

Calendar No. 171

97TH CONGRESS
1ST SESSION**S. 1377****[Report No. 97-139]**

To provide for reconciliation pursuant to title III of the first concurrent resolution on the budget for fiscal year 1982 (H. Con. Res. 115, Ninety-seventh Congress).

IN THE SENATE OF THE UNITED STATES

JUNE 17 (legislative day, JUNE 1), 1981

Mr. DOMENICI, from the Committee on the Budget, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To provide for reconciliation pursuant to title III of the first concurrent resolution on the budget for fiscal year 1982 (H. Con. Res. 115, Ninety-seventh Congress).

- 1 *Be it enacted by the Senate and House of Representatives of the United States*
- 2 *of America in Congress assembled, That this Act may be cited as the "Omnibus*
- 3 *Reconciliation Act of 1981".*

1 TITLE I—SENATE COMMITTEE ON AGRICULTURE, NUTRITION,
2 AND FORESTRY

3 PART A—GRAIN RESERVES

4 FARM STORAGE FACILITY LOANS

5 SEC. 101. Section 4(h) of the Commodity Credit Corporation Charter Act (15
6 U.S.C. 714b(h)) is amended by striking from the fourth proviso of the second
7 sentence the phrase "shall make loans" and inserting in lieu thereof the phrase
8 "may make loans".

9 MANDATORY INTEREST WAIVER ON GRAIN RESERVE

10 SEC. 102. The second sentence of section 110(b) of the Agricultural Act of
11 1949 (7 U.S.C. 1445e(b)) is amended by striking out "on the 1980 and 1981
12 crops of wheat and feed grains" in clause (3) and inserting in lieu thereof "on any
13 crop of wheat or feed grains during any period that the commercial export sale of
14 wheat or feed grains, as the case may be, to any country or area has been
15