Advance Funding

This section authorizes funds to be appropriated in the year preceding the fiscal year for which they are to be obligated.

Section 620. Poverty Line

This section provides that every agency administering programs authorized by the act which utilize the poverty line as a criterion of eligibility shall revise the poverty line at annual or shorter levels and that such revisions shall reflect changes in the Consumer Price Index.

Section 621. Notice and Hearing Procedures for Suspension and Termination of Financial Assistance

This section provides for termination of payments under contract or grant due to failure to comply with terms and conditions of such contract or grant.

Section 622. Duration of Program

This section authorizes the programs under this legislation for fiscal year 1975 and the 3 succeeding fiscal years.

Section 623. Distribution of Benefits Between Rural and Urban Areas

This section requires equitable distribution of benefits and services under this legislation between residents of rural and urban areas.

PART B—COORDINATION

Section 631. Responsibilities of the Director

This section requires that the Director undertake special studies of coordination problems, consult with interested agencies and groups and to prepare a 5-year national poverty plan.

Section 632. Cooperation of Federal Agencies

This section requires that Federal agencies administering programs which are related to this legislation shall cooperate with the Director and Council, assist in carrying out the provisions of this legislation and supply such data as may be requested by the Director and the Council.

Section 633. Combinations Among Programs and Programs

This section requires that the Director ensure that programs which are conducted under this act supplement one another, are conducted in collaboration with community action programs, and maintain a continuing review of this section.

Section 634. Information Center

This section provides that the Director establish an information center, publish and maintain a catalogue of programs in furtherance of this legislation and promptly distribute appropriate information to State and local agencies.

Section 635. Special Responsibilities; Training Programs

This section stipulates that the Director, the Secretary of Labor, and the heads of all other departments and agencies concerned are responsible for the coordination and implementation of programs and activities which train persons to improve or restore their employability; further describes the responsibilities of the Secretary of Labor.

TITLE VII—HEADSTART-FOLLOW THROUGH

Section 701. Short Title

This section provides that this title be cited as the "Head Start-Follow Through Act".

Section 702. Statement of Purpose

This section provides for the extension of authorization of appropriations of funds for Head Start and Follow Through.

PART A—PROGRAM AUTHORITY AND REQUIREMENTS

Section 711. Authorization of Head Start Program

This section authorizes the Secretary of HEW to provide financial assistance to eligible agencies which provide comprehensive health, educational, and other social services and which provide for the direct participation of parents.

Section 712. Authorization of Appropriations

This section authorizes an appropriation level of \$500 million for fiscal year 1975, \$525 million for fiscal year 1976 and \$550 million for fiscal year 1977.

Section 713. Allotment of Funds; Limitation on Assistance

This section establishes limitation on funds available to territories; establishes discretionary fund of the Secretary; allots funds to States on the basis of number of poor children; limits assistance to 20 percent of approved costs; provides that services must be in addition to comparable available Federal services; that 10 percent of program participants must be handicapped; and requires equitable distribution of services between rural and urban areas.

Section 714. Designation of Grantees

This section designates grantees as those public and private agencies which are determined by the Secretary to be capable of meeting the purposes of this act. Defines community as one in which there is a suitable organization base and a commonality of interests.

Section 715. Required Powers and Functions of Head Start Agencies

This section defines powers and functions of Head Start Agencies; authorizes them to receive and administer Head Start funds under the provisions of this part; provides for parental and community involvement in the conduct of programs and technical assistance and training.

Section 716. Submission of Plans to Governors

This section provides for submission of program plans to Governors for prior approval and, if disapproved, for reconsideration by the Secretary.

Section 717. Administrative Requirements and Standards

This section establishes requirements for the standards of organization, management and administration which will ensure the purposes of this part; limits program administration and development costs to 15 percent of total program costs; requires the publication of rules and regulations which are to be promulgated by the Secretary.

Section 718. Poverty Line

This section provides for the establishment of an appropriate poverty level by the Secretary.

Section 719. Appeals, Notice and Hearing

This section provides for timely notice of appeals by agencies whose request for funding has been denied; adequate notice prior to termination of funding and a full and fair hearing prior to the termination of funding.

Section 720. Records and Audit

This section requires the maintenance of adequate financial records by delegate agencies and their accessibility by Government auditors.

Section 721. Technical Assistance and Training

This section authorizes the Secretary to provide technical assistance and training.

Section 722. Research and Demonstration Programs

This section authorizes the Secretary to contract or to provide financial assistance to public or private agencies for pilot or demonstration programs; to establish guidelines for their approval.

Section 723. Announcement of Research or Demonstration Contracts

This section directs the Secretary to make public announcements of information concerning research and demonstration contracts within 30 days.

Section 724. Evaluation

This section requires that the Secretary provide for the continuing evaluation of programs conducted under this part; to publish standards of evaluation and authorizes him to require delegate agencies to conduct independent evaluations.

Section 725. Definitions

This section defines terms.

Section 726. Labor Standards

This section provides that wages and salaries of laborers and mechanics shall be in accordance with Davis-Bacon Act.

Section 727. Comparability of Wages

This section requires the Secretary to ensure that salaries are not in excess of prevailing rates of compensation in communities for comparable responsibilities.

Section 728. Nondiscrimination Provisions

This section prohibits discrimination.

Section 729. Limitation With Respect to Certain Unlawful Activities

This section prohibits participation of Headstart employees with respect to certain unlawful activities.

Section 730. Political Activities

This section provides that agency which is responsible for planning, developing, and coordinating Headstart programs shall be regarded as a State or local agency; prohibits political activities from partisan political activities and voter registration.

Section 731. Advance Funding

This section provides for advance funding to afford adequate notice of funding available under this part.

PART B—FOLLOW THROUGH PROJECTS

Section 751. Grantees, Nature of Projects

This section authorizes the Secretary to provide financial assistance to appropriate agencies, organizations, and educational institutions in order that they may conduct Follow Through programs which will serve primarily children from low income families who were previously enrolled in Headstart and are currently enrolled in kindergarten and primary grades. Further provides that projects must provide comprehensive services which, in the judgment of the Secretary, will aid the continued development of these children.

Section 752. Authorization of Appropriations

This section authorizes \$60 million for FY 1975 and each of the next two fiscal years. Limits Federal assistance to 80 percent of approved program costs with a waiver provision; requires that project services supplement, not serve as a substitute for existing services.

Section 753. Research and Demonstration, Evaluation, and Technical Assistance Activities

This section authorizes the Secretary, by contract or grant to provide for pilot or demonstration programs, program evaluation and technical assistance and training in furtherance of the purposes of this part.

Section 754. Advance Funding

This section provides for advance funding in order to afford adequate notice of funding available under this part.

Section 755. General Provisions

This section generally provides that grantees should make maximum employment opportunities available to parents of program participants and to community residents; provides for adequate notice and fair hearings prior to suspension of grants.

TITLE VIII—NATIVE AMERICANS

Section 801

This section would provide that this title may be cited as the "Native American Program Extension Act of 1974".

Section 802. Statement of Purpose

This section provides that the purpose of this title is to promote the goal of enabling American Indians and Alaskan Natives to become fully self-sufficient.

Section 803. Financial Assistance for Native American Projects

This section authorizes the Secretary of Health, Education, and Welfare to provide financial assistance to public and nonprofit private agencies for projects pertaining to the purposes of this title. Federal assistance would be equal to 80 percent of the cost of an assisted project, unless a higher percentage was authorized by the Secretary. Federal assistance could not be used to replace programs previously funded without Federal assistance, except as authorized by the Secretary.

Section 812. Technical Assistance and Training

This section authorizes the Secretary to provide technical assistance and training in connection with the provision of financial assistance under this title.

Section 813. Research and Demonstration Projects

This section authorizes the Secretary to support pilot, demonstration, and research projects pertaining to the purposes of this title.

Section 814. Announcement of Research or Demonstration Contracts

This section requires the public announcement of information relating to research and demonstration projects, except in certain circumstances.

Section 815. Submission of Plans to State and Local Officials

This section requires that the governing body of an Indian reservation or Alaskan Native village must be given the opportunity to disapprove any project under section 811 or pilot or demonstration project under section 813 to be carried out on the reservation or in the

village. The bill would require that State and local officials be notified of any project under section 811 or pilot or demonstration project under section 813 to be carried out in their jurisdictions, other than on an Indian reservation or in an Alaskan Native village.

Section 816. Records and Audit

This section authorizes the Secretary to prescribe record-keeping requirements for agencies receiving assistance under this part and would provide for access to the records and books of any such agency.

Section 817. Appeals, Notice, and Hearing

This section imposes notice and hearing requirements in connection with the suspension or termination of assistance, or the denial of refunding, under section 811.

Section 818. Evaluation

This section requires the Secretary to provide for the continuing evaluation of projects assisted under this part.

Section 819. Labor Standards

This section makes the Davis-Bacon Act applicable to construction activities assisted under this part.

Section 820. Criminal Provisions

This section prescribes criminal penalties for embezzlement, theft, fraud, and bribery related to projects assisted under this part.

Section 821. Delegation of Authority

This section authorizes the Secretary to delegate his duties and authorities under this part to other Federal agencies.

Section 822. Definitions

This section contains definitions of terms used in this part.

Section 833. Authorization of Appropriations

This section authorizes the appropriation of such sums as are necessary to carry out this part for fiscal year 1975.

TITLE IX—COMPREHENSIVE HEALTH SERVICES

Section 901. Comprehensive Health Services

This section directs the Secretary of HEW to establish a Comprehensive Health Services program which would develop health services in those areas of poverty in which existing health services are inadequate; assure that these services are available to, responsive to and involve low income persons; subject to certain financial conditions. This section also provides for programs to assist public and private agencies in the training of personnel for the delivery of health services to the poor.

TITLE X—HUMAN SERVICES POLICY RESEARCH

Section 1001. Short Title

This section provides that this title may be cited as the "Human Services Policy Research Act of 1974."

Section 1002. Statement of Purpose

This section provides that the purpose of this act is to stimulate the better focusing of public and private resources upon the goal of enabling low income persons to become self-sufficient.

Section 1011. Research and Pilot Programs

This section authorizes the Secretary of HEW to provide financial assistance to public and private agencies for the conduct of research, evaluation, pilot or demonstration programs in furtherance of the purposes of this act; to establish guidelines for project approval; requires that pilot or demonstration projects be subject to the approval of State and local officials.

Section 1012. Consultation

This section authorizes the Secretary, in conducting evaluations under the act, to involve program participants, when possible to provide for joint evaluations with State and local officials and to consult with Federal officials in related activities.

Section 1013. Announcement of Research, Demonstration and Evaluation Contracts

This section requires public announcements of information relating to grants and contracts and establishes conditions within 30 days, provides that results are property of Federal Government, and for publication of summaries of related activities.

Section 1014. Nondiscrimination Provisions

This section prohibits discrimination.

Section 1015. Prohibition of Federal Control

This section prohibits Federal control over the activities academic program of educational institutions.

Section 1016. Definitions

This section defines terms.

Section 1017. Authorization of Appropriations

This section authorizes such sums as may be necessary for fiscal year 1975 and the following 2 years.

TITLE XI—COMMUNITY ECONOMIC DEVELOPMENT

Section 1100. Short Title

This section provides that this title may be cited as the "Community Economic Development Act of 1974".

Section 1101. Congressional Findings and Statement of Purpose

This section finds that substantial numbers of minority group members and low-income whites have been denied access to the economic and social mainstream of American life; calls for the establishment of direct and indirect financial assistance to develop the total economic and social well-being of low-income communities, to provide technical and managerial assistance, and to provide financial assistance to community development corporations and cooperatives.

PART A—MINORITY BUSINESS ASSISTANCE

Section 1111. Definitions

This section defines terms used in this title.

Section 1112. Technical and Management Assistance

This section authorizes the Secretary of Commerce to provide financial assistance to individuals, partnerships, corporations, and other entities, and to States and subdivisions of States to (1) assist them to provide management and technical assistance to minority business enterprises and (2) to assist in developing community support for minority business enterprises.

PART B—COMMUNITY ECONOMIC DEVELOPMENT

Section 1121. Congressional Statement of Purpose

This section states that the purpose of this part is to encourage special urban and rural programs of economic and social improvement.

Section 1122. Statement of Purpose

This section states that the purpose of this part is to establish special programs of assistance to private locally initiated community corporations and related nonprofit agencies which are directed to the solution of critical problems existing in particular communities or neighborhoods, are of sufficient size, scope and duration to have an appreciable impact in such communities, neighborhoods and rural areas and have the prospect of continuing such an impact after termination of financial assistance under this part.

Section 1123. Establishment of Programs

This section authorizes the Director to provide financial assistance to community development corporations and to cooperatives and other nonprofit agencies for the costs of programs under this part. Programs may include economic and business development programs, community development and housing activities, manpower training programs. Programs assisted under this part are to contribute on an equitable basis between urban and rural areas to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

Section 1124. Financial Assistance Requirements—Regulations; Conditions

Subsection (a) of this section provides requirements for funding projects under this subpart. These requirements are: (1) that the community development corporation is responsive to residents of the area under guidelines established by the Director; (2) projects and related facilities will be located in the area served; (3) will promote the development of entrepreneurial and management skills and ownership by residents of the area served; (4) projects will be planned and carried out with maximum participation of local businessmen and financial institutions; (5) the program will be appropriately coordinated with local planning under this act and the Demonstration Cities and Metropolitan Development Act of 1966 and other relevant planning of the areas served; (6) no participant will be employed in projects involving political parties or facilities used for sectarian

instruction or place of worship; (7) will not result in displacement of employed workers or result in substitution of Federal for other funds; (8) will establish appropriate rates of pay for work-training and education; (9) will contribute to the occupational development of individual participants; (10) will give preference to low-income residents of areas served in filling jobs and training opportunities; and (11) training programs shall be designed to provide skills which are in demand in communities, neighborhoods or rural areas other than those for which programs are established under this part.

Subsection (b) stipulates that establishments shall not be shifted from one location to another if that shift results in higher unemployment in the original area.

Subsection (c) states that financial assistance for related purposes under this act to the area served by a special impact program shall not be reduced in order to substitute funds authorized by this part.

Section 1125. Application of Other Federal Resources

Subsection (a) permits community development corporations to use funds granted under this part as private paid-in capital for small business investment company and local development corporation programs of the Small Business Administration. This subsection also provides that the Small Business Administration prescribe regulations to insure that its programs assist community development corporations.

Subsection (b) designated areas selected for assistance as "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965. This subsection also provides that the Secretary of Commerce prescribe regulations to insure that its programs assist community development corporations.

Subsection (c) requires the Secretary of Housing and Urban Development to assure that community development corporations qualify as sponsors under the Housing and Urban Development Act of 1968 and the National Housing Act of 1949; to assure that land for housing and business location is available under the Housing Act of 1949; and that funds are available under section 701(b) of the Housing Act of 1954.

Subsection (d) provides that the Director shall take steps to assure that contracts and deposits by the Federal Government are placed in such a way as to further the purposes of this part.

Subsection (e) requires that the Director make an annual report on all Federal agency programs which are relevant to the purposes of this part.

Subsection (f) requires the Secretary to coordinate with heads of other Federal agencies to assure that Federal contracts further the purposes of this part.

Subsection (g) requires the Secretary to submit to Congress a detailed report on Federal programs relevant to the purposes of this part, including recommendations for more effective utilization of Federal programs.

Section 1126. Federal Share of Program Costs

This section provides up to 90 percent of the cost of programs pursuant to this part. Non-Federal contributions may be in cash or in kind.

SUBPART I—RURAL PROGRAM

Section 1127. Congressional Statement of Purpose

This section states that it is the purpose of this subpart to support self-help programs in rural areas with substantial numbers of low-income persons as a supplement to other Federal programs.

Section 1128. Financial Assistance—Low-Income Rural Families; Amount

Subsection (a) of this section authorizes the Secretary to provide financial assistance including loans to low-income rural families to effect a permanent increase in the families' incomes or improvement in living or housing conditions. Such loans will have a maximum maturity of 15 years for not more than \$3,500.

Subsection (b) provides financial assistance to local cooperative associations in rural areas for establishing and operating cooperative programs.

Section 1129. Limitation on Assistance

This section establishes conditions for financial assistance including number of low-income members in cooperative association receiving assistance, provision for adequate technical assistance, applicant is fulfilling need not already met. Funds under this subpart shall not be used to substitute funds for related purposes under this legislation.

SUBPART II—SUPPORT PROGRAMS

Section 1130. Training and Technical Assistance

This section authorizes the Secretary to provide technical assistance to community development corporations and both urban and rural cooperatives, and training for employees of community development corporations and employees and members of urban and rural cooperatives.

Section 1131. Development Loan Fund

This section authorizes the Secretary to make or guarantee loans for business, housing and community development projects. Loans may not be made unless there is reasonable assurance of repayment, the loan is not otherwise available, the amount of the loan is adequate to assure completion of the project. All loans shall be at a rate of interest to be determined by the Secretary of the Treasury, though the Director may set a lower rate for the first 5 years of indebtedness. All loans are repayable within 30 years.

This section also establishes a development loan fund to carry out the lending and guarantee functions under this subpart.

Section 1132. Evaluation and Research; Report to Congress

This section requires each program to provide for a thorough evaluation of the effectiveness of the program in achieving its purposes. The Director shall conduct research to suggest new programs and policies to achieve the purposes of this part, and shall report to Congress within 90 days of enactment.

PART C—ADMINISTRATION

Section 1141. Appointment of Assistant Secretary of Commerce

This section calls for the creation of the position of Assistant Secretary of Commerce to administer this legislation who shall be appointed by the President with the advice and consent of the Senate.

Section 1142. Transfer of Personnel

This section provides that personnel administering Title VII of the Economic Opportunity Act of 1964 shall be transferred to the Department of Commerce.

Section 1143. Regulations

This section authorizes the Secretary to issue appropriate regulations relating to the purposes of this legislation.

Section 1144. Appeals, Notice and Hearings

This section provides procedures for hearings in the event financial assistance under Part B of this title is suspended or terminated.

Section 1145. Records and Audit

This section requires recipients of assistance under this legislation to maintain adequate records and provides the Secretary and the Comptroller General access to such records.

Section 1146. Congressional Review

This section provides for a joint study by the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor regarding the appropriate administrative agency for programs under this title and the extent to which programs meet the nation's need for community economic development. Such study shall be completed within one year after enactment.

PART D—AUTHORIZATION OF APPROPRIATIONS

Section 1156. Authorization of Appropriations

This section authorizes such sums as may be necessary for carrying out programs under Part A and Part B of this legislation for the fiscal years 1975, 1976, and 1977.

TITLE XII—AUTHORIZATION OF APPROPRIATIONS

Section 1201. Authorization of Appropriations

Except where otherwise indicated, this section authorizes such sums as may be necessary for fiscal year 1975 and the two succeeding years, except that there is authorized for local initiative (section 121) \$330,000,000 for fiscal year 1975, and \$50,000,000 for incentive grants (section 145) for fiscal year 1975.

Section 1202. Availability of Funds

This section provides that funds appropriated to carry out any program under this legislation shall remain available until expended.

TITLE XIII—GENERAL PROVISIONS

Section 1301. Definitions

This section defines terms—"Financial assistance," "Director," "State," "lower living standard budget," "poor" and "low income" persons.

Section 1302. Nondiscrimination

This section prohibits discrimination in any program assisted under this legislation.

Section 1303. Guidelines

This section provides that rules, regulations, guidelines, etc. shall be published in the Federal Register at least 30 days prior to effective date.

Section 1304. Criminal Provisions

This section establishes criminal penalties for willful mishandling of funds, property or assets under this legislation and bribery.

Section 1305. Withholding Certain Federal Taxes by Antipoverty Agencies

This section provides for the withholding of certain Federal taxes by antipoverty agencies and the means by which the Director shall ensure such payments are made by agencies.

Section 1306. Repeal of Economic Opportunity Act of 1964

This section repeals the Economic Opportunity Act of 1964 and provides for successor responsibilities.

Section 1307. Effective Date

This section establishes effective date of this legislation as date of enactment.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

For the information of the members of the committee, changes in existing law made by H.R. 14494, Community Services Act of 1974, as approved by the Committee on Education and Labor on April 30, 1974, are shown as follows (existing law proposed to be omitted is enclosed in black brackets):

ECONOMIC OPPORTUNITY ACT OF 1964

[AN ACT To mobilize the human and financial resources of the Nation to combat poverty in the United States.

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Opportunity Act of 1964."

[FINDINGS AND DECLARATION OF PURPOSE

[SEC. 2. Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the Nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy.

[It is the sense of the Congress that it is highly desirable to employ the resources of the private sector of the economy of the United States in all such efforts to further the policy of this Act.

[TITLE I—WORK TRAINING AND WORK-STUDY PROGRAMS

[PART A—JOB CORPS

[STATEMENT OF PURPOSE

[SEC. 101. This part establishes a Job Corps for low-income, disadvantaged young men and women, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and/or nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling, and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. Its purpose is to assist young persons who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens; and to do so in

a way that contributes, where feasible, to the development of National, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

[ESTABLISHMENT OF THE JOB CORPS

[SEC. 102. There is hereby established within the Office of Economic Opportunity a "Job Corps".

[INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

[SEC. 103. To become an enrollee in the Job Corps, a young man or woman must be a person who—

[(1) is a permanent resident of the United States who has attained age fourteen but not attained age twenty-two at the time of enrollment;

[(2) is a low-income individual or member of a low-income family who requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment, participate successfully in regular schoolwork, qualify for other training programs suitable to his needs, or satisfy Armed Forces requirements;

[(3) is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair his prospects for successful participation in any other program providing needed training, education, or assistance;

[(4) is determined, after careful screening as provided for in sections 104 and 105, to have the present capabilities and aspirations needed to complete and secure the full benefit of the program authorized in this part, and to be free of medical and behavioral problems so serious that he could not or would not be able to adjust to the standards of conduct and discipline or pattern of work and training which that program involves; and

[(5) meets such other standards for enrollment as the Director may prescribe (including special standards for the enrollment on a residential basis of 14 and 15 year olds) and agrees to comply with all applicable Job Corps rules and regulations.

[SCREENING AND SELECTION OF APPLICANTS—GENERAL PROVISIONS

[SEC. 104. (a) The Director shall prescribe necessary rules for the screening and selection of applicants for enrollment in the Job Corps. To the extent practicable, these rules shall be implemented through arrangements which make use of agencies and organizations such as community action agencies, public employment offices, professional groups, and labor organizations. The rules shall establish specific standards and procedures for conducting screening and selection activities; shall encourage recruitment through agencies and individuals having contact with youths over substantial periods of time and able, accordingly, to offer reliable information as to their needs and problems; and shall provide for necessary consultation with other individ-

uals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers. They shall also provide for—

[(1) the interviewing of each applicant for the purpose of—

[(A) determining whether his educational and vocational needs can best be met through the Job Corps or any alternative program in his home community;

[(B) obtaining from the applicant pertinent data relating to his background, needs, and interests for evaluation in determining his eligibility and potential assignment; and

[(C) giving the applicant a full understanding of the Job Corps program and making clear what will be treated of him as an enrollee in the event of his acceptance.

[(2) the conduct of a careful and systematic inquiry concerning the applicant's background for the effective development and, as appropriate, clarification of information concerning his age, citizenship, school and draft status, health, employability, past behavior, family income, environment, and other matters related to a determination of his eligibility.

[(b) The Director shall make no payments to any individual or organization solely as compensation for the service of referring the names of candidates for enrollment in the Job Corps.

[(c) The Director shall take all necessary steps to assure that the enrollment of the Job Corps includes an appropriate number of candidates selected from rural areas, taking into account the proportion of eligible youth who reside in rural areas and the need to provide residential facilities for such youth in order to meet problems of wide geographic dispersion.

[SCREENING AND SELECTION—SPECIAL LIMITATIONS

[SEC. 105. (a) No individual shall be selected as an enrollee unless it is determined that there is reasonable expectation that he can participate successfully in group situations and activities with other enrollees, that he is not likely to engage in actions or behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between any center to which he might be assigned and surrounding communities, and that he manifests a basic understanding of both the rules to which he will be subject and of the consequences of failure to observe those rules. Before selecting an individual who has a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other major behavioral aberrations, the Director shall obtain a finding from a professional qualified person who knows such potential enrollee's individual situation that there is reasonable expectation that his conduct will not be inimical to the goals and success of the Job Corps and that the opportunity provided by the Job Corps will help him to overcome his problem.

[(b) An individual who otherwise qualifies for enrollment may be selected even though he is on probation or parole, but only if his release from the immediate supervision of the cognizant probation or parole officials is mutually satisfactory to those officials and the Di-

rector and does not violate applicable laws or regulations, and if the Director has arranged to provide all supervision of the individual and all reports to State or other authorities that may be necessary to comply with applicable probation or parole requirements.

【ENROLLMENT AND ASSIGNMENT

【SEC. 106. (a) No individual may be enrolled in the Job Corps for more than two years, except as the Director may authorize in special cases.

【(b) Enrollment in the Job Corps shall not relieve any individual of obligations under the Universal Military Training and Service Act (50 U.S.C. App. 451 et seq.).

【(c) Each enrollee (other than a native and citizens of Cuba described in section 609(3) of this Act of a permanent resident of the Trust Territory of the Pacific Islands) must take and subscribe to an oath or affirmation in the following form: "I do solemnly swear (or affirm) that I bear true faith and allegiance to the United States of America and will support and defend the Constitution and laws of the United States against all its enemies foreign and domestic." The provisions of section 1001 of title 18, United States Code, shall be applicable to this oath or affirmation.

【(d) After the Director has determined whether an enrollee is to be assigned to a men's training center, a conservation center, or a women's training center, the center to which he shall be assigned shall be that center of the appropriate type in which a vacancy exists which is closest to the enrollee's home, except that the Director, on an individual basis, may waive this requirement when overriding considerations justify such action. Assignments to centers in areas more remote from the enrollee's home shall be carefully limited to situations in which such action is necessary in order to insure an equitable opportunity for disadvantaged youth from various sections of the country to participate in the program, to prevent undue delays in the assignment of individual enrollees, to provide an assignment which adequately meets the educational or other needs of the enrollee or is necessary for efficiency and economy in the operation of the program.

【(e) Assignments of male enrollees shall be made so that at any one time, at least 40 per centum of those enrollees are assigned to conservation centers as described in section 107, or to other centers or projects where their work activity is primarily directed to the conservation, development, or management of public natural resources or recreational areas and is performed under the direction of personnel of agencies regularly responsible for those functions.

【JOB CORPS CENTERS

【SEC. 107. (a) The Director may make agreements with Federal, State, or local agencies, or private organizations for the establishment and operation of Job Corps centers. These centers may be residential and/or nonresidential in character and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other

services appropriate to their needs. The centers shall include conservation centers, to be known as Civilian Conservation Centers, to be located primarily in rural areas and to provide, in addition to other training and assistance, programs of work experience focused upon activities to conserve, develop, or manage public natural resources or public recreational areas or to assist in developing community projects in the public interest. They shall also include men's and women's training centers to be located in either urban or rural areas and to provide activities which shall include training and other services appropriate for enrollees who can be expected to participate successfully in training for specific types of skilled or semiskilled employment.

【(b) To the extent feasible, men's and women's training centers shall offer education and vocational training opportunities, together with supportive services, on a nonresidential basis to participants in programs described in part B of this title. Such opportunities may be offered on a reimbursable basis or through such other arrangements as the Director may specify.

【PROGRAM ACTIVITIES

【SEC. 108. (a) Each Job Corps center shall be operated so as to provide enrollees with an intensive, well-organized and fully supervised program of education, vocational training, work experience, planned avocational and recreational activities, physical rehabilitation and development, and counseling. To the fullest extent feasible, the required program for each enrollee shall include activities designed to assist him in choosing realistic career goals, coping with problems he may encounter in his home community or in adjusting to a new community, and planning and managing his daily affairs in a manner that will best contribute to long-term upward mobility. Center programs shall include required participation in center maintenance support and related work activity as appropriate to assist enrollees in increasing their sense of contribution, responsibility, and discipline.

【(b) To the extent practicable, the Director may arrange for enrollee education and vocational training through local public or private educational agencies, vocational educational institutions, or technical institutes where these institutions or institutes can provide training comparable in cost and substantially equivalent in quality to that which he could provide through other means.

【(c) Arrangements for education shall, to the extent feasible, provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school; and the Director with the concurrence of the Secretary of Health, Education, and Welfare, shall develop certificates to be issued to enrollees who have satisfactorily completed their services in the Job Corps and which will reflect the enrollee's level of educational attainment.

【(d) The Director shall prescribe regulations to assure that Job Corps work-experience programs or activities do not displace presently employed workers or impair existing contracts for service and will be coordinated with other work-experience programs in the community.

ALLOWANCE AND SUPPORT

【SEC. 109. (a) The Director may provide enrollees with such personal, travel, and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, and other expenses as he may deem necessary or appropriate to their needs. Personal allowances shall be established at a rate not to exceed \$35 per month during the first six months of an enrollee's participation in the program and not to exceed \$50 per month thereafter, except that allowances in excess of \$35 per month, but not exceeding \$50 per month, may be provided from the beginning of an enrollee's participation if it is expected to be of less than six months' duration and the Director is authorized to pay personal allowances in excess of the rates specified herein in unusual circumstances as determined by him. Such allowances shall be graduated up to the maximum so as to encourage continued participation in the program, achievement and the best use by the enrollee of the funds so provided and shall be subject to reduction in appropriate cases as a disciplinary measure. To the degree reasonable, enrollees shall be required to meet or contribute to costs associated with their individual comfort and enjoyment from their personal allowances.

【(b) The Director shall prescribe specific rules governing the accrual of leave by enrollees. Except in the case of emergency, he shall in no event assume transportation costs connected with leave of any enrollee who has not completed at least six months service in the Job Corps.

【(c) The Director may provide each former enrollee, upon termination, a readjustment allowance at a rate not to exceed \$50 for each month of satisfactory participation in the Job Corps. No enrollee shall be entitled to a readjustment allowance, however, unless he has remained in the program at least ninety days, except in unusual circumstances as determined by the Director. The Director may, from time to time, advance to or on behalf of an enrollee such portions of his readjustment allowance as the Director deems necessary to meet extraordinary financial obligations incurred by that enrollee; and he may also, pursuant to rules or regulations, reduce the amount of an enrollee's readjustment allowance as a penalty for misconduct during participation in the Job Corps. In the event of an enrollee's death during his period of service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582 of title 5, United States Code.

【(d) Under such circumstances as the Director may determine, a portion of the readjustment allowance of an enrollee not exceeding \$25 for each month of satisfactory service may be paid during the period of service of the enrollee directly to a spouse or child of an enrollee or to any other relative who draws substantial support from the enrollee, and any sum so paid shall be supplemented by the payment of an equal amount by the Director.

STANDARDS OF CONDUCT

【SEC. 110. (a) Within Job Corps centers, standards of conduct and deportment shall be provided and stringently enforced. In the case

of violations committed by enrollees, dismissals from the Corps or transfers to other locations shall be made in every instance where it is determined that retention in the Corps, or in the particular Job Corps center, will jeopardize the enforcement of such standards of conduct and deportment or diminish the opportunity of other enrollees.

【(b) In order to promote the proper moral and disciplinary conditions in the Job Corps, the individual directors of Job Corps centers shall be given full authority to take appropriate disciplinary measures against enrollees including, but not limited to, dismissal from the Job Corps, subject to expeditious appeal procedures to higher authority, as provided under regulations set by the Director.

COMMUNITY PARTICIPATION

【SEC. 111. The Director shall encourage and shall cooperate in activities designed to establish a mutually beneficial relationship between Job Corps centers and surrounding or nearby communities. These activities shall include the establishment of community advisory councils to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest. Whenever possible, such advisory councils shall be formed by and coordinated under the local community action agency. Youth participation in advisory council affairs shall be encouraged and where feasible separate youth councils may be established, to be composed of representative enrollees and representative young people from the communities. The Director shall establish necessary rules and take necessary action to assure that each center is operated in a manner consistent with this section with a view to achieving, so far as possible, objectives which shall include: (1) giving community officials appropriate advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community; (2) affording the community a meaningful voice in center affairs of direct concern to it, including policies governing the issuance and terms of passes to enrollees; (3) providing center officials with full and rapid access to relevant community groups and agencies, including law enforcement agencies and agencies which work with young people in the community; (4) encouraging the fullest practicable participation of enrollees in programs or projects for community improvement or betterment, with adequate advance consultation with business, labor, professional, and other interested community groups and organizations; (5) arranging recreational, athletic, or similar events in which enrollees and local residents may participate together; (6) providing community residents with opportunities to work, with enrollees directly, as part-time instructors, tutors, or advisers, either in the center or in the community; (7) developing, where feasible, job or career opportunities for enrollees in the community; and (8) promoting interchanges of information and techniques among, and cooperative projects involving, the center and community schools, educational institutions, and agencies serving young people.

COUNSELING AND JOB PLACEMENT

【SEC. 112. (a) The Director shall provide for the counseling and testing of each enrollee at regular intervals to follow his progress in educational and vocational programs.

[(b) The Director shall counsel and test each enrollee prior to his scheduled termination to determine his capabilities and shall seek to place him in a job in the vocation for which he is trained and in which he is likely to succeed, or shall assist him in attaining further training or education. In placing enrollees in jobs, the Director shall utilize the United States Employment Service to the fullest extent possible.

[(c) The Secretary of Labor shall make arrangements to determine the status and progress of terminees and to assure that their needs for further education, training, and counseling may be met.

[(d) Upon termination of an enrollee's training, a copy of his pertinent records, including data derived from his counseling and testing, other than confidential information, shall be made available immediately to the Department of Labor and the Office of Economic Opportunity.

[(e) The Director shall, to the extent feasible in accordance with section 637(b) of this Act, arrange for the readjustment allowance provided for in section 109(c) of this Act, less any sums already paid pursuant to subsection (d) of that section, to be paid to former enrollees (who have not already found employment) at the public employment service office nearest the home of any such former enrollee, if he is returning to his home, or at the nearest such office to the community in which the former enrollee has indicated an intent to reside. The Secretary of Labor shall make arrangements by which public employment service officers will maintain records regarding former enrollees who are thus paid at such offices including information as to—

[(1) the number of former enrollees who have declined the offices' help in finding a job;

[(2) the number who were successfully placed in jobs without further education or training;

[(3) the number who were found to require further training before being placed in jobs and the types of training programs in which they participated; and

[(4) the number who were found to require further remedial or basic education in order to qualify for training programs, together with information as to the type of programs for which such former enrollees were found unqualified for enrollment.

If the Director deems it advisable to utilize the services of any other public or private organization or agency in lieu of the public employment office, he shall arrange for that organization or agency to make the payment of the readjustment allowance and maintain the same types of records regarding former enrollees as are herein specified for maintenance by public employment service offices, and shall furnish copies of such records to the Secretary of Labor. In the case of enrollees who are placed in jobs by the Director prior to the termination of their participation in the Job Corps, the Director shall maintain records providing pertinent placement and follow-up information.

[EVALUATION: EXPERIMENTAL AND DEVELOPMENTAL PROJECTS

[SEC. 113.

[(b) The Director may undertake or make grants or contracts for experimental, research, or demonstration projects directed to develop-

ing or testing ways of securing the better use of facilities, of encouraging a more rapid adjustment of enrollees to community life that will permit a reduction in the period of their enrollment, of reducing transportation and support costs, or of otherwise promoting greater efficiency and effectiveness in the program authorized under this part. These projects shall include one or more projects providing youths with education, training, and other supportive services on a combined residential and nonresidential basis. The Director may, if he deems it advisable, undertake one or more pilot projects designed to involve youth who have a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other behavioral aberrations. Projects under this subsection shall be developed after appropriate consultation with other Federal or State agencies conducting similar or related programs or projects and with the prime sponsors, as described in part B of this title, in the communities where the projects will be carried out. They may be undertaken jointly with other Federal or federally assisted programs, including programs under part B of this title, and funds otherwise available for activities under those programs shall, with the consent of the head of any agency concerned, be available to projects under this section to the extent they include the same or substantially similar activities. The Director may waive any provision of this title which he finds would prevent the carrying out of elements of projects under this subsection essential to a determination of their feasibility and usefulness. He shall, either in the report required by section 608 or a separate annual document, report to the Congress concerning the actions taken under this section, including a full description of progress made in connection with combined residential and nonresidential projects.

[(c) In order to determine whether upgraded vocational education schools could eliminate or substantially reduce the school dropout problem, and to demonstrate how communities could make maximum utilization of existing educational and training facilities, the Director, in cooperation with the Commissioner of Education, shall enter into one or more agreements with State educational agencies to pay the cost of establishing and operating model community vocational education schools and skills centers. Such facilities shall be centrally located in an urban area having a high dropout rate, a large number of unemployed youths, and a need in the area for a combination vocational school and skill center. No such agreement shall be entered into unless it contains provisions designed to assure that—

[(1) a job survey be made of the area;

[(2) the training program of the school and skill center reflect the job market needs as projected by the survey;

[(3) an advisory committee composed of representatives of business, labor, education, and community leaders be formed to follow the center's activities and to make periodic recommendations regarding its operation;

[(4) arrangements have been worked out with schools in the area and the administrator of the skill center for maximum utilization of the center both during and after school hours; and

[(5) such accounting and evaluation procedures as the Director and the Commissioner of Education deem necessary to carry out the purpose of this project will be provided.

[ADVISORY BOARDS AND COMMITTEES

[SEC. 114. The Director shall make use of advisory committees or boards in connection with the operation of the Job Corps, and the operation of Job Corps centers, whenever he determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities. Nothing in this section shall be considered as limiting the functions of the National Advisory Council, established pursuant to section 605 of this Act, with respect to any matter or question involving the Job Corps; but this shall not prevent the establishment of one or more boards or committees under this section.

[PARTICIPATION OF THE STATES

[SEC. 115. (a) The Director shall take necessary action to facilitate the effective participation of States in the Job Corps program, including, but not limited to, consultation with appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards or enrollee conduct and discipline, the development of meaningful work experience and other activities for enrollees, and coordination with State-operated programs.

[(b) The Director may enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Director may, pursuant to regulations, pay part or all of the operative or administrative costs of such programs.

[(c) No Job Corps center or other similar facility designed to carry out the purpose of this Act shall be established within a State unless a plan setting forth such proposed establishment has been submitted to the Governor, and such plan has not been disapproved by him within 30 days of such submission.

[APPLICATION OF PROVISIONS OF FEDERAL LAW

[SEC. 116. (a) Except as otherwise specifically provided in the following paragraphs of this subsection, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

[(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

[(2) For purposes of subchapter I of chapter 81 of title 5 of the United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except as follows:

[(A) The term "performance of duty" shall not include any act of an enrollee while absent from his or her assigned post of duty, except while participating in an activity (including an activity while on pass or during travel to or from such post of duty) authorized by or under the direction and supervision of the Job Corps;

[(B) In computing compensation benefits for disability or death, the monthly pay of an enrollee shall be deemed that received under the entrance salary for grade GS-2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

[(C) Compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee is terminated.

[(3) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

[(b) When the Director finds a claim for damage to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United States Code, he may adjust and settle it in an amount not exceeding \$500.

[(c) Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Director for the support of the Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade therein.

[SPECIAL LIMITATIONS

[SEC. 117. (a) The Director shall not use any funds made available to carry out this part for the fiscal year ending June 30, 1968, in a manner that will increase the residential capacity of Job Corps centers above forty-five thousand enrollees.

[(b) The Director shall take necessary action to assure that on or before June 30, 1968, of the total number of Job Corps enrollees receiving training at least 25 per centum shall be women. The Director shall immediately take steps to achieve an enrollment ratio of 50 per centum women enrollees in training in the Job Corps consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

[(c) The Director shall take necessary action to assure that for any fiscal year the direct operating costs of Job Corps centers which have been in operation for more than nine months do not exceed \$6,900 per enrollee.

[(d) The Director shall take necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of the operation of any conservation or training center shall become the property of the United States.

[POLITICAL DISCRIMINATION AND POLITICAL ACTIVITY

[SEC. 118. (a) No officer or employee of the executive branch of the Federal Government shall make any inquiry concerning the political affiliation or beliefs of any enrollee or applicant for enrollment in the Corps. All disclosures concerning such matters shall be ignored, except as to such membership in political parties or organizations as constitutes by laws a disqualification for Government employment. No discrimination shall be exercised, threatened, or promised by any person in the executive branch of the Federal Government against or in favor of any enrollee in the Corps, or any applicant for enrollment in the Corps because of his political affiliation or beliefs, except as may be specifically authorized or required by law.

[(b) No officer, employee, or enrollee of the Corps shall take any active part in political management or in political campaigns, except as may be provided by or pursuant to statute, and no such officer, employee, or enrollee shall use his official position or influence for the purpose of interfering with an election or affecting the result thereof. All such persons shall retain the right to vote as they may choose and to express, in their private capacities, their opinions on all political subjects and candidates. Any officer, employee, enrollee, or Federal employee who solicits funds for political purposes from members of the Corps shall be in violation of the Federal Corrupt Practices Act, 1925.

[(c) Whenever the United States Civil Service Commission finds that any person has violated the foregoing provisions, it shall, after giving due notice and opportunity for explanation to the officer or employee concerned, certify the facts to the Director with specific instructions as to discipline or dismissal or other corrective actions.

[PART B—WORK AND TRAINING FOR YOUTH AND ADULTS

[STATEMENT OF PURPOSE

[SEC. 120. The purpose of this part is to provide useful work and training opportunities, together with related services and assistance, that will assist low-income youths to continue or resume their education, and to help unemployed or low-income persons, both young and adult, to obtain and hold regular competitive employment, with maximum opportunities for local initiative in developing programs which respond to local needs and problems, and with emphasis upon a comprehensive approach which includes programs using both public and private resources to overcome the complex problems of the most severely disadvantaged in urban and rural areas having high concentrations or proportions of unemployment, underemployment, and low income.

[COMMUNITY PROGRAM AREAS AND COMPREHENSIVE WORK AND TRAINING PROGRAMS

[SEC. 121. (a) The Director shall designate or recognize community program areas for the purpose of planning and conducting comprehensive community work and training programs.

[(b) For the purpose of this part, a community may be a city, county, multicounty, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a comprehensive work and training program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to community action, manpower services, physical and economic development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among these programs and comprehensive work and training programs assisted under this part.

[(c) A comprehensive work and training program must seek to provide participants an unbroken sequence of services which will enable them to obtain and hold employment. It shall provide a systematic approach to planning and implementation including the linkage of relevant component programs authorized by this Act with one another and with other appropriate public and private programs and activities. It shall also provide for evaluation.

[PRIME SPONSORS AND DELEGATE AGENCIES

[SEC. 122. (a) For each community program area, the Director shall recognize a public or private nonprofit agency which shall serve as the prime sponsor to receive funds under section 123 (except as otherwise provided in section 123(c)). This agency must be capable of planning, administering, coordinating, and evaluating a comprehensive work and training program.

[(b) The prime sponsor shall provide for participation of employers and labor organizations in the planning and conduct of the comprehensive work and training programs.

[(c) The prime sponsor shall be encouraged to make use of public and private organizations as delegate agencies to carry out components of the comprehensive work and training program including without limitation agencies governed with the participation of the poor and other residents of the neighborhoods or rural areas served, educational institutions, the public employment service, the public welfare agency, other health and welfare agencies, private training institutions, and other capable public and private organizations.

[(d) The prime sponsor and delegate agencies shall provide for participation of residents of the area and members of the groups served in the planning, conduct, and evaluation of the comprehensive work and training program and its components. Such persons shall be provided maximum employment opportunity in the conduct of component programs, including opportunity for further occupational training and career advancement.

[(e) The Director shall prescribe regulations to assure that programs under this part have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary to promote the effective use of funds.

[ELIGIBLE ACTIVITIES

[SEC. 123. (a) The Director may provide financial assistance in urban and rural areas for comprehensive work and training programs or components of such programs, including the following:

[(1) programs to provide part-time employment, on-the-job training, and useful work experience for students from low-income families who are in the ninth through twelfth grades of school (or are of an age equivalent to that of students in such grades) and who are in need of the earnings to permit them to resume or maintain attendance in school;

[(2) programs to provide unemployed, underemployed, or low-income persons (aged sixteen and over) with useful work and training (which must include sufficient basic education and institutional or on-the-job training) designed to assist those persons to develop their maximum occupational potential and to obtain regular competitive employment;

[(3) special programs which involve work activities directed to the needs of those chronically unemployed poor who have poor employment prospects and are unable, because of age, lack of employment opportunity, or otherwise, to secure appropriate employment or training assistance under other programs, and which, in addition to other services provided, will enable such persons to participate in projects for the betterment or beautification of the community or area served by the program, including without limitation activities which will contribute to the management, conservation, or development of natural resources, recreational areas, Federal, State, and local government parks, highways, and other lands;

[(4) special programs which provide unemployment or low-income persons with jobs leading to career opportunities, including new types of careers, in programs designed to improve the physical, social, economic, or cultural condition of the community or area served in fields including without limitation health, education, welfare, neighborhood redevelopment, and public safety, which provide maximum prospects for advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of providing job ladder opportunities, and which provide opportunities for further occupational training to facilitate career advancement;

[(5) special programs which concentrate work and training resources in urban and rural areas having large concentrations or proportions of low-income, unemployed persons, and within those rural areas having substantial outmigration to urban areas, which are appropriately focused to assure that work and training opportunities are extended to the most severely disadvantaged

persons who can reasonably be expected to benefit from such opportunities, and which are supported by specific commitments of cooperation from private and public employers;

[(6) supportive and follow-up services to supplement work and training programs under this or other Acts including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in work and training programs and in employment;

[(7) employment centers and mobile employment service units to provide recruitment, counseling, and placement services, conveniently located in urban neighborhoods and rural areas and easily accessible to the most disadvantaged;

[(8) programs to provide incentives to private employers, other than nonprofit organizations, to train or employ unemployed or low-income persons, including arrangements by direct contact, reimbursements to employers for a limited period when an employee might not be fully productive, payment for on-the-job counseling and other supportive services, payments of all or part of employer costs of sending recruiters into urban and rural areas of high concentrations or proportions of unemployed or low-income persons, and payments to permit employers to provide employees resident in such areas with transportation to and from work or to reimburse such employees for such transportation: *Provided*, That in making such reimbursements to employers the Director shall assure that the wages paid any employee shall not be less than the minimum wage which would be applicable to employment under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the employee and he was not exempt under section 13 thereof; and

[(9) means of planning, administering, coordinating, and evaluating a comprehensive work and training program.

[(b) Commencing July 1, 1968, all work and training component programs conducted in a community under this section shall be consolidated into the comprehensive work and training program and financial assistance for such components shall be provided to the prime sponsor unless the Director determines there is a good cause for providing an extension of time, except as otherwise provided by subsection (c). After that date, the work and training components of programs authorized by section 502 of this Act and by section 261 of part E of title II of the Manpower Development and Training Act of 1962 shall to the maximum extent feasible be linked to the comprehensive work and training program, including funding through the prime sponsor where appropriate.

[(c) The Director may provide financial assistance to a public agency or private organization other than a prime sponsor to carry out one or more component programs described in subsection (a) when he determines, after soliciting and considering comments of the prime sponsor, if any, that such assistance would enhance program effectiveness or acceptance on the part of persons served and would serve the purposes of this part. In the case of programs under subsection (a) (1) of this section, financial assistance may be provided directly to local or State educational agencies pursuant to agreements between the Director and the Secretary of Labor providing for the operation of such programs under direct grants or contracts.

[SPECIAL CONDITIONS]

[SEC. 124. (a) The Director shall not provide financial assistance for any program under this part unless he determines, in accordance with such regulations as he may prescribe, that—

[(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

[(2) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

[(3) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant; and

[(4) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants.

[(b) The Director shall terminate financial assistance for any program under this part in any case in which he determines that any person charged, in whole or part, with the responsibility for the administration of the program is a member of the Communist Party.

[(c) For programs which provide work and training related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families or which will contribute substantially to amenities or facilities in urban or rural areas having high concentrations or promotions of low-income persons and families.

[(d) Programs approved under this part shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement.

[(e) Projects under this part shall provide for maximum feasible use of resources under other Federal programs for work and training and the resources of the private sector.

[(f) In the case of a program under section 123(a)(1), the Director shall not limit the number or percentage of the participants in the program who are fourteen or fifteen years of age.

[PROGRAM PARTICIPANTS]

[SEC. 125. (a) Participants in programs under this part must be unemployed or low-income persons. The Director, in consultation with the Social Security Administrator, shall establish criteria for low income, taking into consideration family size, urban-rural and farm-nonfarm differences, and other relevant factors. Any individual shall be deemed to be from a low-income family if the family receives cash welfare payments. The Director shall insure that low-income persons otherwise capable of such participation who reside in public or private institutions shall be eligible for participation in programs under this part.

[(b) Participants must be permanent residents of the United States or of the Trust Territory of the Pacific Islands.

[(c) Participants shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employment benefits.

[ELDERLY]

[SEC. 126. The Director shall provide that programs under this part shall be designed to deal with the incidence of long-term unemployment among persons fifty-five years and older. In the conduct of such programs, the Director shall encourage the employment of such persons as regular, part-time, and short-term staff in component programs.

[PILOT PROJECTS]

[SEC. 127. (a) The Director may provide financial assistance to public or private organizations for pilot projects which are designed to develop new approaches to further the objectives of this part. Such projects may be conducted by public agencies or private organizations.

[(b) The Director shall undertake pilot projects designed to encourage the maximum participation of private employers, other than non-profit organizations, in work and training programs under this part.

[(c) Before the Director may approve a pilot project, he shall solicit and consider comments on such project from the prime sponsor, if any, in the community where the project will be undertaken.

[TECHNICAL ASSISTANCE AND TRAINING]

[SEC. 128. The Director may provide (directly or through contracts or other appropriate arrangements) technical assistance to assist in the initiation or effective operation of programs under this part. He may also make arrangements for the training of instructors and other personnel needed to carry out work and training programs under this part and part D of this title. He shall give special consideration to the problems of rural areas.

[ROLE OF THE STATES]

[SEC. 129. The Director may provide financial assistance to appropriate State agencies to—

[(1) provide technical assistance and training, as authorized by section 128, with particular emphasis upon service to rural areas and for this purpose preference shall be given to the State agency which administers programs assisted by section 231;

[(2) assist in coordinating State activities related to this part;

[(3) operate work and training programs in communities which have not yet established an acceptable prime sponsor; and

[(4) provide work and training opportunities on State projects and in State agencies: *Provided*, That these opportunities shall be made available to participants in community work and training programs.

[EQUITABLE DISTRIBUTION OF ASSISTANCE]

[SEC. 130. Of the sums appropriated or allocated for any fiscal year for programs authorized under this title, the Director shall reserve not to exceed 20 per centum for the purpose of carrying out section 123(a)(5); but not more than 12½ per centum of the funds so reserved for any fiscal year shall be used within any one State. With respect to the remaining funds appropriated or allocated to carry out the provisions of section 123, the Director shall establish criteria designed to achieve an equitable distribution of assistance among the States. In developing those criteria, he shall consider, among other relevant factors, the ratios of population, unemployment, and family income levels.

[LIMITATIONS ON FEDERAL ASSISTANCE]

[SEC. 131. Federal financial assistance to any program or activity carried out pursuant to section 123 of this part shall not exceed 90 per centum of the cost of such program or activity, including costs of administration. The Director may, however, approve assistance in excess of that percentage if he determines, pursuant to regulations establishing objective criteria for such determinations, that this is necessary in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. If in any fiscal year, a community provides non-Federal contributions under this part exceeding its requirements under this section, such excess may be used to meet its requirements for such contributions under section 225(c).

[PROGRAM DATA AND EVALUATION]

[SEC. 132. The Director shall provide for the development and implementation of a program data system consistent with similar data systems for other relevant Federal programs. Such data shall be published periodically.

[PART E—SPECIAL WORK AND CAREER DEVELOPMENT PROGRAMS]

[STATEMENT OF PURPOSE]

[SEC. 161. The Congress finds that the "Mainstream" program aimed primarily at the chronically unemployed and the "New Careers" program providing jobs for the unemployed and low-income persons leading to broader career opportunities are uniquely effective; that, in addition to providing persons assisted with jobs, the key to their economic independence, these programs are of advantage to the community at large in that they are directed at community beautification and betterment and the improvement of health, education, welfare, public safety, and other public services; and that, while these programs are important and necessary components of comprehensive work and training programs, there is a need to encourage imaginative

and innovative use of these programs, to enlarge the authority to operate them, and to increase the resources available for them.

[SPECIAL PROGRAMS]

[SEC. 162. (a) The Director is authorized to provide financial assistance to public or private nonprofit agencies to stimulate and support efforts to provide the unemployed with jobs and the low-income worker with greater career opportunity. Programs authorized under this section include the following:

[(1) A special program to be known as "Mainstream" which involves work activities directed to the needs of those chronically unemployed poor who have poor employment prospects and are unable, because of age, physical condition, obsolete or inadequate skills, declining economic conditions, other causes of a lack of employment opportunity, or otherwise, to secure appropriate employment or training assistance under other programs, and which, in addition to other services provided, will enable such persons to participate in projects for the betterment or beautification of the community or area served by the program, including without limitation activities which will contribute to the management conservation, or development of natural resources, recreational areas, Federal, State, and local government parks, highways, and other lands, the rehabilitation of housing, the improvement of public facilities, and the improvement and expansion of health, education, day care, and recreation services;

[(2) A special program to be known as "New Careers" which will provide unemployed or low-income persons with jobs leading to career opportunities, including new types of careers, in programs designed to improve the physical, social, economic, or cultural condition of the community or area served in fields of public service, including without limitation health, education, welfare, recreation, day care, neighborhood redevelopment, and public safety, which provide maximum prospects for on-the-job training, promotion, and advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of providing job ladder opportunities, and which provide opportunities for further occupational training to facilitate career advancement.

[(b) The Director is authorized to provide financial and other assistance to insure the provision of supportive and follow-up services to supplement programs under this part including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in these programs and in employment.

[ADMINISTRATIVE REGULATIONS]

[SEC. 163. The Director shall prescribe regulations to assure that programs under this part have adequate internal administrative controls, accounting requirements, personnel standards, evaluation pro-

cedures, availability of in-service training and technical assistance programs, and other policies as may be necessary to promote the effective use of funds.

【SPECIAL CONDITIONS】

【SEC. 164. (a) The Director shall not provide financial assistance for any program under this part unless he determines, in accordance with such regulations as he may prescribe, that—

【(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

【(2) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal for other funds in connection with work that would otherwise be performed;

【(3) the rates of pay for time spent in work training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant; and

【(4) the program will, to the maximum extent feasible, contribute to the occupational development and upward mobility of individual participants.

【(b) For programs which provide work and training related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families or which will contribute substantially to amenities or facilities in urban or rural areas having high concentrations or proportions of low-income persons and families.

【(c) Programs approved under this part shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement.

【(d) Projects under this part shall provide for maximum feasible use of resources under the other Federal programs for work and training and the resources of the private sector.

【PROGRAM PARTICIPANTS】

【SEC. 165. (a) Participants in programs under this part must be unemployed or low-income persons. The Director, in consultation with the Commissioner of Social Security, shall establish criteria for low income, taking into consideration family size, urban-rural and farm-nonfarm differences, and other relevant factors. Any individual shall be deemed to be from a low-income family if the family receives cash welfare payments:

【(b) Participants must be permanent residents of the United States or of the Trust Territory of the Pacific Islands.

【(c) Participants shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employment benefits.

【EQUITABLE DISTRIBUTION OF ASSISTANCE】

【SEC. 166. The Director shall establish criteria designed to achieve an equitable distribution of assistance along the States. In developing those criteria, he shall consider, among other relevant factors, the ratios of population, unemployment, and family income levels. Of the sums appropriated or allocated for any fiscal year for programs authorized under this part not more than 12½ per centum shall be used within any other one State.

【LIMITATIONS ON FEDERAL ASSISTANCE】

【SEC. 167. Programs assisted under this part shall be subject to the provisions of section 131 of this Act.

【PART F—DURATION OF PROGRAM】

【SEC. 171. The Director shall carry out the programs under this title during the fiscal year ending June 30, 1967, and the eight succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

【TITLE II—URBAN AND RURAL COMMUNITY ACTION PROGRAMS】

【STATEMENT OF PURPOSE】

【SEC. 201. (a) This title provides for community action agencies and programs, prescribes the structure and describes the functions of community action agencies and authorizes financial assistance to community action programs and related projects and activities. Its basic purpose is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. Its specific purposes are to promote, as methods of achieving a better focusing of resources on the goal of individual and family self-sufficiency—

【(1) the strengthening of community capabilities for planning and coordinating Federal, State, and other assistance related to the elimination of poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsive to local needs and conditions;

【(2) the better organization of a range of services related to the needs of the poor, so that these services may be made more effective and efficient in helping families and individuals to overcome particular problems in a way that takes account of, and supports their progress in overcoming, related problems;

【(3) the greater use, subject to adequate evaluation, of new types of services and innovative approaches in attacking causes

of poverty, so as to develop increasingly effective methods of employing available resources;

[(4) the development and implementation of all programs and projects designed to serve the poor or low-income areas with the maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries; and

[(5) the broadening of the resource base of programs directed to the elimination of poverty, so as to secure, in addition to the services and assistance of public officials, private religious, charitable, and neighborhood organizations, and individual citizens, a more active role for business, labor, and professional groups able to provide employment opportunities or otherwise influence the quantity and quality of services of concern to the poor.

[(b) It is further declared to be the purpose of this title and the policy of the Office of Economic Opportunity to provide for basic education, health care, vocational training, and employment opportunities in rural America to enable the poor living in rural areas to remain in such areas and become self-sufficient therein. It shall not be the purpose of this title or the policy of the Office of Economic Opportunity to encourage the rural poor to migrate to urban areas, inasmuch as it is the finding of Congress that continuation of such migration is frequently not in the best interests of the poor and tends to further congest the already over-crowded slums and ghettos of our Nation's cities.

PART A—COMMUNITY ACTION AGENCIES AND PROGRAMS

DESIGNATION OF COMMUNITY ACTION AGENCIES; COMMUNITY ACTION PROGRAMS

[Sec. 210. (a) A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, which

[(1) has the power and authority and will perform the functions set forth in section 212, including the power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and

[(2) is determined to be capable of planning, conducting, administering and evaluating a community action program and is currently designated as a community action agency by the Director.

A community action program is a community based and operated program—

[(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, a range of services and activities having a measurable and potentially major

impact on causes of poverty in the community or these areas of the community where poverty is a particularly acute problem;

[(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

[(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the purposes and provisions of this title.

[(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

[(c) For the purpose of this title, a community may be a city, county, multicounty, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to work and training programs, physical and economic development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community action programs assisted under this title.

[(d) The Director may designate and provide financial assistance to a public or private nonprofit agency as a community action agency in lieu of a community action agency designated under subsection (a) for activities of the kind described in this title where he determines (1) that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the criteria for approval set forth in this title, or to carry out such plan in a satisfactory manner, or (2) that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or organization to be so designated by the Director.

[(e) No political subdivision of a State shall be included in the community action program of a community action agency designated under section 210(a) if the elected or duly appointed governing officials of such political subdivision do not wish to be so included. Such political subdivision, and any public or private nonprofit organization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

[(f) For the purpose of this title, a tribal government of an Indian reservation shall be deemed to be a political subdivision of a State.

COMMUNITY ACTION AGENCIES AND BOARDS

SEC. 211. (a) Each community action agency which is a State or a political subdivision of a State, or a combination of political subdivisions, shall administer its program through a community action board which shall meet the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision of a State, or combination of political subdivisions, or is an agency designated by the Director under section 210(d), shall have a governing board which shall meet the requirements of subsection (b).

(b) Each board to which this subsection applies shall consist of not more than fifty-one members and shall be so constituted that (1) one-third of the members of the board are elected public officials, 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, (2) 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 (3) 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. Each member of the board selected to represent a specific geographic area within a community must reside in the area he represents. No person selected under clause (2) or (3) of this subsection as a member of a board shall serve on such board for more than five consecutive years, or more than a total of ten years.

(c) Where a community action agency places responsibility for major policy determinations with respect to the character, funding, extent, and administration of and budgeting for programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, such board, council, or agency shall be broadly representative of such area, subject to regulations of the director which assure adequate opportunity for membership of elected public officials of such board, council, or agency. Each community action agency shall be encouraged to make use of neighborhood-based organizations composed of residents of the area or members of the groups served to assist such agency in the planning, conduct, and evaluation of components of the community action program.

(d) (1) The Director shall promulgate such standards or rules relating to the scheduling and notice of meetings, quorums (which shall be not less than 50 per centum of the total membership), procedures, establishment of committees, and similar matters as he may deem necessary to assure that boards which are subject to subsection (b) provide a continuing and effective mechanism for securing broad community involvement in programs assisted under this title and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs. Such standards or rules shall not preclude any such board from appointing an executive committee or similar group, which fairly reflects the composition of the board, to transact the board's business between its meetings. The quorum requirements for any such committee or group

which shall not be less than 50 percent of the membership, shall be established by the board.

(2) The Director shall require community action agencies to establish procedures under which community agencies and representative groups of the poor which feel themselves inadequately represented on the community action board of governing board may petition for adequate representation.

(e) The powers of every community action agency governing board shall include the power to appoint persons to senior staff positions, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this title.

(f) Each community action board referred to in the first sentence of subsection (a) shall—

(1) have a full opportunity to participate in the development and implementation of all programs and projects designed to serve the poor or low-income areas with maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries;

(2) have at least one-third of its members chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served;

(3) be so established and organized that the poor and residents of the area concerned will be enabled to influence the character of programs affecting their interests and regularly participate in the planning and implementation of those programs; and

(4) be a continuing and effective mechanism for securing broad community involvement in the programs assisted under this title.

(g) The Director shall ensure that no election or other democratic selection procedure conducted pursuant to clause (2) of subsection (b), or pursuant to clause (2) of subsection (f), shall be held on a Sabbath Day which is observed as a day of rest and worship by residents in the area served.

SPECIFIC POWERS AND FUNCTIONS OF COMMUNITY ACTION AGENCIES

SEC. 212. (a) In order to carry out its overall responsibility for planning, coordinating, evaluating, and administering a community action program, a community action agency must have authority under its charter or applicable law to receive and administer funds under this title, funds and contributions from private or local public sources which may be used in support of a community action program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a community action program. A community action agency must also be empowered to transfer funds so received, and to delegate powers to other

agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

[(b) In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this title, at least the following functions:

[(1) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources.

[(2) Encouraging agencies engaged in activities related to the community action program to plan for, secure and administer assistance available under this title or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to attack poverty, such as improving day-to-day communication, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible.

[(3) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs.

[(4) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

[(5) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

[ADMINISTRATIVE STANDARDS

[SEC. 213. (a) Each community action agency shall observe, and shall (as appropriate) require or encourage other agencies participating in a community action program to observe, standards of organization, management and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this title and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each community action agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each community action agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. And each community action agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employees benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties of advocacy on behalf of the poor in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

[(b) The Director shall prescribe rules or regulations to supplement subsection (a), which shall be binding on all agencies carrying on community action program activities with financial assistance under this title. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. These special requirements shall not, however, affect the applicability of rules governing conflicts of interest, use of position or authority for partisan or nonpartisan political purposes or participation in direct action, regardless of customary practices or rules among agencies in the community. The Director shall consult with the heads of other Federal agencies responsible for programs providing assistance to activities which may be included in community action programs for the purpose of securing maximum consistency between rules or regulations prescribed or followed by those agencies and those prescribed under this section.

[HOUSING DEVELOPMENT AND SERVICES ORGANIZATIONS

[SEC. 214. Each community action agency shall encourage the establishment of housing development and services organizations designed to focus on the housing needs of low-income families and individuals.

Such organizations shall provide the technical, administrative, and financial assistance which is required to help low-income families and individuals more effectively to utilize existing programs, and which is required to enable nonprofit, cooperative, and public sponsors more effectively to take advantage of existing Federal, State, and local mortgage insurance and housing assistance programs. Where appropriate, such organizations may be nonprofit housing development corporations. Such corporations may themselves become sponsors of housing under existing programs of specialized housing agencies, but under no circumstances shall such corporations insure mortgages or duplicate the long-term capital financing functions of programs now administered by the specialized housing agencies. Housing development and service organizations shall coordinate their efforts with other community action agency efforts so that any programs undertaken under authority of this section shall be closely related to other community action programs.

[PART B—FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS AND RELATED ACTIVITIES

[GENERAL PROVISIONS FOR FINANCIAL ASSISTANCE

[SEC. 221. (a) The Director may provide financial assistance to community action agencies for the planning, conduct, administration and evaluation of community action programs and components. Those components may involve, without limitation, other activities and supporting facilities designed to assist participants including the elderly poor—

- [(1)** to secure and retain meaningful employment;
- [(2)** to attain an adequate education;
- [(3)** to make better use of available income;
- [(4)** to provide and maintain adequate housing and a suitable living environment;
- [(5)** to undertake family planning, consistent with personal and family goals, religious and moral convictions;
- [(6)** to obtain services for the prevention of narcotics addiction, alcoholism, and the rehabilitation of narcotic addicts and alcoholics;
- [(7)** to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
- [(8)** to remove obstacles and solve personal and family problems which block the achievement of self-sufficiency;
- [(9)** to achieve greater participation in the affairs of the community; and
- [(10)** to make more frequent and effective use of other programs related to the purposes of this title.

He may also provide financial assistance to other public or private nonprofit agencies to aid them in planning for the establishment of a community action agency.

[(b) If the Director determines that a limited purpose project or program involving activities otherwise eligible under this section is needed to serve needs of low-income families and individuals in a community and no community action agency has been designated for that community pursuant to section 210, or where a community action agency gives its approval for such a program to be funded directly through a public or private nonprofit agency or organization, he may extend financial assistance for that project or program to a public or private nonprofit agency which he finds is capable of carrying out the project in an efficient and effective manner consistent with the purposes of this title.

[(c) The Director shall prescribe necessary rules and regulations governing applications for assistance under this section to assure that every reasonable effort is made by each applicant to secure the views of local public officials and agencies in the community having a direct or substantial interest in the application and to resolve all issues of cooperation and possible duplication prior to its submission.

[(d) After July 1, 1968, the Director shall require, as a condition of assistance, that each community action agency has adopted a systematic approach to the achievement of the purposes of this title and to the utilization of funds provided under his part. Such systematic approach shall encompass a planning and implementation process which seeks to identify the problems and causes of poverty in the community, seeks to mobilize and coordinate relevant public and private resources, establishes program priorities, links program components with one another and with other relevant programs, and provides for evaluation. The Director may, however, extend the time for such requirement to take into account the length of time a program has been in operation. He shall also take necessary steps to assure the participation of other Federal agencies in support of the development and implementation of plans under this subsection.

[(e) In order to promote local responsibility and initiative, the Director shall not establish binding national priorities on funds authorized by this section, but he shall review each application for financial assistance on its merits. Before extending financial assistance to a new community action agency under this section, and in determining the amount of and conditions on which such assistance shall be extended, the Director shall consider the extent and nature of poverty in the community and the probable capacity of the agency to carry out an effective program. In reviewing or supplementing financial assistance to a previously existing community action agency, he shall consider the progress made in carrying on programs by such agency.

[SPECIAL PROGRAMS AND ASSISTANCE

[SEC. 222. (a) In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are common to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under

section 221, including assistance to components or projects based on models developed and promulgated by him. It shall also be used only with respect to programs which (A) involve activities which can be incorporated into or be closely coordinated with community action programs, (B) involve significant new combinations of resources or new and innovative approaches, or (C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of this title. Subject to such conditions as may be appropriate to assure effective and efficient administration, the Director may provide financial assistance to public or private nonprofit agencies to carry on local projects initiated under such special programs; but he shall do so in a manner that will encourage, wherever feasible, the inclusion of the assisted projects in community action programs, with a view to minimizing possible duplication and promoting efficiencies in the use of common facilities and services, better assisting persons or families having a variety of needs, and otherwise securing from the funds committed the greatest possible impact in promoting family and individual self-sufficiency. Programs under this section shall include those described in the following paragraphs:

[(1) A program to be known as "Project Headstart" focused upon children who have not reached the age of compulsory school attendance which (A) will provide such comprehensive health, nutritional, education, social, and other services as the Director finds will aid the children to attain their full potential, and (B) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level. Pursuant to such regulations as the Director may prescribe, persons who are not members of low-income families may be permitted to receive services in projects assisted under this paragraph. A family which is not low income shall be required to make payment in accordance with an appropriate fee schedule established by the Secretary of Health, Education, and Welfare, based upon the ability of the family to pay, which payment may be made in whole or in part by a third party in behalf of such family, except that any such charges with respect to any family with an income of less than the lower living standard budget shall not exceed the sum of (i) an amount equal to 10 per centum of any family income which exceeds \$4,320 but does not exceed 85 per centum of such lower living standard budget, and (ii) an amount equal to 15 per centum of any family income which exceeds 85 per centum of such lower living standard budget but does not exceed 100 per centum of such lower living standard budget, and if more than two children from the same family are participating, additional charges may be made not to exceed the sum of the amounts calculated in accordance with clauses (i) and (ii) with respect to each additional child. No charge will be made with respect to any child who is a member of any family with an annual income equal to or less than \$4,320, with appropriate adjustments in the case of families having more than two children, except to the extent that payment will be made by a third party. Funds appropriated for the purpose of carrying out this section shall be used first to continue ongoing Headstart

projects, or new projects serving the children from low-income families which were being served during the preceding fiscal year. There shall be reserved for such projects from such funds an amount at least equal to the aggregate amount received by public or private agencies or organizations during the preceding fiscal year for programs under this section. The Secretary shall defer the implementation of a fee schedule established under this paragraph until July 1, 1975.

[(2) A program to be known as "Follow Through" focused primarily upon children in kindergarten or elementary school who were previously enrolled in Headstart or similar programs and designed to provide comprehensive services and parent participation activities as described in paragraph (1), which the Director finds will aid in the continued development of children to their full potential. Funds for such program shall be transferred directly from the Director to the Secretary of Health, Education, and Welfare. Financial assistance for such projects shall be provided by the Secretary on the basis of agreements reached with the Director directly to local educational agencies except as otherwise provided by such agreements.

[(3) A "Legal Services" program to further the cause of justice among persons living in poverty by mobilizing the assistance of lawyers and legal institutions and by providing legal advice, legal representation, legal counseling, education in legal matters, and other appropriate legal services. Projects involving legal advice and representation shall be carried on in a way that assures maintenance of a lawyer-client relationship consistent with the best standards of the legal profession. The Director shall make arrangements under which the State bar association and the principal local bar associations in the community to be served by any proposed project authorized by this paragraph shall be consulted and afforded an adequate opportunity to submit, to the Director, comments and recommendations on the proposed project before such project is approved or funded, and to submit, to the Director comments and recommendations on the operations of such project, if approved and funded. No funds or personnel made available for such program (whether conducted pursuant to this section or any other section in this part) shall be utilized for the defense of any person indicted (or proceeded against by information) for the commission of a crime, except in extraordinary circumstances where, after consultation with the court having jurisdiction, the Director has determined that adequate legal assistance will not be available for an indigent defendant unless such services are made available. Members of the Armed Forces, and members of their immediate families, shall be eligible to obtain legal services under such programs in cases of extreme hardship (determined in accordance with regulations of the Director issued after consultation with the Secretary of Defense): *Provided*, That nothing in this sentence shall be so construed as to require the Director to expand or enlarge existing programs or to initiate new programs in order to carry out the provisions of this sentence unless and until the Secretary of Defense assumes the cost of such services and has reached agreement with the Director on reimbursement for all such additional costs as may be incurred in carrying out the provisions of this sentence.

[(4) A "Comprehensive Health Services" program which shall include—

[(A) programs to aid in developing and carrying out needs of urban and rural areas having high concentrations or proportions of poverty and marked inadequacy of health services for the poor. These projects shall be designed—

[(i) to make possible, with maximum feasible use of existing agencies and resources, the provision of comprehensive health services, such as preventive medical, diagnostic, treatment, rehabilitation, family planning, narcotic addiction and alcoholism prevention and rehabilitation, mental health, dental, and followup services, except in rural areas where the lack of even elemental health services and personnel may require simpler, less comprehensive services to be established first; and

[(ii) to assure that these services are made readily accessible to low-income residents of such areas, are furnished in a manner most responsive to their needs and with their participation and wherever possible are combined with, or included within, arrangements for providing employment, education, social, or other assistance needed by the families and individuals served: *Provided, however,* That pursuant to such regulations as the Director may prescribe, persons provided assistance through programs assisted under this paragraph who are not members of low-income families may be required to make payment, or have payment made in their behalf, in whole or in part for such assistance. Funds for financial assistance under this paragraph shall be allotted according to need, and capacity of applicants to make rapid and effective use of that assistance, and may be used, as necessary, to pay the full costs of projects. Before approving any project, the Director shall solicit and consider the comments and recommendations of the local medical associations in the area and shall consult with appropriate Federal, State, and local health agencies and take such steps as may be required to assure that the program will be carried on under competent professional supervision and that existing agencies providing related services are furnished all assistance needed to permit them to plan for participation in the program and for the necessary continuation of those related services; and

[(B) programs to provide financial assistance to public or private agencies for projects designed to develop knowledge or enhance skills in the field of health services for the poor. Such projects shall encourage both prospective and practicing health professionals to direct their talents and energies toward providing health services for the poor. In carrying out the provisions of this paragraph, the Director is authorized to provide or arrange for training and study in the field of health services for the poor. Pursuant to regulations prescribed by him, the Director may arrange for the payment of stipends and allowances (including travel and subsistence expenses) for persons undergoing such training and study and for their dependents. The Director and the Secretary of Health, Education, and Welfare shall achieve effective coordination of programs and projects authorized under this section with other related activities.

[(5) A program to be known as "Emergency Food and Medical Services" designed to provide on an emergency basis, directly or by delegation of authority pursuant to the provisions of title VI of this Act, financial assistance for the provision of such medical supplies and services, nutritional foodstuffs, and related services, as may be necessary to counteract conditions of starvation or malnutrition among the poor. Such assistance may be provided by way of supplement to such other assistance as may be extended under the provisions of other Federal programs, and may be used to extend and broaden such programs to serve economically disadvantaged individuals and families where such services are not now provided and without regard to the requirements of such laws for local or State administration or financial participation. In extending such assistance, the Director may make grants to community action agencies or local public or private non-profit organizations or agencies to carry out the purposes of this paragraph. The Director is authorized to carry out the functions under this paragraph through the Secretary of Agriculture and the Secretary of Health, Education, and Welfare in a manner that will insure the availability of such medical supplies and services, nutritional foodstuffs, and related services through a community action agency where feasible, or other agencies or organizations if no such agency exists or is able to administer programs to provide such foodstuffs, medical services, and supplies to needy individuals and families.

[(6) A "Family Planning" program to provide assistance and services to low-income persons in the field of voluntary family planning, including the provision of information, medical assistance, and supplies. The Director and the Secretary of Health, Education, and Welfare shall coordinate, and assure a full exchange of information concerning, family planning projects within their respective jurisdictions in order to assure the maximum availability of services and in order best to meet the varying needs of different communities. The Secretary of Health, Education, and Welfare shall make the services of Public Health Service officers available to the Director in carrying out this program.

[(7) A program to be known as "Senior Opportunities and Services" designed to identify and meet the needs of older, poor persons above the age of 60 in one or more of the following areas: development and provision of new employment and volunteer services; effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and recreational and other services; stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; modification of existing procedures, eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor; development of all-season recreation and service centers controlled by older persons themselves, and such other activities and services as the Director may determine are necessary or specially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency. In administering this program the Director shall utilize to the maximum extent feasible the services of the Administration of Aging in accordance with agreements with the Secretary of Health, Education, and Welfare.

[(8) An "Alcoholic Counseling and Recovery" program designed to discover and treat the disease of alcoholism. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual alcoholic, encourage the use of neighborhood facilities and the services of recovered alcoholics as counselors, and emphasize the reentry of the alcoholic into society rather than the institutionalization of the alcoholic.

[(9) A "Drug Rehabilitation" program designed to discover the causes of drug abuse and addiction, to treat narcotic and drug addiction and the dependence associated with drug abuse, and to rehabilitate the drug abuser and drug addict. Such program should deal with the abuse or addiction resulting from the use of narcotic drugs such as heroin, opium, and cocaine, stimulants such as amphetamines, depressants, marijuana, hallucinogens, and tranquilizers. Such program should be community based, serve the objective of the maintenance of the family structure as well as the recovery of the individual drug abuser or addict, encourage the use of neighborhood facilities and the services of recovered drug abusers and addicts as counselors, and emphasize the reentry of the drug abuser and addict into society rather than his institutionalization. The Director is authorized to undertake special programs aimed at promoting employment opportunities for rehabilitated addicts or addicts enrolled and participating in methadone maintenance treatment or therapeutic programs, and assisting employers in dealing with addiction and drug abuse and dependency problems among formerly hard-core unemployed so that they can be maintained in employment. In undertaking such programs, the Director shall give special priority to veterans and employers of significant numbers of veterans, with priority to those areas within the States having the highest percentages of addicts. The Director is further authorized to establish procedures and policies which will allow clients to complete a full course of rehabilitation even though they become non-low income by virtue of becoming employed as a part of the rehabilitation process but there shall be no change in income eligibility criteria for initial admission to treatment and rehabilitation programs under this Act.

[(10) An "Environmental Action" program through which low-income persons will be paid for work (which would not otherwise be performed) on projects designed to combat pollution or to improve the environment. Projects may include, without limitation: cleanup and sanitation activities, including solid waste removal; reclamation and rehabilitation of eroded or ecologically damaged areas, including areas affected by strip mining; conservation and beautification activities, including tree planting and recreation area development; the restoration and maintenance of the environment; and the improvement of the quality of life in urban and rural areas.

[(11) A program to be known as "Rural Housing Development and Rehabilitation" designed to assist low-income families in rural areas to construct and acquire ownership of adequate housing to rehabilitate or repair existing substandard units in such areas, and to otherwise assist families in obtaining standard housing. Financial assistance under this paragraph shall be provided to non-profit rural housing development corporations and cooperatives serving areas which are

defined by the Farmers Home Administration as rural areas, and shall be used for, but not limited to, such purposes as administrative expenses; revolving development funds, nonrevolving land, land development and construction writedowns; rehabilitation or repair of substandard housing; and loans to low-income families. In the construction, rehabilitation, and repair of housing for low-income families under this paragraph, the services of persons enrolled in Mainstream programs may be utilized. Loans under this paragraph may be used for, but not limited to, such purposes as the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period of such loans shall not exceed thirty-three years. No loans under this paragraph shall bear an interest rate of less than 1 per centum per annum, but if the Director, after having examined the family income of the applicant, the projected housing costs of the applicant, and such other factors as he deems appropriate, determines that the applicant would otherwise be unable to participate in this program, he may waive the interest in whole or in part and for such periods of time as he may establish except that (1) no such waiver may be granted to an applicant whose adjusted family income (as defined by the Farmers Home Administration) is in excess of \$3,700 per annum and (2) any applicant for whom such a waiver is provided shall be required to commit at least 20 per centum of his adjusted family income toward the mortgage debt service and other housing costs. Family incomes shall be recertified annually, and monthly payments for all loans under this paragraph adjusted accordingly.

[(b) Consistent with, and subject to, the provisions of sections 230 and 232 (a), (b), and (c), programs under this section may include related training, research, and technical assistance, and funds allocated for this purpose may be allotted and used in the manner otherwise provided under this title with respect to training, research, and technical assistance activities.

[RESIDENT EMPLOYMENT]

[Sec. 223. In the conduct of all component programs under this part, residents of the area and members of the groups served shall be provided maximum employment opportunity, including opportunity for further occupational training and career advancement. The Director shall encourage the employment of persons fifty-five years and older as regular, part-time and short-term staff in component programs.

[NEIGHBORHOOD CENTERS]

[Sec. 224. The Director shall encourage the development of neighborhood centers, designed to promote the effectiveness of needed services in such fields as health, education, manpower, consumer protection, child and economic development, housing, legal, recreation, and social services, and so organized (through a corporate or other appropriate framework) as to promote maximum participation of neighborhood residents in center planning, policymaking, administration, and operation. In addition to providing such services as may not otherwise be

conveniently or readily available, such centers shall be responsive to such neighborhood needs, such as counseling, referral, follow-through, and community development activities, as may be necessary or appropriate to best assure a system under which existing programs are extended to the most disadvantaged, are linked to one another, are responsive and relevant to the range of community, family, and individual problems and are fully adapted to neighborhood needs and conditions.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

[Sec. 225. (a) Of the sums which are appropriated or allocated for assistance in the development and implementation of community action programs pursuant to section 221, and for special program projects referred to in section 222(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of those sums for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with income of less than \$1,000 in each State as compared to all States. That part of any State's allotment which the Director determines will not be needed may be reallocated, at such dates during the fiscal year as the Director may fix, in proportion to the original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallocated among the other States.

[(b) The Director may provide for the separate allotment of funds for any special program referred to in section 222(a). This allotment may be made in accordance with the criteria prescribed in subsection (a), or it may be made in accordance with other criteria which the Director determines will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, except that in no event may more than 12½ per centum of the funds for any one program be used in any one State.

[(c) Unless otherwise provided in this part, financial assistance extended to a community action agency or other agency pursuant to sections 221 and 222(a), for the period ending June 30, 1967, shall not exceed 90 per centum of the approved cost of the assisted programs or activities, and thereafter shall not exceed 80 per centum of such costs. The Director may, however, approve assistance in excess of such percentages if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title, non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services. The Director shall not require non-Federal contributions in excess of 20 per centum of the approved cost of programs or

activities assisted under this Act. If in any fiscal year, a community provides non-Federal contributions under this title exceeding its requirements under this section, such excess may be used to meet its requirements for such contributions under section 131.

[(d) No program shall be approved for assistance under sections 221 and 222(a) unless the Director satisfies himself (1) that the services to be provided under such program will be in addition to, and not in substitution for, services previously provided without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community will not be diminished in order to provide any contributions required under subsection (c). The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

DESIGN AND PLANNING ASSISTANCE PROGRAMS

[Sec. 226. (a) The Director shall make grants or enter into contracts to provide financial assistance for the operating expenses of programs conducted by community-based design and planning organizations to provide technical assistance and professional architectural and related services relating to housing, neighborhood facilities, transportation and other aspects of community planning and development to persons and community organizations or groups not otherwise able to afford such assistance. Such programs shall be conducted with maximum use of the voluntary services of professional and community personnel. In providing assistance under this section, the Director shall afford priority to persons in urban or rural poverty areas with substandard housing, substandard public service facilities, and generally blighted conditions. Design and planning services to be provided by such organizations shall include—

- [(1)** comprehensive community or area planning and development;
- [(2)** specific projects for the priority planning and development needs of the community; and
- [(3)** educational programs directed to local residents emphasizing their role in the planning and development process in the community.

[(b) No assistance may be provided under this section unless such design and planning organization—

- [(1)** is a nonprofit organization located in the neighborhood or area to be served with a majority of the governing body of such organization comprised of residents of that neighborhood or area;
- [(2)** has as a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of local residents, especially low-income residents, in the planning and decisionmaking regarding the development of their community; and

[(3) will carry out its design and planning services principally through the voluntary participation of professional and community personnel (including, where available, VISTA volunteers).

[(c) Design and planning organizations receiving assistance under this section shall not subcontract with any profitmaking organization or pay fees for architectural or other professional services.

[(d) The Director shall make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971.

[YOUTH RECREATION AND SPORTS PROGRAM

[SEC. 227. (a) In order to provide to disadvantaged youth recreation and physical fitness instruction and competition with high-quality facilities and supervision and related educational and counseling services (including instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education) through regular association with college instructors and athletes and exposure to college and university campuses and other recreational facilities, the Director shall make grants or enter into contracts for the conduct of an annual youth recreation and sports program concentrated in the summer months and with continued activities throughout the year, so as to offer disadvantaged youth living in areas of rural and urban poverty an opportunity to receive such recreation and educational instruction, information, and services and to participate in such physical fitness programs and sports competitions.

[(b) No assistance may be provided under this section unless satisfactory assurances are received that (1) not less than 90 per centum of the youths participating in each program to be assisted under this section are from families with incomes below the poverty level, as determined by the Director, and that such participating youths and other neighborhood residents, through the involvement of the appropriate community action agency or otherwise, will have maximum participation in program planning and operation and (2) all significant segments of the low-income population of the community to be served will be served on an equitable basis in terms of participating youths and instructional and other support personnel.

[(c) Programs under this section shall be administered by the Director through grants or contracts with any qualified organization of colleges and universities or such other qualified nonprofit organizations active in the field with access to appropriate recreational facilities as the Director shall determine in accordance with regulations which he shall prescribe. Each such grant or contract and subcontract with participating institutions of higher education or other qualified organizations active in the field shall contain provisions to assure that the program to be assisted will provide a non-Federal contribution (in cash or in kind) of no less than 20 per centum of the direct costs necessary to carry out the program. Each such grant, contract, or subcontract shall include provisions for

[(1) providing opportunities for disadvantaged youth to engage in competitive sports and receive sports skills and physical

fitness instruction and education in good health and nutrition practices;

[(2) providing such youth with instruction and information regarding study practices, career opportunities, job responsibilities, and drug abuse;

[(3) carrying out continuing related activities throughout the year;

[(4) meeting the requirements of subsection (b) of this section;

[(5) enabling the contractor and institutions of higher education or other qualified organizations active in the field located conveniently to such areas of poverty and the students and personnel of such institutions or organizations active in the field to participate more fully in the community life and in solutions of community problems; and

[(6) serving metropolitan centers of the United States and rural areas, within the limits of program resources.

CONSUMER ACTION AND COOPERATIVE PROGRAMS

[SEC. 228. (a) The Director shall make grants or enter into contracts to provide financial assistance for the development, technical assistance to and conduct of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs designed to demonstrate various techniques and models and to carry out projects to assist and provide technical assistance to low-income persons to try to improve the quality, improve the delivery, and lower the price of goods and services, to obtain, without undue delay or burden, financial credit at reasonable cost, and to develop means of enforcing consumer rights, developing consumer grievance procedures and presenting consumer grievances, submitting consumer views and concerns for protection against unfair, deceptive, or discriminatory trade and commercial practices and educating low-income persons with respect to such rights, procedures, grievances, views and concerns.

[(b) No assistance may be provided under this section unless the grantee or contracting organization or agency is a nonprofit organization and has as a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of low-income persons in the project.

[(c) The Director shall make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness, or which have not yet been evaluated until such time as an evaluation is conducted and the effectiveness determined and to carry out evaluations of such projects, of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971 or June 30, 1972.

[PART C—SUPPLEMENTAL PROGRAMS AND ACTIVITIES

[TECHNICAL ASSISTANCE AND TRAINING

[SEC. 230. The Director may provide, directly or through grants or other arrangements, (1) technical assistance to communities in

developing, conducting, and administering programs under this title, and (2) training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purpose of this title. Upon request of an agency receiving financial assistance under this title, the Director may make special assignments of personnel to the agency to assist and advise it in the performance of functions related to the assisted activity; but no such special assignment shall be for a period of more than two years in the case of any agency.

STATE AGENCY ASSISTANCE

SEC. 231. (a) The Director may provide financial assistance to State agencies designated in accordance with State law, to enable those agencies—

(1) to provide technical assistance to communities and local agencies in developing and carrying out programs under this title;

(2) to assist in coordinating State activities related to this title;

(3) to advise and assist the Director in developing procedures and programs to promote the participation of States and State agencies in programs under this title; and

(4) to advise and assist the Director, the Economic Opportunity Council established by section 631 of the Act, and the heads of other Federal agencies, in identifying problems posed by Federal statutory or administrative requirements that operate to impede State level coordination of programs related to this title, and in developing methods or recommendations for overcoming those problems.

(b) In any grants or contracts with State agencies, the Director shall give preference to programs or activities which are administered or coordinated by the agencies designated pursuant to subsection (a), or which have been developed and will be carried on with the assistance of those agencies.

(c) In order to promote coordination in the use of funds under this Act and funds provided or granted by State agencies, the Director may enter into agreements with States or State agencies pursuant to which they will act as agents of the United States for purposes of providing financial assistance to community action agencies or other local agencies in connection with specific projects or programs involving the common or joint use of State funds and funds under this title.

(d) If any member of a board to which section 211 (b) is applicable files an allegation with the Director that an agency receiving assistance under this section is not observing any requirement of this Act, or any regulation, rule, or guideline promulgated by the Director under this Act, the Director shall promptly investigate such allegation and shall consider it; and, if after such investigation and consideration he finds reasonable cause to believe that the allegations are true, he shall hold a hearing, upon the conclusion of which he shall notify all interested persons of his findings. If he finds that the allegations are true, and that, after being afforded a reasonable opportunity to do so, the agency has failed to make appropriate corrections, he shall forthwith

terminate further assistance under this title to such agency until he has received assurances satisfactory to him that further violations will not occur.

RESEARCH AND PILOT PROGRAMS

SEC. 232. (a) The Director may contract or provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this title. He may also contract or provide financial assistance for research pertaining to the purposes of this title.

(b) The Director shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any research or pilot projects may be incorporated into one or more programs for which those agencies are responsible. As part of the annual report required by section 608, or in a separate annual report, the Director shall submit a description for each fiscal year of the current plan required by this section, of activities subject to the plan, and of the findings derived from those activities, together with a statement indicating the time and, to the extent feasible, the manner in which the benefits of those activities and findings are expected to be realized.

(c) Not more than 15 per centum of the sums appropriated or allocated in any fiscal year for this title shall be used for the purposes of this section. One-third of the sums so appropriated or allocated shall be available only for projects authorized under subsection (f) of this section.

(d) No pilot or demonstration project under this section shall be commenced in any city, county, or other major political subdivision, unless a plan setting forth such proposed pilot or demonstration project has been submitted to the appropriate community action agency, or, if there is no such agency, to the local governing officials of the political subdivision, and such plan has not been disapproved by the community action agency or governing body, as the case may be, within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title.

(e) The Director shall develop and carry out pilot projects which (1) aid elderly persons to achieve greater self-sufficiency, (2) focus upon the problems of rural poverty, (3) are designed to develop new techniques and community-based efforts to prevent narcotics addiction or to rehabilitate narcotic addicts, or (4) are designed to encourage the participation of private organizations, other than nonprofit organizations, in programs under this title.

(f) The Director shall conduct, either directly or through grants or other arrangements, research and pilot projects designed to assure a more effective use of human and natural resources of rural America and to slow the migration from rural areas due to lack of economic

opportunity, thereby reducing population pressures in urban centers. Such projects may be operated jointly or in cooperation with other federally assisted programs, particularly programs authorized under the Public Works Economic Development Act of 1965, in the area to be served by the project.

[SPECIAL ASSISTANCE

[SEC. 234. The Director may provide financial assistance for projects conducted by public or private nonprofit agencies which are designed to serve groups of low-income individuals who are not being effectively served by other programs under this title. In administering this section, the Director shall give special consideration to programs designed to assist older persons and other low-income individuals who do not reside in low-income areas and who are not being effectively served by other programs under this title.

[PART D—GENERAL AND TECHNICAL PROVISIONS

[ASSISTANT DIRECTORS FOR COMMUNITY ACTION

[SEC. 240. The Director shall appoint two assistant directors for the purpose of assisting the Director in the administration of the provisions of this title. One such assistant director, to be known as the Assistant Director for Community Action in Rural Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the rural poor are so expended. The other assistant director to be known as the Assistant Director for Community Action in Urban Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the urban poor are so expended. Each assistant director shall have such additional responsibilities consistent with the foregoing responsibilities as the Director may hereafter assign.

[RURAL AREAS

[SEC. 241. (a) In exercising authority under this title, the Director shall take necessary steps to further the extension of benefits to residents of rural areas, consistent with the extent and severity of poverty among rural residents, and to encourage high levels of managerial and technical competence in programs undertaken in rural areas. These steps shall include, to the maximum extent practicable, (1) the development under section 222(a) of programs particularly responsive to special needs of rural areas; (2) the establishment, pursuant to section 232, of a program of research and pilot project activities specifically focused upon the problems of rural poverty; (3) the provision of technical assistance so as to afford a priority to agencies in rural communities and to aid those agencies, through such arrangements as may be appropriate, in securing assistance under Federal programs which are related to this title but which are not generally utilized in rural areas; and (4) the development of special or simplified procedures, forms, guidelines, model components, and model programs for use in rural areas.

[(b) The Director shall establish criteria designed to achieve an equitable distribution of assistance under this title within the States between urban and rural areas. In developing such criteria, he shall consider the relative number in the States or areas therein of: (1) low-income families, particularly those with children; (2) unemployed persons; (3) persons receiving cash or other assistance on a needs basis from public agencies or private organizations; (4) school dropouts; (5) adults with less than an eighth-grade education; (6) persons rejected for military service; and (7) poor persons living in urban places compared to the number living in rural places as determined by the latest reports of the Bureau of the Census.

[(c) Notwithstanding any other provision of this title, the Director is authorized to provide financial assistance in rural areas to public or private nonprofit agencies for any project for which assistance to community action agencies is authorized, if he determines that it is not feasible to establish a community action agency within a reasonable period of time. The assistance so granted shall be subject to such conditions as the Director deems appropriate to promote adherence to the purposes of this title and the early establishment of a community action agency in the area.

[(d) The Director shall encourage the development of programs for the interchange of personnel, for the undertaking of common or related projects, and other methods of cooperation between urban and rural communities, with particular emphasis on fostering cooperation in situations where it may contribute to new employment opportunities, and between larger urban communities with concentrations of low-income persons and families and rural areas in which substantial numbers of those persons and families have recently resided.

[SUBMISSION OF PLANS TO GOVERNORS

[SEC. 242. In carrying out the provisions of this title, no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State or local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title. Funds to cover the costs of the proposed contract, agreement, grant, loan, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans or other assistance to any institution of higher education in existence on the date of the approval of this Act.

[FISCAL RESPONSIBILITY AND AUDIT

[SEC. 243. (a) No funds shall be released to any agency receiving financial assistance under this title until it has submitted to the Director a statement certifying that the assisted agency and its delegate

agencies (or subcontractors for performance of any major portion of the assisted program) have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency and encourage compliance with prescribed management policies and such additional fiscal responsibility and accounting requirements as the Director may establish. The statement may be furnished by a certified public accountant, a duly licensed public accountant or, in the case of a public agency, the appropriate public financial officer who accepts responsibility for providing required financial services to that agency.

[(b) Within three months after the effective date of a grant to or contract of assistance with an organization or agency, the Director shall make or cause to be made a preliminary audit survey to review and evaluate the adequacy of the accounting system and internal controls established thereunder to meet the standards set forth in the statement referred to in subsection (a). Promptly after the completion of the survey, the Director shall determine on the basis of findings and conclusions resulting from the survey, whether the accounting systems and internal controls meet those standards and, if not, whether to suspend the grant or contract. In the event of suspension, the assisted agency shall be given not more than six months within which to establish the necessary systems and controls, and, in the event of failure to do so within such time period, the assistance shall be terminated by the Director.

[(c) At least once annually the Director shall make or cause to be made an audit of each grant or contract of assistance under this title. Promptly after the completion of such audit, he shall determine on the basis of resulting findings and conclusions whether any of the costs of expenditures incurred shall be disallowed. In the event of disallowance, the Director may seek recovery of the sums involved by appropriate means, including court action or a commensurate increase in the required non-Federal share of the costs of any grant or contract with the same agency or organization which is then in effect or which is entered into within twelve months after the date of disallowance.

[(d) The Director shall establish such other requirements and take such actions as he may deem necessary and appropriate to carry out the provisions of this section and to insure fiscal responsibility and accountability, and the effective and efficient handling of funds in connection with programs assisted under this title. These requirements and actions shall include (1) necessary action to assure that the rate of expenditure of any agency receiving financial assistance does not exceed the rate contemplated under its approved program; and (2) appropriate requirements to promote the continuity and coordination of all projects or components of programs receiving financial assistance under this title, including provision for the periodic reprogramming and supplementation of assistance previously provided.

[SPECIAL LIMITATIONS

[Sec. 244. The following special limitations shall apply, as indicated, to programs under this title.

[(1) Financial assistance under this title may include funds to provide a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council or committee, as appropriate to assure and encourage the maximum feasible participation of members of groups and residents of areas served in accordance with the purposes of this title, and to provide reimbursement of actual expenses connected with those meetings; but those funds (or matching non-Federal funds) may not be used to pay allowances in the case of any individual who is a Federal, State, or local government employee, or an employee of a community action agency, or for payment of an allowance to any individual for attendance at more than two meetings a month.

[(2) The Director shall issue necessary rules or regulations to assure that no employee engaged in carrying out community action program activities receiving financial assistance under this title is compensated from funds so provided at a rate in excess of \$15,000, per annum, and that any amount paid to such an employee at a rate in excess of \$15,000 per annum shall not be considered in determining whether the non-Federal contributions requirements of section 225(c) have been complied with; the Director may, however, provide in those rules or regulations for exceptions covering cases (particularly in large metropolitan areas) where, because of the need for specialized or professional skills or prevailing local salary levels, application of the foregoing restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

[(3) No officer or employee of the Office of Economic Opportunity shall serve as member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title; but this shall not prohibit an officer or employee from serving on a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

[(4) In granting financial assistance for projects or activities in the field of family planning, the Director shall assure that family planning services, including the dissemination of family planning information and medical assistance and supplies, are made available to all low-income individuals who meet the criteria for eligibility for assistance under this title which have been established by the assisted agency and who desire such information, assistance, or supplies. The Director shall require, in connection with any such financial assistance, that—

[(A) no individual will be provided with any information, medical supervision, or supplies which that individual indicates are inconsistent with his or her moral, philosophical, or religious beliefs; and

[(B) no individual will be provided with any medical supervision or supplies unless he or she has voluntarily requested such medical supervision or supplies.

The use of family planning services assisted under this title shall not be a prerequisite to the receipt of services from or participation in any other programs under this Act.

[(5) No financial assistance shall be extended under this title to provide general aid to elementary or secondary education in any school or school system; but this shall not prohibit the provision of special, remedial, and other noncurricular educational assistance.

[(6) In extending assistance under this title the Director shall give special consideration to programs which make maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

[(7) No financial assistance shall be extended under this title in any case in which the Director determines that the costs of developing and administering all of the programs assisted under this title carried on by or under the supervision of any community action agency exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such programs. The Director, after consultation with the Director of the Bureau of the Budget, shall establish by regulation, criteria for determining (i) the costs of developing and administering such programs, and (ii) the total costs of such programs. In any case in which the Director determines that the cost of administering such programs does not exceed 15 per centum of such total costs but is, in his judgment, excessive, he shall forthwith require such community action agency to take such steps prescribed by him as will eliminate such excessive administrative cost, including the sharing by one or more such community action agencies of a common director and other administrative personnel. The Director may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever he determines that such a waiver is necessary in order to carry out the purposes of this title.

[(8) Consistent with the provisions of this Act, the Director shall assure that financial assistance under this title will be distributed on an equitable basis in any community and within any State so that all significant segments of the low-income population are being served.

[DURATION OF PROGRAM

[Sec. 245. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the eight succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

[TITLE III—SPECIAL PROGRAMS TO COMBAT POVERTY IN RURAL AREAS

[PART A—RURAL LOAN PROGRAMS

[STATEMENT OF PURPOSE

[Sec. 301. It is the purpose of this part to meet some of the special needs of low-income rural families by establishing a program of loans to assist in raising and maintaining their income living standards.

[LOANS TO FAMILIES

[Sec. 302. (a) The Director is authorized to make loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time to any low income rural family where, in the judgment of the Director, such loans have a reasonable possibility of effecting a permanent increase in the income of such families, or, in the case of the elderly, will contribute to the improvement of their living or housing conditions by assisting or permitting them to—

[(A) acquire or improve real estate or reduce encumbrances or erect improvements thereon

[(B) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment, or

[(C) participate in cooperative associations; and/or to finance non-agricultural enterprises which will enable such families to supplement their income.

[(b) Loans under this section shall be made only if the family is not qualified to obtain such funds by loan under other Federal programs.

[COOPERATIVE ASSOCIATIONS

[Sec. 303. The Director is authorized to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families.

[LIMITATIONS ON ASSISTANCE

[Sec. 304. No financial or other assistance shall be provided under this part unless the Director determines that—

[(a) the providing of such assistance will materially further the purposes of this part, and

[(b) in the case of assistance provided pursuant to section 303, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

[LOAN TERMS AND CONDITIONS

[Sec. 305. Loans pursuant to sections 302 and 303 shall have such terms and conditions as the Director shall determine, subject to the following limitations:

[(a) there is reasonable assurance of repayment of the loan;

[(b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

[(c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

[(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of com-

parable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes;

[(e) with respect to loans made pursuant to section 303, the loan is repayable within not more than thirty years; and

[(f) no financial or other assistance shall be provided under this part to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: *Provided*, that (1) packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including, dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creation of a new or different substance; and (2) a cooperative organization formed by and consisting of members of an Indian tribe (including any tribe with whom the special Federal relationship with Indians has been terminated) engaged in the production of agricultural commodities, or in manufacturing products, on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated) shall not be regarded as a cooperative organization within the purview of this clause.

【REVOLVING FUND】

【SEC. 306. (a) to carry out the lending and guaranty functions authorized under this part, there is authorized to be established a revolving fund. The capital of the fund shall consist of such amounts as may be advanced to it by the Director from funds appropriated pursuant to section 321 and shall remain available until expended.

[(b) The Director shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the capital of the fund at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity during the last month of the preceding fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payment so deferred shall themselves bear interest.

[(c) Whenever any capital in the fund is determined by the Director to be in excess of current needs, such capital shall be credited to the appropriation from which advanced, where it shall be held for future advances.

[(d) Receipts from any lending and guaranty operations under this Act (except operations under title IV carried on by the Small Business Administration) shall be credited to the fund. The fund shall be available for the payment of all expenditures of the Director for loans, participations, and guaranties authorized under this part.

【PART B—ASSISTANCE FOR MIGRANT, AND OTHER SEASONALLY EMPLOYED, FARMWORKERS AND THEIR FAMILIES】

【STATEMENT OF PURPOSE】

【SEC. 311. The purpose of this part is to assist migrant and seasonal farmworkers and their families to improve their living conditions

and develop skills necessary for a productive and self-sufficient life in an increasingly complex and technological society.

【FINANCIAL ASSISTANCE】

【SEC. 312. (a) The Director may provide financial assistance to assist State and local agencies, private nonprofit institutions and cooperatives in developing and carrying out programs to fulfill the purpose of this part.

[(b) Programs assisted under this part may include projects or activities—

[(1) to meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children, education, health services, improved housing and sanitation (including the provision and maintenance of emergency and temporary housing and sanitation facilities), legal advice and representation, and consumer training and counseling;

[(2) to promote increased community acceptance of migrant and seasonal farmworkers and their families; and

[(3) to equip unskilled migrant and seasonal farmworkers and members of their families as appropriate through education and training to meet the changing demands in agricultural employment brought about by technological advancement and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available Government employment or training programs.

【LIMITATIONS ON ASSISTANCE】

【SEC. 313. (a) Assistance shall not be extended under this part unless the Director determines that the applicant will maintain its prior level of effort in similar activities.

[(b) The Director shall establish necessary procedures or requirements to assure that programs under this part are carried on in coordination with other programs or activities providing assistance to the persons and groups served.

【TECHNICAL ASSISTANCE, TRAINING, AND EVALUATION】

【SEC. 314. The Director may provide directly or through grants, contracts, or other arrangements, such technical assistance or training of personnel as may be required to implement effectively the purposes of this title.

【PART C—DURATION OF PROGRAM】

【SEC. 321. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the eight succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE IV—EMPLOYMENT AND INVESTMENT INCENTIVES

STATEMENT OF PURPOSE

SEC. 401. It is the purpose of this title to assist in the establishment, preservation, and strengthening of small business concerns and improve the managerial skills employed in such enterprises, with special attention to small business concerns (1) located in urban or rural areas with high proportions of unemployed or low-income individuals, or (2) owned by low-income individuals; and to mobilize for these objectives private as well as public managerial skills and resources.

LOANS, PARTICIPATIONS, AND GUARANTIES

SEC. 402. (a) The Administrator of the Small Business Administration is authorized to make, participate (on an immediate basis) in, or guarantee loans, payable in not more than fifteen years, to any small business concern (as defined in section 3 of the Small Business Act (15 U.S.C. 632) and regulations issued thereunder), or to any qualified person seeking to establish such a concern, when he determines that such loans will assist in carrying out the purposes of this title, with particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals: *Provided, however*, That no such loans shall be made, participated in, or guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed \$25,000. The Administrator of the Small Business Administration may defer payments on the principal of such loans for a grace period and use such other methods as he deems necessary and appropriate to assure the successful establishment and operation of such concern. The Administrator of the Small Business Administration may, in his discretion, as a condition of such financial assistance, require that the borrower take steps to improve his management skills by participating in a management training program approved by the Administrator of the Small Business Administration: *Provided, however*, That any management training program so approved must be of sufficient scope and duration to provide reasonable opportunity for the individuals served to develop entrepreneurial and managerial self-sufficiency. The Administrator of the Small Business Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns, and shall seek to stimulate new private lending activities to such concerns through the use of the loan guaranties, participations in loans, and pooling arrangements authorized by this section.

(b) To the extent necessary or appropriate to carry out the programs provided for in this title the Administrator of the Small Business Administration shall have the same powers as are conferred upon the Director by section 602 of this Act. To insure an equitable distribu-

tion between urban and rural areas for loans between \$3,500 and \$25,000 made under this title, the Administrator is authorized to use the agencies and agreements and delegations developed under title III of the Act as he shall determine necessary.

(c) The Administrator shall provide for the continuing evaluation of programs under this section, including full information on the location, income characteristics, and types of businesses and individuals assisted, and on new private lending activity stimulated, and the results of such evaluation together with recommendations shall be included in the report by section 608.

LOAN TERMS AND CONDITIONS

SEC. 403. Loans made pursuant to section 402 (including immediate participation in and guaranties of such loans) shall have such terms and conditions as the Administrator of the Small Business Administration shall determine, subject to the following limitations—

(a) there is reasonable assurance of repayment of the loan;

(b) the financial assistance is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

(c) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made;

(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Administrator of the Small Business Administration may determine to be consistent with its purposes: *Provided, however*, That the rate of interest charged on loans made in redevelopment areas designated under the Area Redevelopment Act (42 U.S.C. 2501 et seq.) shall not exceed the rate currently applicable to new loans made under section 6 of that Act (42 U.S.C. 2505); and

(e) fees not in excess of amounts necessary to cover administrative expenses and probable losses may be required on loan guaranties.

DISTRIBUTION OF FINANCIAL ASSISTANCE

SEC. 404. The Administrator of the Small Business Administration shall take such steps as may be necessary to insure that, in any fiscal year, at least 50 per centum of the amounts loaned or guaranteed pursuant to this part are allotted to small business concerns located in urban areas identified by the Director, after consideration of any recommendations of the Administrator of the Small Business Administration, as having high concentrations of unemployed or low-income individuals or to small business concerns owned by low-income individuals. The Administrator of the Small Business Administration, after consideration of any recommendations of the Director, shall define the meaning of low income as it applies to owners of small business concerns eligible to be assisted under this part, and such definition need not correspond to the definition of low income as used elsewhere in this Act.

[LIMITATION ON FINANCIAL ASSISTANCE

[SEC. 405. No financial assistance shall be extended pursuant to this title where the Administrator of the Small Business Administration determines that the assistance will be used in relocating establishments from one area to another if such relocation would result in an increase in unemployment in the area of original location.

[TECHNICAL ASSISTANCE AND MANAGEMENT TRAINING

[SEC. 406. (a) The Administrator of the Small Business Administration is authorized to provide financial assistance to public or private organizations to pay all or part of the costs of projects designed to provide technical and management assistance to individuals or enterprises eligible for assistance under section 402, with special attention to small business concerns located in urban areas of high concentration of unemployed or low income individuals or owned by low-income individuals.

[(b) Financial assistance under this section may be provided for projects, including without limitation—

[(1) planning and research, including feasibility studies and market research;

[(2) the identification and development of new business opportunities;

[(3) the furnishing of centralized services with regard to public services and government programs, including programs authorized under section 402;

[(4) the establishment and strengthening of business service agencies, including trade associations and cooperatives;

[(5) the encouragement of the placement of subcontracts by major business with small business concerns located in urban areas of high concentration of unemployed or low-income individuals or owned by low-income individuals, including the provision of incentives and assistance to such major businesses so that they will aid in the training and upgrading of potential subcontractors or other small business concerns; and

[(6) the furnishing of business counseling, management training, and legal and other related services, with special emphasis on the development of management training programs using the resources of the business community, including the development of management training opportunities in existing businesses, and with emphasis in all cases upon providing management training of sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served.

[(c) The Administrator of the Small Business Administration shall give preference to projects which promote the ownership, participation in ownership, or management of small business concerns by residents of urban areas of high concentration of unemployed or low-income individuals, and to projects which are planned and carried out with the participation of local businessmen.

[(d) To the extent feasible, services under this section shall be provided in a location which is easily accessible to the individuals and small business concerns served.

[(e) The Administrator of the Small Business Administration shall, in carrying out programs under this section, consult with and take into consideration the views of the Secretary of Commerce, with a view to coordinating activities and avoiding duplication of effort.

[(f) The President may, if he determines that it is necessary to carry out the purposes of this part, transfer any of the functions under this section to the Secretary of Commerce.

[(g) The Administrator of the Small Business Administration shall provide for an independent and continuing evaluation of programs under this section, including full information on and analysis of the character and impact of managerial assistance provided, the location, income characteristics, and types of businesses and individuals assisted, and the extent to which private resources and skills have been involved in these programs. Such evaluation together with any recommendations as he deems advisable shall be included in the report required by section 608.

[GOVERNMENT CONTRACTS

[SEC. 407. (a) The Administrator of the Small Business Administration shall take such steps as may be necessary and appropriate in coordination and cooperation with the heads of other Federal departments and agencies, so that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this title.

[(b) The Administrator of the Small Business Administration shall provide for the continuing evaluation of programs under this section and the results of such evaluation together with recommendations shall be included in the report required by section 608.

[DURATION OF PROGRAM

[SEC. 408. The Administrator of the Small Business Administration and the Secretary of Commerce shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the eight succeeding fiscal years.

[TITLE V—WORK EXPERIENCE, TRAINING, AND DAY CARE PROGRAMS

[PART A—WORK EXPERIENCE AND TRAINING PROGRAMS

[STATEMENT OF PURPOSE

[SEC. 501. It is the purpose of this part to expand the opportunities for constructive work experience and other needed training available to persons (including workers in farm families with less than \$1,200 net family income, unemployed heads of families and other needy persons) who are unable to support themselves or their families.

[TRANSFER OF FUNDS

[SEC. 502. In order to permit the carrying out of work experience and training programs meeting the criteria set forth in part E of

title II of the Manpower Development and Training Act of 1962, the Director is authorized to transfer funds to the Secretary of Health, Education, and Welfare to enable him (1) to make payments under section 1115 of the Social Security Act for experimental, pilot, or demonstration projects which provide pretraining services and basic maintenance, health, family, basic education, day care, counseling, and similar supportive services required for such programs, and (2) to reimburse the Secretary of Labor for carrying out the activities described in such part E of title II of the Manpower Development and Training Act of 1962. Costs of such projects and activities shall, notwithstanding the provisions of the Social Security Act and the Manpower Development and Training Act of 1962, be met entirely from funds appropriated to carry out this part: *Provided*, That such funds may not be used to assist families and individuals insofar as they are otherwise receiving or eligible to receive assistance or social services through a State plan approved under titles I, IV, X, XIV, XVI, or XIX of the Social Security Act.

【LIMITATIONS ON WORK EXPERIENCE AND TRAINING PROGRAMS

【SEC. 503. (a) The provisions of paragraphs (1) to (6), inclusive, of section 409 of the Social Security Act, unless otherwise inconsistent with the provisions of this part, shall be applicable with respect to work experience and training programs assisted with funds under this part. The costs of such programs to the United States shall, notwithstanding the provisions of such Act, be met entirely from funds appropriated or allocated to carry out the purpose of this part.

【(b) Work experience and training programs shall be so designed that participation of individuals in such programs will not ordinarily exceed 36 months, except that nothing in this subsection shall prevent the provision of necessary and appropriate follow-up services for a reasonable period after an individual has completed work experience and training.

【(c) Not more than 12½ percent of the sums appropriated or allocated for any fiscal year to carry out the purposes of this part shall be used within any one state. In the case of any work experience and training program approved on or after July 1, 1968, not more than 80 percent of the costs of projects or activities referred to in section 502 may be paid from funds appropriated or allocated to carry out this part, unless the Secretary of Health, Education, and Welfare determines, pursuant to regulations prescribed by him establishing objective criteria for such determinations, that assistance in excess of such percentage is required in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

【DURATION OF PROGRAMS

【SEC. 504. The Director shall carry out the programs provided for in this part during the fiscal year ending June 30, 1967, and the three succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

【TRANSITION

【SEC. 505. The Secretary of Labor is authorized to provide work experience and training programs authorized by section 261(a) (3) and (4) of part E of title II of the Manpower Development and Training Act of 1962, commencing July 1, 1967. The Secretary of Health, Education, and Welfare is authorized to provide such work experience and training programs through June 30, 1967, and may also continue to completion those work experience and training programs commenced prior to that date, but in no event shall such programs be extended beyond June 30, 1968. After June 30, 1967, the Secretary of Health, Education, and Welfare, pursuant to agreement with the Secretary of Labor which shall include provisions for joint evaluation and approval of the training and work experience aspect of each project or program, may also—

【(1) with the concurrence of the Secretary of Labor, renew existing projects and programs, or develop and provide new projects or programs, to accomplish the purposes of this part and of part E of title II of the Manpower Development and Training Act of 1962; and

【(2) with the concurrence of the Secretary of Labor, develop and provide other work experience and training programs pursuant to such part E, with respect to such projects or parts of projects which the Secretary of Labor is unable to provide after being given notice and a reasonable opportunity to do so.

Before July 1, 1967, the Secretary of Health, Education, and Welfare may, for the purposes of this part and part E of title II of the Manpower Development and Training Act of 1962, utilize the services and facilities available under the manpower development and utilization programs administered by the Department of Labor which may include, but not be limited to, testing, counseling, job referral and follow-up services required to assist participants in securing and obtaining employment, training opportunities, either on or off the job, available under the Manpower Development and Training Act of 1962, and relocation assistance to involuntarily unemployed individuals in accordance with the standards prescribed in section 104 of the Manpower Development and Training Act of 1962, and shall compensate the Secretary of Labor for the reasonable costs thereof either by advance or reimbursement.

【PART B—DAY CARE PROJECTS

【STATEMENT OF PURPOSE

【SEC. 521. The purpose of this part is to provide day care for children from families which need such assistance to become or remain self-sufficient or otherwise to obtain objectives related to the purposes of this Act, with particular emphasis upon enabling the parents or relatives of such children to choose to undertake or to continue basic education, vocational training, or gainful employment.

FINANCIAL ASSISTANCE FOR DAY CARE PROJECTS

SEC. 522. (a) The Director is authorized to provide financial assistance to appropriate public agencies and private organizations to pay not to exceed 90 per centum of the cost of planning, conducting, administering, and evaluating projects under which children from low-income families or from urban and rural areas with large concentrations or proportions of low-income persons may receive day care. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment and services. Such day care projects shall provide health, education, social, and such other supportive services as may be needed. Financial assistance under this section may be provided to employers, labor unions, or to joint employer-union organizations, for day care projects established at or in association with a place of employment or training where such projects are financed in major part through private funds. Project costs payable under this part may include costs of renovation and alteration of physical facilities. Financial assistance under this section may be provided in conjunction with or to supplement day care projects under the Social Security Act or other relevant statutes.

(b) The Director may require a family which is not a low-income family to make payment, in whole or in part, for the day care services provided under this program where the family's financial condition is, or becomes through employment or otherwise, such as to make such payment appropriate.

(c) The Director may provide, directly or through contracts or other arrangements, technical assistance and training necessary for the initiation or effective operation of programs under this part.

(d) The Director and the Secretary of Health, Education, and Welfare shall take all necessary steps to coordinate programs under their jurisdictions which provide day care, with a view to establishing, insofar as possible, a common set of program standards and regulations, and mechanisms for coordination at the State and local levels. Such standards shall be no less comprehensive than the Federal inter-agency day care requirements as approved by the Department of Health, Education, and Welfare, the Office of Economic Opportunity and the Department of Labor on September 23, 1968. In approving applications for assistance under this part, the Director shall take into consideration (1) the extent to which applicants show evidence of coordination and cooperation between their projects and other day care programs in the areas which they will serve, and (2) the extent to which unemployed or low-income individuals are to be employed, including individuals receiving or eligible to receive assistance under the Social Security Act.

(e) Each project to which payments are made hereunder shall provide for a thorough evaluation. This evaluation shall be conducted by such agency or independent public or private organization as the Director shall designate, with a view to determining, among other things, the extent to which the day care provided may have increased the employment of parents and relatives of the children served, the extent to which such day care may have reduced the costs of aid and

services to such children, the extent to which such children have received health and educational benefits, and the extent to which the project has been coordinated with other day care activities in the area served. Up to 100 per centum of the costs of evaluation may be paid by the Director from funds appropriated for the purposes of carrying out this part, except that where such evaluation is carried on by the assisted agency itself, he may pay only 90 per centum of such costs. Such evaluations, together with a report on the program described in this part, shall be included in the report required by section 608.

DURATION OF PROGRAMS

SEC. 523. The Director shall carry out the programs provided for in this part during the fiscal year ending June 30, 1968, and the seven succeeding fiscal years.

TITLE VI—ADMINISTRATION AND COORDINATION

PART A—ADMINISTRATION

OFFICE OF ECONOMIC OPPORTUNITY

SEC. 601. (a) There is hereby established in the Executive Office of the President the Office of Economic Opportunity. The Office shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate. There shall also be in the Office one Deputy Director and five Assistant Directors who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Director and the Assistant Directors shall perform such functions as the Director may from time to time prescribe.

(b) Notwithstanding the provisions of section 5 (b) of the Reorganization Act of 1949 (5 U.S.C. 133z-3 (b)), at any time after one year from the date of enactment hereof the President may, by complying with the procedures established by that Act, provide for the transfer of the Office from the Executive Office of the President and for its establishment elsewhere in the executive branch as he deems appropriate.

(c) The compensation of the Director of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Director of the Bureau of the Budget.

(d) The compensation of the Deputy Director of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Deputy Director of the Bureau of the Budget.

(e) The compensation of the Assistant Directors of the Office of Economic Opportunity shall be fixed by the President at a rate not in excess of the annual rate of compensation payable to the Assistant Secretaries of the Executive Departments.

AUTHORITY OF DIRECTOR

SEC. 602. In addition to the authority conferred upon him by other sections of this Act, the Director is authorized, in carrying out his functions under this Act, to—

[(a) appoint in accordance with the civil service laws such personnel as may be necessary to enable the Office to carry out its functions, and, except as otherwise provided herein, fix their compensation in accordance with the Classification Act of 1949 (5 U.S.C. 1071 et seq.);

[(b) (1) employ experts and consultants or organizations thereof as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), except that no individual may be employed under the authority of this subsection for more than 100 days in any fiscal year; (2) compensate individuals so employed at rates not in excess of \$100 per diem, including travel time; and (3) allow them, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b-2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually;

[(c) appoint, without regard to the civil service laws, one or more advisory committees composed of such private citizens and officials of the Federal, State, and local governments as he deems desirable to advise him with respect to his functions under this Act; and members of such committees (including the National Advisory Council established in section 605), other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Director, shall be entitled to receive compensation and travel expenses as provided in subsection (b) with respect to experts and consultants;

[(d) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of his functions under this Act and, as necessary or appropriate, delegate any of his powers under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the Office of Economic Opportunity and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the Office of Economic Opportunity and the furnishing of such information by such Office to such other agencies;

[(e) utilize, with their consent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or a political subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivision without reimbursement;

[(f) accept in the name of the Office, and employ or dispose of in furtherance of the purposes of this Act, or of any title thereof, any money, or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise;

[(g) accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b));

[(h) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this Act as he deems necessary to carry out the provisions hereof, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditure for construction, repairs, and capital improvements;

[(i) disseminate, without regard to the provisions of section 4154 of title 39, United States Code, data and information, in such forms as he shall deem appropriate, to public agencies, private organizations, and the general public;

[(j) adopt an official seal, which shall be judicially noticed;

[(k) notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real or personal property by the United States, deal with, complete, rent, renovate, modernize, or sell for cash or credit at his discretion any properties acquired by him in connection with loans, participations, and guaranties made by him pursuant to titles III and IV of this Act;

[(l) collect or compromise all obligations to or held by him and all legal or equitable rights accruing to him in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection;

[(m) expend funds made available for purposes of this Act—

[(1) for printing and binding, in accordance with applicable law and regulation; and

[(2) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by him; but the Director shall not utilize the authority contained in this subparagraph (2)—

[(A) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this Act, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which, it is needed, and

[(B) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of his intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority; and

[(n) establish such policies, standards, criteria, and procedures, prescribe such rules and regulations, enter into such contracts and agreements with public agencies and private organizations and persons, make such payments (in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants, with necessary adjustments on account of overpayments or underpayments), and generally perform such functions and take such steps as he may deem to be necessary or appropriate to carry out the provisions of this Act.

[(POLITICAL ACTIVITIES

[SEC. 603. (a) For purposes of chapter 15 of title 5 of the United States Code any overall community action agency which assumes responsibility for planning, developing, and coordinating community-wide antipoverty programs and receives assistance under this Act shall be deemed to be a State or local agency; and for purposes of

clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this Act (other than part C of title I) shall be deemed to be a State or local agency.

[(b) Programs assisted under this Act shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or (3) any voter registration activity. The Director, after consultation with the Civil Service Commission, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

[(c) No part of any funds appropriated to carry out this Act, subpart (1) of part B of title V of the Higher Education Act of 1965, or any program administered by ACTION shall be used to finance, directly or indirectly, any activity designed to influence the outcome of any election to Federal office, or any voter registration activity, or to pay the salary of any officer or employee of the Office of Economic Opportunity, the Teacher Corps, or ACTION, who, in his official capacity as such an officer or employee, engages in any such activity. As used in this section, the term "election" has the same meaning given such term by section 301(a) of the Federal Election Campaign Act of 1971, and the term "Federal office" has the same meaning given such term by section 301(c) of such Act.

[APPEALS, NOTICE AND HEARING

[SEC. 604. The Director shall prescribe procedures to assure that—

[(1) special notice of and an opportunity for a timely and expeditious appeal to the Director is provided for an agency or organization which would like to serve as a delegate agency under title I-B or II and whose application to the prime sponsor or community action agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Director;

[(2) financial assistance under title I-B, II, and III-B shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations, nor shall an application for refunding under section 123, 221, 222, or 312 be denied, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

[(3) financial assistance under title I-B, II, and III-B shall not be terminated for failure to comply with applicable terms and conditions unless the recipient agency has been afforded reasonable notice and opportunity for a full and fair hearing.

[NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY

[SEC. 605. (a) There is hereby established in the Office a National Advisory Council on Economic Opportunity (hereinafter referred to as the Advisory Council), to be composed of twenty-one members appointed, for staggered terms and without regard to the civil service laws, by the President. Such members shall be representative of the public in general and appropriate fields of endeavor related to the purposes of this Act. The President shall designate the chairman from among such members. The Advisory Council shall meet at the call of the chairman but not less often than four times a year. The Director shall be an ex-officio member of the Advisory Council.

[(b) The Advisory Council shall—

[(1) advise the Director with respect to policy matters arising in the administration of this Act; and

[(2) review the effectiveness and the operation of programs under this Act and make recommendations concerning (A) the improvement of such programs, (B) the elimination of duplication of effort, and (C) the coordination of such programs with other Federal programs designed to assist low income individuals and families.

Such recommendations shall include such proposals for changes in this Act as the Advisory Council deems appropriate.

[(c) The Advisory Council shall make an annual report of its findings and recommendations to the President not later than March 31 of each calendar year beginning with the calendar year 1967. The President shall transmit each such report to the Congress together with his comments and recommendations.

[ANNOUNCEMENT OF RESEARCH OR DEMONSTRATION CONTRACTS

[SEC. 606. (a) The Director or the head of any Federal agency administering a program under this Act shall make a public announcement concerning:

[(1) The title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency or organization for any demonstration or research project; and

[(2) The results, findings, data, or recommendations made or reported as a result of such activities.

[(b) The public announcements required by subsection (a) shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

[(c) It shall be the duty of the Comptroller General to assure that the requirements of this section are met, and he shall at once report to the Congress concerning any failure to comply with these requirements.

[LABOR STANDARDS

[SEC. 607. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair, including painting and decorating of projects, buildings and works which are

federally assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

【REPORTS

【SEC. 608. Not later than one hundred and twenty days after the close of each fiscal year, the Director shall prepare and submit to the President for transmittal to the Congress a full and complete report on the activities of the Office during such year.

【DEFINITIONS

【SEC. 609. As used in this Act—

【(1) the term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, or the Virgin Islands, and for purposes of title I, title II, title III-A, and title IV the meaning of "State" shall also include the Trust Territory of the Pacific Islands; except that when used in section 225 of this Act this term means only a State, Puerto Rico, or the District of Columbia. The term "United States" when used in a geographical sense includes all those places named in the previous sentence, and all other places continental or insular, subject to the jurisdiction of the United States;

【(2) the term "financial assistance" when used in titles I, II, III-B, IV, and V-B includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services;

【(3) the term "permanent resident of the United States" when used in titles I-A and I-B shall include any native and citizen of Cuba who arrived in the United States from Cuba as a non-immigrant or as a parolee subsequent to January 1, 1959, under the provisions of section 214(a) or 212(d)(5), respectively, or any person admitted as a conditional entrant under section 203(a)(7), of the Immigration and Nationality Act; and

【(4) the term "Director" means the Director of the Office of Economic Opportunity.

【(5) the term "lower living standard budget" means that income level (adjusted for regional and metropolitan, urban and rural differences and family size) determined annually by the Bureau of Labor Statistics of the Department of Labor and referred to by such Department as the "lower living standard budget."

【PROGRAMS FOR THE ELDERLY POOR

【SEC. 610. It is the intention of Congress that whenever feasible the special problems of the elderly poor shall be considered in the development, conduct, and administration of programs under this

Act. The Director shall (1) carry out such investigations and studies, including consultations with appropriate agencies and organizations, as may be necessary to develop and carry out a plan for the participation of the elderly poor in programs under this Act, including programs providing employment opportunities, public service opportunities, education and other services and activities which assist the elderly poor to achieve self-sufficiency; (2) maintain a constant review of all programs under this Act to assure that the needs of the elderly poor are given adequate consideration; (3) initiate and maintain interagency liaison with all other appropriate Federal agencies to achieve a coordinated national approach to the needs of the elderly poor; and (4) determine and recommend to the President and the Congress such programs requiring additional authority and the necessary legislation to provide such authority. In exercising his responsibilities under this section, the Director shall cooperate with the Commissioner on Aging. The Director shall describe the ways in which this section has been implemented in the annual report required by section 608.

【COMPARABILITY OF WAGES

【SEC. 610-1. (a) The Director shall take such action as may be necessary to assure that persons employed in carrying out programs financed under part A of title I or title II (except a person compensated as provided in section 602) shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

【(b) Not later than sixty days after the close of the fiscal year 1967 and each fiscal year thereafter the Director shall prepare and submit to the President for submission to the Congress a list of the names of all officers or employees whose compensation is subject to the limitations set forth in subsection (a) of this section and who were receiving at the end of such fiscal year a salary of \$10,000 or more per year, together with the amount of compensation paid to each person and the amount of such compensation paid from funds advanced or granted pursuant to this Act. No grant, contract or agreement shall be made under any of the provisions of this Act referred to in subsection (a) of this section which does not contain adequate provisions to assure the furnishing of information required by the preceding sentence.

【(c) No person whose compensation exceeds \$6,000 per annum and is paid pursuant to any grant, contract, or agreement authorized under part A of title I or part A of title II (except a person compensated as provided in section 602) shall be employed at a rate of compensation which exceeds by more than 20 percent the salary which he was receiving in his immediately preceding employment, but the Director may grant exceptions for specific cases. In determining salary in preceding employment for one regularly employed for a period of less than 12 months per year, the salary shall be adjusted to an annual basis.

[LIMITATION ON BENEFITS FOR THOSE VOLUNTARILY POOR

[SEC. 611. The Director shall take such action as may be necessary to assure that, in determining a person's eligibility for benefits under this Act on account of his poverty, such person will not be deemed to meet the poverty criteria if his lack of income results from his refusal, without good cause, to seek or accept employment commensurate with his health, age, education, and ability.

[JOINT FUNDING

[SEC. 612. Pursuant to regulations prescribed by the President, where funds are advanced for a single project by more than one Federal agency to a community action agency or other agency assisted under this Act, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single local share requirement may be established according to the proportion of funds advanced by each agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

[LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

[SEC. 613. No individual employed or assigned by any community action agency or other agency assisted under this Act shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this Act by such community action agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

[PROHIBITION OF FEDERAL CONTROL

[SEC. 614. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

[DURATION OF PROGRAM

[SEC. 615. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the eight succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

[TRANSFER OF FUNDS

[SEC. 616. Notwithstanding any limitation on appropriations for any program or activity under this Act or any Act authorizing appropriations for such program or activity, not to exceed 10 per centum

for fiscal years ending prior to July 1, 1970, and not to exceed 15 per centum for fiscal years ending prior to July 1, 1972, and not to exceed 20 per centum for fiscal years ending thereafter of the amount appropriated or allocated from any appropriation for the purpose of enabling the Director to carry out any such program or activity under the Act may be transferred and used by the Director for the purpose of carrying out any other such program or activity under the Act.

[DISTRIBUTION OF BENEFITS BETWEEN RURAL AND URBAN AREAS

[SEC. 617. The Director shall adopt appropriate administrative measures to assure that benefits of this Act will be distributed equitably between residents of rural and urban areas.

[LIMITATIONS ON FEDERAL ADMINISTRATIVE EXPENSES

[SEC. 619. The total administrative expenses, including the compensation of Federal employees, incurred by Federal agencies under the authority of this Act for any fiscal year shall not exceed ten per cent of the amount authorized to be appropriated by this Act for that year: *Provided, however,* That grants, subsidies, and contributions, and payments to individuals, other than Federal employees shall not be counted as an administrative expense.

[PRIVATE ENTERPRISE PARTICIPATION

[SEC. 620. The Director and the heads of any other Federal departments or agencies to which the conduct of programs described in this Act have been delegated shall take such steps as may be desirable and appropriate to insure that the resources of private enterprise are employed to the maximum feasible extent in the programs described in this Act. The Director and such other agency heads shall submit at least annually to the Congress a joint or combined report describing the actions taken and the progress made under this section.

[RESPONSIBILITY FOR FOLLOW-THROUGH PROGRAMS

[SEC. 621. Pursuant to section 602(d), the Director shall delegate his functions under section 222(a)(2) to the Secretary of Health, Education, and Welfare, and such functions shall be carried out through the Office of Education of the Department of Health, Education, and Welfare.

[ADVANCE FUNDING

[SEC. 622. For the purpose of affording adequate notice of funding available under this Act, appropriations for grants, contracts, or other payments under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

[GUIDELINES

[SEC. 623. All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be

published in the Federal Register at least thirty days prior to their effective date.

【NONDISCRIMINATION PROVISIONS】

【SEC. 624. (a) The Director shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect to such program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any such program because of race, creed, color, national origin, sex, political affiliation, or beliefs.

【(b) No person in the United States shall on the grounds of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with, any program or activity receiving assistance under this Act. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program or activity receiving assistance under this Act.

【POVERTY LINE】

【SEC. 625. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

【(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the average percentage change in the consumer price index during the annual or other interval immediately preceding the time at which the revision is made.

【(c) Revisions required by subsection (a) of this section shall be made and issued not more than thirty days after the date on which the necessary consumer price index data becomes available.

【PART B—COORDINATION】

【STATEMENT OF PURPOSE】

【SEC. 630. This part establishes an Economic Opportunity Council, provides for an information center, and prescribes certain duties and responsibilities. Its purpose is to promote better coordination among all programs related to this Act, with a view to making those programs more effective in reaching and serving the poor, assisting State and local agencies to adapt diverse Federal programs to varying local problems and conditions, stimulating new and more imaginative ways of combining complementary Federal resources in the solution of specific problems, and generally improving cooperation and communication among all levels of government, agencies, and institutions in matters related to the purposes of this Act.

【ECONOMIC OPPORTUNITY COUNCIL】

【SEC. 631. (a) There is established, in the Executive Office of the President, the Economic Opportunity Council (hereinafter referred to as the "Council"), which shall be composed of the Director and the heads of such Federal departments and agencies, such Presidential assistants and such other officials of the Federal Government as the President may from time to time designate. The President shall designate one of the members of the Council to serve as chairman. Each member shall designate an alternate to sit in his stead in the event of his unavoidable absence.

【(b) It shall be the responsibility of the Council to assist the President in—

【(1) providing for the coordination of Federal programs and activities related to this Act;

【(2) developing basic policies and setting priorities with respect to such programs and activities;

【(3) resolving differences arising among Federal departments and agencies with respect to such programs and activities; and

【(4) initiating and arranging for the carrying out of specific actions or projects designed to achieve the objectives of this Act.

【(c) The President shall appoint an Executive Secretary of the Council. The Executive Secretary is authorized to appoint and fix the compensation of such personnel as may be necessary to assist him in the performance of his duties. Employees of other Federal departments and agencies may be detailed to the Council from time to time to provide temporary assistance.

【(d) To the extent appropriate, a report of the activities of the Council shall be included in the annual report of the Director to the President and to the Congress, or in a separate report to the Congress.

【(e) From the sums authorized and appropriated to carry out the provisions of this title, the President shall reserve such amounts as may be necessary to carry out the purposes of this section.

【RESPONSIBILITIES OF THE DIRECTOR】

【SEC. 632. In addition to his other powers under this Act, and to assist the President in coordinating the antipoverty efforts of all Federal agencies, the Director shall—

【(1) undertake special studies of specific coordination problems at the request of the President or the Council, or on his own initiative;

【(2) consult with interested agencies and groups, including State agencies described in section 231 of this Act and the National Advisory Council, with a view to identifying coordination problems that may warrant consideration by the Council or the President and, to the extent feasible or appropriate, initiate action for overcoming those problems, either through the Office of Economic Opportunity or in conjunction with other Federal, State, or local agencies; and

【(3) prepare a five-year national poverty action plan showing estimates of Federal and other governmental expenditures, and, where feasible, the contributions of the private sector, needed to

eliminate poverty in this country within alternative periods of time. Such plan shall include estimates of the funds necessary to finance all relevant programs authorized by this and other Acts, and any new programs which may be necessary to eliminate poverty in this country, and it shall include recommendations for such new programs. The plan shall be presented to the Congress and updated on an annual basis.

【COOPERATION OF FEDERAL AGENCIES

【SEC. 633. (a) Federal agencies administering programs related to this Act shall—

【(1) cooperate with the Director and with the Council in carrying out their duties and responsibilities; and

【(2) carry out their programs and exercise their functions so as to assist in carrying out the provisions and purposes of this Act, to the fullest extent permitted by other applicable law.

【(b) The Council and the Director may call upon Federal agencies to supply statistical data, program reports, and other materials as they deem necessary to discharge their responsibilities under this Act.

【(c) The President may direct that particular programs and functions, including the expenditure of funds, of Federal agencies shall be carried out, to the extent not inconsistent with other applicable law, in conjunction with or in support of programs authorized under this Act.

【COMBINATIONS AMONG PROJECTS AND PROGRAMS

【SEC. 634. In order to encourage efficiencies, close unnecessary service gaps, and generally promote more effective administration, the Director shall require, to the fullest extent feasible, that projects or programs assisted under this Act be carried on so as to supplement one another, or where appropriate other related programs or projects, and be included within or otherwise carried on in combination with community action programs. In the case of other programs related to this Act, the heads of the Federal agencies responsible for those programs shall, to the extent permitted by law, similarly provide assistance for projects and activities in a manner which encourages combinations with other related projects and activities where appropriate, and with community action programs. The Economic Opportunity Council shall, in carrying out its responsibilities under this part, make a continuing review of the operation of this section with a view to (1) determining particular groups of programs which, because of their objectives, or similarities in target groups or areas, are especially appropriate for combined or closely coordinated operation at the State or local level, and making recommendations accordingly to the President or appropriate Federal officials; (2) evaluating Federal agency procedures for carrying out this section, and developing or recommending additional or common procedures, as appropriate; and (3) determining whether, and to what extent, consolidations of Federal programs may be justified and making recommendations respecting such consolidations to the Director and the President.

【INFORMATION CENTER

【SEC. 635. (a) The Director shall establish and operate an information center for the purpose of insuring that maximum use is made of Federal programs related to this Act and that information concerning those programs and other relevant information is readily available to public officials and other interested persons. The Director shall collect, prepare, analyze, correlate, and distribute information as described above, either free of charge or by sale at cost (any funds so received to be deposited to the Director's account as an offset of that cost), and may make arrangements and pay for any printing and binding without regard to the provisions of any other law or regulations. In connection with operation of the center, the Director may carry on research or studies concerning the improvement of information systems in support of the purposes of this Act, the adequacy of existing data, ways in which data generated on the State and local level may be incorporated into Federal information systems, and methods by which data may be made more readily available to State and local officials or used to further coordination objectives.

【(b) The Director shall publish and maintain on a current basis, a catalog of Federal programs relating to individual and community improvement. He may also make grants, from funds appropriated to carry out title II of this Act, to States and communities to establish information service centers for the collection, correlation, and distribution of information required to further the purposes of this Act.

【(c) In order to assure that all appropriate officials are kept fully informed of programs related to this Act, and that maximum use is made of those programs, the Director shall establish procedures to assure prompt distribution to State and local agencies of all current information, including administrative rules, regulations, and guidelines, required by those agencies for the effective performance of their responsibilities.

【PROHIBITION

【SEC. 636. In order to assure that existing Federal agencies are used to the fullest extent possible in carrying out the purposes of this Act, no funds appropriated to carry out this Act shall be used to establish any new department or office when the intended function is being performed by an existing department or office.

【SPECIAL RESPONSIBILITIES: TRAINING PROGRAMS

【SEC. 637. (a) It shall be the responsibility of the Director, the Secretary of Labor, the Secretary of Health, Education, and Welfare, and the heads of all other departments and agencies concerned, acting through such procedures or mechanisms as the President may prescribe, to provide for, and take such steps as may be necessary and appropriate to implement, the effective coordination of all programs and activities within the executive branch of the Government relating to the training of individuals for the purpose of improving or restoring employability.

【(b) The Secretary of Labor, pursuant to such agreements as may be necessary appropriate (which may include arrangements for reimbursement) shall—

[(1) be responsible for assuring that the Federal-State employment maximum support for the programs described in subsection (a); and

[(2) obtain from the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Director of the Office of Economic Opportunity, and the head of any other Federal agency administering a training program, such employment information as will facilitate the placement of individuals being trained.

DEFINITIONS

[SEC. 638. As used in this part, "programs related to this Act" and "coordination" shall include the programs and actions described in this section:

[(1) "Programs related to this Act" include programs under this Act and all Federal or federally assisted programs which have objectives which are, in whole or substantial part, complementary to the purposes of this Act, or which provide resources which may be used in combination with resources under this Act to assist in achieving any of the purposes of this Act.

[(2) "Coordination" includes, but is not limited to—

[(A) actions to improve the common effectiveness of programs in reaching and serving the poor, such as actions: to extend services to new areas, provide them in a common place, or structure them so that they are more readily accepted or widely utilized; to eliminate procedures or requirements that may be inappropriate for or result in unnecessary hardship to disadvantaged persons with limited education or other special handicaps; to establish common eligibility standards among programs serving substantially similar groups or operating in the same areas; or to develop methods of operation or administration that will provide new employment incentives or opportunities for the poor;

[(B) actions to promote better use at the State or local level of Federal assistance available under diverse programs, such as actions to establish procedures for cooperation among State or local agencies seeking assistance from different Federal sources with a view to eliminating unnecessary duplication and service gaps and promoting common or complementary priorities; or to modify or improve technical or administrative requirements imposed by different Federal agencies that may operate to increase unnecessarily the burdens of State or local agencies, minimize their opportunities for the imaginative use of Federal assistance, or discourage their cooperation with one another;

[(C) actions to promote simplification and efficiencies through the joint or combined use of Federal resources, such as actions to develop new methods of processing requests for assistance or granting assistance that will enable Federal agencies more generally to use resources jointly in support of common objectives; to establish common priorities for purposes of program planning, research and demonstration

activities; and to effect combinations among or redirect Federal programs or activities for the purpose of eliminating unnecessary duplication;

[(D) actions to improve communication and general cooperation, such as actions to strengthen ties among regional offices of different Federal agencies and among such offices and other regional agencies or organizations; to develop and improve procedures by which Federal agencies may act together in promulgating or making available items of information, including information as to the availability and allocation of funds, which are closely related to one another for purposes of State or local planning and budgeting; or to develop procedures by which State and local agencies may be afforded new opportunities to participate in Federal policy decisions, including decisions on recommended legislation, affecting their capacity to operate efficiently and effectively.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

STATEMENT OF PURPOSE

[SEC. 701. The purpose of this title is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits.

PART A—SPECIAL IMPACT PROGRAMS

STATEMENT OF PURPOSE

[SEC. 711. The purpose of this part is to establish special programs of assistance to private locally initiated community corporations and related nonprofit agencies, including cooperatives, or organizations conducting activities which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; and (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this title.

ESTABLISHMENT OF PROGRAMS

[SEC. 712. (a) The Director is authorized to provide financial assistance to community development corporations and to cooperatives and other nonprofit agencies in conjunction with qualifying community development corporations for the payment of all or part of the

costs of programs which are designed to carry out the purposes of this part. Such programs shall be restricted in number so that each is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include—

[(1) economic and business development programs, including programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the areas served so as to provide employment and ownership opportunities for residents of such areas, and programs including those described in title IV of this Act for small businesses in or owned by residents of such areas;

[(2) community development and housing activities which create new training, employment, and ownership opportunities and which contribute to an improved living environment; and

[(3) manpower training programs for unemployed or low-income persons which support and complement economic, business, housing, and community development programs, including without limitation activities such as those described in part B of title I of this Act.

[(b) The Director shall conduct programs assisted under this part so as to contribute, on an equitable basis between urban and rural areas, to the elimination of poverty and the establishment of permanent economic and social benefits in such areas.

[(REQUIREMENTS FOR FINANCIAL ASSISTANCE

[SEC. 713. (a) The Director, under such regulations as he may establish, shall not provide financial assistance for any program or component project under this part unless he determines that—

[(1) such community development corporation is responsive to residents of the area under guidelines established by the Director;

[(2) all projects and related facilities will, to the maximum feasible extent, be located in the area served;

[(3) projects will, where feasible, promote the development of entrepreneurial and management skills and the ownership or participation in ownership of assisted businesses and housing, cooperatively or otherwise, by residents of the area served;

[(4) projects will be planned and carried out with the maximum participation of local businessmen and financial institutions and organizations by their inclusion on program boards of directors, advisory councils, or through other appropriate means;

[(5) the program will be appropriately coordinated with local planning under this Act, the Demonstration Cities and Metropolitan Development Act of 1966, and with other relevant planning for physical and human resources of the areas served;

[(6) the requirements of subsections 122(e) and 124(a) of this Act have been met;

[(7) preference will be given to low income or economically disadvantaged residents of the areas served in filling jobs and training opportunities; and

[(8) training programs carried out in connection with projects financed under this part shall be designed wherever feasible to provide those persons who successfully complete such training

with skills which are also in demand in communities, neighborhoods, or rural areas, other than those for which programs are established under this part.

[(b) Financial assistance under this section shall not be extended to assist in the relocation of establishments from one location to another if such relocation would result in an increase in unemployment in the area of original location.

[(c) The level of financial assistance for related purposes under this Act to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

[(APPLICATION OF OTHER FEDERAL RESOURCES

[SEC. 714. (a) SMALL BUSINESS ADMINISTRATION PROGRAMS.—

[(1) Funds granted under this part which are invested, directly or indirectly, in a small business investment company or a local development company shall be included as "private paid-in capital and paid-in surplus," "combined paid-in capital and paid-in surplus," and "paid-in capital" for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958.

[(2) Within ninety days of the enactment of the Economic Opportunity Amendments of 1972, the Administrator of the Small Business Administration, after consultation with the Director, shall prescribe such regulations as may be necessary and appropriate to insure the availability to community development corporations of such programs as shall further the purposes of this part.

[(b) ECONOMIC DEVELOPMENT ADMINISTRATION PROGRAMS.—

[(1) Areas selected for assistance under this part shall be deemed "redevelopment areas" within the meaning of section 401 of the Public Works and Economic Development Act of 1965, and shall qualify for assistance under the provisions of title I and title II of that Act.

[(2) Within ninety days of the enactment of the Economic Opportunity Amendments of 1972, the Secretary of Commerce, after consultation with the Director, shall prescribe such regulations as may be necessary and appropriate to insure the availability to community development corporations of such programs as shall further the purposes of this part.

[(c) PROGRAMS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—The Secretary of Housing and Urban Development, after consultation with the Director, shall take all necessary steps (1) to assure that community development corporations assisted under this part or their subsidiaries, shall qualify as sponsors under section 106 of the Housing and Urban Development Act of 1968, and sections 221, 235, and 236 of the National Housing Act of 1949; (2) to assure that land for housing and business location and expansion is made available under title I of the Housing Act of 1949 as may be necessary to carry out the purposes of this part; and (3) to assure that funds are available under section 701(b) of the Housing Act of 1954 to community development corporations assisted under this part.

[(d) COORDINATION AND COOPERATION.—The Director shall take such steps as may be necessary and appropriate, in coordination and cooperation with the heads of other Federal departments and agencies,

so that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this part.

[(e) REPORTING ON OTHER FEDERAL RESOURCES.—On or before six months after the date of enactment of the Economic Opportunity Amendments of 1972, and annually thereafter, the Director shall submit to the Congress a detailed report setting forth a description of all Federal agency programs which he finds relevant to achieving the purposes of this part and the extent to which such programs have been made available to community development corporations receiving financial assistance under this part including specifically the availability and effectiveness of programs referred to in subsections (a), (b), and (c) of this section. Where appropriate, the report required under this subsection also shall contain recommendations for the more effective utilization of Federal agency programs for carrying out the purposes of this part.

[FEDERAL SHARE

[Sec. 715. Federal grants to any program carried out pursuant to this part, including grants used by community development corporations for capital investments, shall (1) not exceed 90 per centum of the cost of such program including costs of administration unless the Director determines that assistance in excess of such percentage is required in furtherance of the purposes of this part, and (2) be made available for deposit to the grantee, under conditions which the Director deems appropriate, within thirty days following approval by the Director and the local community development corporation of the grant agreement. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. Capital investments made with funds granted as a result of the Federal share of the costs of programs carried out under this part, and the proceeds from such capital investments, shall not be considered Federal property.

[PART B—RURAL PROGRAMS

[STATEMENT OF PURPOSE

[Sec. 721. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise.

[FINANCIAL ASSISTANCE

[Sec. 722. (a) The Director is authorized to provide financial assistance, including loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than \$3,500 at any one time, to any low-income rural family where, in

the judgment of the Director, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to—

[(1) acquire or improve real estate or reduce encumbrances or erect improvements thereon;

[(2) operate or improve the operation of farms not larger than family sized, including but not limited to the purchase of feed, seed, fertilizer, livestock, poultry, and equipment; or

[(3) participate in cooperative associations, or to finance non-agricultural enterprises which will enable such families to supplement their income.

[(b) The Director is authorized to provide financial assistance to local cooperative associations in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power, as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include but not be limited to—

[(1) administrative costs of staff and overhead;

[(2) costs of planning and developing new enterprises;

[(3) costs of acquiring technical assistance; and

[(4) initial capital where it is determined by the Director that the poverty of the families participating in the program and the social conditions of the rural area require such assistance.

[LIMITATIONS ON ASSISTANCE

[Sec. 723. (a) No financial assistance shall be provided under this part unless the Director determines that—

[(1) any cooperative association receiving assistance has a minimum of fifteen active members, a majority of which are low-income rural persons;

[(2) adequate technical assistance is made available and committed to the programs being supported;

[(3) such financial assistance will materially further the purposes of this part; and

[(4) the applicant is fulfilling or will fulfill a need for services, supplies, or facilities which is otherwise not being met.

[(b) The level of financial assistance for related purposes under this Act to the area served by a program under this part shall not be diminished in order to substitute funds authorized by this part.

[PART C—SUPPORT PROGRAMS

[TRAINING AND TECHNICAL ASSISTANCE

[Sec. 731. (a) The Director shall provide directly or through grants, contracts, or other arrangements such technical assistance and training of personnel as may be required to effectively implement the purposes of this title. No financial assistance shall be provided to any public or private organization under this section unless the Director

provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

[(b) Technical assistance to community development corporations and both urban and rural cooperatives may include planning, management, legal, preparation of feasibility studies, product development, marketing, and the provision of stipends to encourage skilled professionals to engage in full-time activities under the direction of a community organization financially assisted under this title.

[(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include, but not be limited to, on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this title.

DEVELOPMENT LOAN FUND

[SEC. 732. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations and to cooperatives eligible for financial assistance under section 712 of this title, to families under section 722(a), and to local cooperatives eligible for financial assistance under section 722(b) for business, housing, and community development projects who the Director determines will carry out the purposes of this title. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

[(1) there is reasonable assurance of repayment of the loan;

[(2) a loan is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs; and

[(3) the amount of the loan, together with other funds available, is adequate to assure completion of the project or achievement of the purposes for which the loan is made.

Loans made by the Director pursuant to this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes, except that, for the five years following the date on which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Director in light of the particular needs of the borrower, which rate shall not be lower than 1 per centum. All such loans shall be repayable within a period of not more than thirty years.

[(b) The Director is authorized to adjust interest rates, grant moratoriums on repayment of principal and interest, collect or compromise any obligations held by him, and to take such other actions in respect to such loans as he shall determine to be necessary or appropriate, consistent with the purposes of this section.

[(c) (1) To carry out the lending and guaranty functions authorized under this part, there shall be established a Development Loan Fund consisting of two separate accounts, one of which shall be a revolving fund called the Rural Development Loan Fund and other of which shall be a revolving fund called the Community Development Loan Fund. The capital of each such revolving fund shall remain available until expended.

[(2) The Rural Development Loan Fund shall consist of such amounts as may be deposited in such Fund by the Director out of funds made available from appropriations for the purposes of carrying out this title.

[(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds made available from appropriations for the purpose of carrying out this title. The Secretary may make deposits in the Community Development Loan Fund in any fiscal year in which he has made available for grants to community development corporations not less than \$60,000,000 out of funds made available from appropriations for the purpose of carrying out this title.

EVALUATION AND RESEARCH

[SEC. 733. (a) Each program for which grants are made under this title shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Director may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. The results of such evaluations, together with the Director's findings and recommendations concerning the program, shall be included in the report required by section 608 of this Act.

[(b) The Director shall conduct, either directly or through grants or other arrangements, research designed to suggest new programs and policies to achieve the purposes of this title in such ways as to provide opportunities for employment, ownership, and a better quality of life for low-income residents. The Director shall particularly investigate the feasibility and most appropriate manner of establishing development banks and similar institutions and shall report to the Congress on his research findings and recommendations not later than June 30, 1973.

PART D—GENERAL

PROGRAM DURATION AND AUTHORITY

[SEC. 741. The Director shall carry out programs provided for in this title during the fiscal year ending June 30, 1972, and for the three succeeding fiscal years. For each fiscal year only such sums may be appropriated as the Congress may authorize by law.

TITLE IX—EVALUATION

COMPREHENSIVE EVALUATION OF PROGRAMS

[SEC. 901. (a) The Director shall provide for the continuing evaluation of programs under this Act and of programs authorized under

related Acts, including evaluations that describe and measure, with appropriate means and to the extent feasible, the impact of such programs, their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, and including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. The Director may, for such purposes, contract or make other arrangements for independent evaluations of those programs or individual projects.

[(b) The Director shall to the extent feasible develop and publish standards for evaluation of program effectiveness in achieving the objectives of this Act. He shall consider the extent to which such standards have been met in deciding whether to renew or supplement financial assistance authorized under any section of this Act.

[(c) In carrying out this title, the Director may require community action agencies to provide independent evaluations.

【COOPERATION OF OTHER AGENCIES

【SEC. 902. Federal agencies administering programs related to this Act shall—

[(1) cooperate with the Director in the discharge of his responsibility to plan and conduct evaluations of such poverty-related programs as he deems appropriate, to the fullest extent permitted by other applicable law; and

[(2) provide the Director on a cooperative basis with such agency, with such statistical data, program reports, and other materials, as they collect and compile on program operations, beneficiaries, and effectiveness.

【CONSULTATION

【SEC. 903. (a) In carrying out evaluations under this title, the Director shall, whenever possible, arrange to obtain the opinions of program participants about the strengths and weaknesses of programs.

[(b) The Director shall consult, when appropriate, with State agencies, in order to provide for jointly sponsored objective evaluation studies of programs on a State basis.

【PUBLICATION OF EVALUATION RESULTS

【SEC. 904. (a) The Director shall publish summaries (prepared by the evaluator) of the results of evaluative research and evaluations of program impact and effectiveness no later than sixty days after its completion.

[(b) The Director shall take necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds shall become the property of the United States.

[(c) The Director shall publish summaries of the results of activities carried out pursuant to this title in the report required by section 608 of this Act.

【EVALUATION BY OTHER ADMINISTERING AGENCIES

【SEC. 905. The head of any agency administering a program authorized under this Act may, with respect to such program, conduct evaluations and take other actions authorized under this title to the same extent and in the same manner as the Director under this title. Nothing in this section shall preclude the Director from conducting such evaluations or taking such actions otherwise authorized under this title with respect to such programs.】

ADDITIONAL VIEWS OFFERED BY MR. BENITEZ

I would like to express my concern regarding the Senior Opportunity and Services Program (SOS), what will be both nationally, and with respect to Puerto Rico. What will be the future of this program within its new found location in the Department of Health, Education and Welfare (HEW)? Will it be viewed as a repetition of existing programs which benefit senior citizens, or will it be regarded as a viable, new service rendering program which stands on its own merit? I trust it will be accepted and recognized as a valid program in its own right.

I am also disturbed by an oversight, incurred by the OEO in its proposal for funding. This oversight is due to the fact that in the basic year 1972 Puerto Rico's funding came out of the special set aside for Puerto Rico and the territories. It was not until October 1972 that the amendment calling for treatment of Puerto Rico as a state was approved. The appropriation for the year 1973 had already been made and the deficiency as far as Puerto Rico was concerned was provided out of the supplemental funds by the Director of OEO. As a result, Puerto Rico's share became more commensurate with its true need. It received \$2.5 million in SOS funds, in accordance with the new provisions of the law.

Unfortunately in the proposal for funding in 1975 the increment made to Puerto Rico is not included as part of its normal appropriation but rather is retained as part of the overall supplementary grant. I hold that this is an oversight.

Since the roughly \$8 million appropriated for the SOS program is based on a pre-1972 base for Puerto Rico, this would mean a severe cut in the services rendered to the impoverished elderly in Puerto Rico. I would like to point this out, with hopes that this situation can be remedied through affirmative action taken by the Appropriations Committee, to raise the appropriations level in order to take this situation into account.

JAIME BENITEZ.

MINORITY VIEWS OF CONGRESSMEN ASHBROOK, LANDGREBE, AND HUBER

One cannot help but be amazed at how difficult it is to terminate a federal program—even a program that has failed. Community Action Agencies, one of the most wasteful federal boondoggles in recent memory, are a case in point.

Since their inception in 1965, Community Action Agencies have spent in the neighborhood of 7.4 billion dollars. And where has all the money gone? Approximately 78 percent of the federal dollars have gone into salaries and overhead. If our goal is to help the poor, why should we subsidize a national apparatus of “non-profit” organizations and bureaucrats whose salaries devour between three-fourths and four-fifths of the program’s money?

Millions more taxpayer dollars have been misspent and mismanaged. This is not a narrow partisan view. A GAO report released in April of 1973 found that in 63 percent of the OEO programs it reviewed there were “significant deficiencies” in the financial operations. These deficiencies included “inadequate controls over cash, payroll, travel expense, procurement, consultant services and property.” In 8 percent of the cases, misappropriations of funds had occurred which were directly traceable to improper management controls.

The staggering cost and waste perhaps could be justified if Community Action Agencies did in fact elevate persons out of poverty. This has not come to pass, however. And really, how could these agencies be expected to achieve results when so little of each dollar is used to fight poverty.

High overhead and misuse of funds are not the only problems. A utilization test survey of 591 of the nation’s 986 CAA’s asserts that during the period studied these agencies mobilized approximately \$1.3 billion in resources at the community level, while receiving \$1.6 billion in OEO funds. Even if one takes this OEO-prepared survey at face value rather than as a self-serving document, this means that Community Action Agencies are getting a disappointing 80 cent return for each federal seed dollar.

In fact, however, the true picture is far more dismal than the \$1.3 billion figure would suggest. Approximately \$550 million of these funds were channeled into the communities from other federal agencies, well over two-fifths of the funds claimed to have been “mobilized” by CAA’s. Even if community action programs were non-existent, some other institution could have handled distribution of the federal funds. Another \$490 million came from funds of state, county and local governments—more taxpayer dollars, not private donations—while \$95 million is the result of programs and services from public hospitals, schools and similar institutions. Only \$165 million of the \$1.3 billion falls into the category of non-government contributions, such as churches, foundations, business and civic interests.

A further measure of the program's lack of success is reflected in its failure to get jobs for those in need. According to the utilization survey, each CAA persuaded only an average of three organizations and two-and-a-half employers to change their policies and hire more of those stricken by poverty. This means that each CAA is influencing less than one institution and one employer per year to alter its hiring policies.

Our negative view of CAA's is shared by Dr. Edward C. Banfield, author of *The Unheavenly City*. Dr. Banfield, who has spent a great deal of time studying these programs, states:

There is no evidence so far as I am able to discover, that the Community Action and other Great Society programs designed to stimulate upward mobility have succeeded in doing so. Where motivation developed it may have done so in spite of these programs rather than because of them.

Community Action Agencies have had nine years to prove their worth. Instead, their history has been a record of failure. We are unable to justify any further extension of this program.

Testimony and experience of the individual members recognize that some of the thousands of CAAs have made modest contributions and others have even been successful. These examples are remote, however. Particularly in the large cities have the results been negligible. In many cases the CAA is tied to the political machine and used for narrow partisan or radical activist purposes. At any rate, these narrow areas of success cannot be used to give the stamp of approval to a nationwide failure. Those few which have been successful should be able to continue by local support and use of revenue sharing funds.

Even those who favor an extension of Community Action Agencies, however, should seriously consider voting against this bill. H.R. 14449 does far more than continue community action under HEW. It also provides for the following:

- (1) A legal services program, transferring the present legal services activities to HEW without reform.
- (2) A Design and planning Assistance Program, providing free services to organizations "not otherwise able to afford" their own architects.
- (3) A Community Food and Nutrition Program, distributing free food "without regard to the requirements of such laws for local or State administration or financial participation."
- (4) An Environmental Action Program, furnishing a federal subsidy for "cleanup and sanitation activities, including solid waste removal."
- (5) A Family Planning program, with language which will allow continued use of federal funds for abortion and sterilization.

We urge our colleagues to join with us in defeating this bill.

JAMES M. ASHBROOK.
ROBERT J. HUBER.
EARL F. LANDGREBE.

ADDITIONAL MINORITY VIEWS

The bill reported by the Education and Labor Committee represents many compromises on both sides of the aisle. We feel, however, that without the addition of the following changes the bill is still unacceptable.

PLACEMENT AND PROGRAM ADMINISTRATION

As all of our colleagues know, through the years the Office of Economic Opportunity has been a symbol of controversy and confrontation. It has often appeared that individuals working within the federal bureaucracy were more concerned with rhetoric than with people. As we began to develop a new bill we recognized that Community Action Agencies that remain have in many instances matured significantly over recent years and that, instead of fighting the elected officials, many have moved to set up lines of communication and are trying to work within local power structures. Community Action Agencies are becoming more acceptable! Last year alone 106 of them became local public agencies as permitted by the Act. Having recognized the worth of local Community Action Agencies and the limitations of the Office of Economic Opportunity, we concluded that the most advantageous route to follow would be to keep Community Action Agencies operating, while requiring an increased proportion of the costs eventually be picked up by state and local bodies.

The second move was to place Community Action Programs in an agency where they could continue to operate. We did not feel that there should be a separate agency in the Office of the President or an independent agency for the program. We concluded that Community Action Agencies could best be funded through an established Cabinet agency. The Department of Health, Education, and Welfare was our choice because virtually all of its programs have a direct bearing on the problems of the poor.

Other Members of the Committee agreed with the placement of Community Action programs in HEW, but went further than we feel is justified. Rather than simply transferring the Community Action Program to the Secretary of HEW and allowing him to fit it into the HEW structure in a way that he felt would be more advantageous for the program, the Committee bill establishes a "Community Action Administration" in HEW. The Agency is to be headed by a Director who would be directly responsible to the Secretary. Not only that, the bill language says that "The Secretary shall not approve any delegation of the functions of the Director to any other officer not directly responsible to the Director." We believe this solution to be unworkable. Every program that has a special constituency seems to feel it is the most important of all and seems to want a guarantee that the head of the program reports directly to the Secretary of the Department. This is an obvious impossibility in terms of effective administration of the

Department. Further, the Secretary of HEW has overall responsibilities within the Department and has very limited time and capacity to deal with every single problem personally. Therefore, the funding of local initiative programs of local Community Action Agencies should be administered at a level which would be similar to anything comparable within the Department. If every program having a special interest group was headed by an Officer reporting directly to the Secretary who wanted to meet with him on a daily basis, the Secretary would probably be able to see each individual one minute per day. This does not appear to us to be a logical way to carry out good and effective programs.

Another compelling reason why funding local initiative Community Action programs need not occur through a structure mandated by law is the fact that the program is simply just not large enough to justify it. The Office of Education, which has enormously complex program responsibilities entailing the expenditure of over \$6 billion annually, is headed by a Commissioner of Education. Each special interest area within OE is headed by a Deputy Commissioner or less. The Headstart program, which was transferred from OEO to HEW, has a projected budget for FY 75 of \$455 million and is headed by a Director who reports to an Assistant Secretary. The "Community Action Administration" established under this bill has an authorization of only \$330 million, which is significantly smaller than the \$588.5 million dollar budget for the Bureau of Vocational Education, which is headed by a Deputy Commissioner, who reports to the Commissioner of Education. Both programs within the Office of Education and the Headstart reporting structures work well, in spite of the fact that the individuals who head them do not report directly to the Secretary.

In HEW there are presently seven Assistant Secretaries and an Administrator heading all of the major component parts of HEW. Each of these Assistant Secretaries has substantial responsibilities, not limited to a single program. To establish a program, force its placement in the Department and then give its Director the same access to the Secretary that the Assistant Secretary with multiple responsibilities has is inequitable as well as unnecessary.

Therefore, we will propose an amendment which deletes the word "Director" wherever it appears in the bill and inserts the word "Secretary." Through this amendment we hope to give the Secretary of HEW the flexibility and discretion to place the program where he thinks it can best function and HEW can establish a structure which will be most compatible with other programs within the Department.

PERSONNEL

Associated with the transfer of the program is the transfer of personnel. As everyone knows, the Administration intends that the Office of Economic Opportunity shall cease to exist July 1, 1974. This not only means eliminating the Agency but eliminating the jobs within that agency. The Committee decided not to terminate the OEO programs, but to transfer them to HEW. By continuing the Community Action Programs, the bill transfers all employees to the Department of Health, Education, and Welfare. Immediately on transfer all OEO employees would be considered HEW employees and have so-called

"bumping" privileges over all regular employees within the Department of Health, Education, and Welfare. We feel this would be totally unfair to HEW employees if a reduction in force of OEO personnel were to be made, thereby eliminating some jobs. To give preference to OEO employees which is not tendered to other non-HEW Civil Service employees as this legislation does, does not seem to us to be either a sound labor management concept, and is unfair to the over 100,000 individuals already employed at HEW.

Therefore, we intend to offer an amendment which will delete Section 602(1) of the bill.

REGIONAL OFFICES

Finally, we believe that regional offices are generally unresponsive to the needs of people and administrative responsibilities of the States. They are generally insulated from the central headquarters in Washington and operated in a non-responsive, insulated and autonomous manner. We believe there is no need for them in the funding of local Community Action Agencies.

In the bill that was reported by the Subcommittee an amendment was adopted which read:

Within one year from the date of enactment of this Act, the Director shall cease all operations in the ten Regional Offices which will be transferred to the Agency under this Act.

Between the Subcommittee and the Full Committee, this language was deleted and the following language was included:

(g) In carrying out his responsibilities under this part the Director may delegate to a State, in accordance with criteria and guidelines established by him, such functions as he deems appropriate, except that no such delegation shall take place unless all the community action agencies within such State formally indicate their approval of such proposed delegation.

We had intended that the new language would not replace the original language but be included in addition to it. It is our plan, therefore, to offer an amendment in addition to the existing language in the bill, which will prohibit the Secretary of HEW from delegating any responsibilities authorized under this Act to regional offices.

ALBERT H. QUIE.
JOHN N. ERLNBORN.
EDWIN D. ESHLEMAN.

SUPPLEMENTAL MINORITY VIEWS

The credibility of the Congress with our constituents rests in large measure on its reflection of the realities with which we, as a Nation, must come to grips in the reordering of our priorities. To the degree that the Congress authorizes or funds programs which the people know to be less than effective and not meriting further support with tax dollars, that credibility is eroded.

There is, in my opinion, much danger—if the Congress should enact this measure—of adding weight to the people's opinion that the Congress has not been able to institute adequately devices to recognize and reward successful programs by the discontinuation of unsuccessful ones. Why must we conclude that once a program is funded, it must be funded for ever, irrespective of results? This is a question propounded frequently by our citizens, for government programming often fails to develop a mechanism for phasing out failure. This is what we should be talking about when we discuss the Economic Opportunity Act and programs funded through it—and proposals for its extension.

A careful examination of the ten-year history of the Economic Opportunity Act and the Office of Economic Opportunity set in place to administer it shows, to my satisfaction, a disparity—often great—between what the Congress had hoped for and what has been accomplished between promise and performance. All one has to do is to sit down with the legislative history—the testimony of proponents and the remarks of advocates in the Congress—on one hand, and the analyses of program accomplishments on the other, and one can ascertain that OEO has had some programs which have worked and others which have not. That conclusion is not meant to be a declaration of a truism. It is intended, rather, to illustrate to this House that we ought not to proceed, year after year, in continuing to fund all the programs under the Act just because they were funded in the previous version of that Act. To do so—to fund those programs which have been unsuccessful as well as those which have worked—is to create disincentives to success. Why should the leadership of a particular project work any harder to carry out the purposes embodied in this Act if they know they will get funded year after year anyway?

The Community Action Agencies are appropriate examples of this phenomenon. Some have been successful in attaining meaningful, real world goals of helping the poor, one example is the CAA in Western New York. For that, they are to be commended. But, on the whole, most CAAs have not succeeded in genuinely helping the poor. Instead of serving as a catalyst for engendering a spirit within poor people conducive to ending dependency upon the largess of government, CAAs have frequently existed to service their own internal bureaucracies, often with substantial salaries, and "power positions" within various blocs within communities. They have become heavily bureaucratized with over 80 percent of CAA funds going to pay salaries of staff members. The turnout in most CAA elections has been drastically low. In 1973 when the Administration announced its intentions to transfer CAAs to local funding—in other words, convert to local public agency

status or not survive—only 106 out of 986 actually converted to such status. To me, these statistics show where the priorities of most CAAs have been placed and that many do not enjoy sufficient community support to survive. What we have are those working, viable CAAs surviving because of that work and dedication to purpose, while the preponderant majority are being sustained, nonetheless, solely because Congress keeps funneling the money to them each year—not because they enjoy community support, even from the poverty population.

When one considers the demands being placed upon the Treasury from other programs and priorities—and when one considers that all funds for the operation of Federal programs must come ultimately from the people in the form of taxes—I think the time is here when the Congress must take a careful look at where this program is and where it ought to be going.

Toward this end, instead of enacting the measure reported by the Committee, I would suggest changing the mode of community action program grants to that which the Congress already approved in the enactment of the Comprehensive Employment Act. That Act made eligible for program grants States, units of general local government within those States, or combinations of local governments. Those grantees have been provided an option to run the programs themselves or to subcontract themselves with public or private agencies. Local determination is thus put back into this program—local determination to decide where and how the grants should go and how the programs should be operated.

I think a program modeled after these characteristics would produce a far more effective, responsive program than we have now. Government closest to the people governs best and is most accountable, and this has typically been most true of those people within minority and economically disadvantaged groups. Government closest to them has always “delivered” on promises more effectively than those governments far removed, and nothing can be further removed in our system than the Federal bureaucracy.

These observations and recommendations are offered in a spirit of trying to maximize the Federal dollar's effectiveness. That cannot be done when we subsidize failure and create disincentives to success. It is time to maintain our commitment to the poor but maintain it through the most effective social service delivery vehicles. Funds should not be taken away from the poor but rechanneled into agencies which can deliver more effectively the services we intend to be delivered through this program.

There is widespread support for this effort. The influential National Association of Counties, speaking through its board of directors on April 29, observed:

The time has come to end the waste of effort and dollars at the present Office of Economic Opportunity programs.

We believe that the best way to ensure an effective program, oriented to problems rather than organizations, is to place responsibility for control and approval of the program with elected local officials.

It is time the Congress heeded this, and countless other messages.

JACK KEMP.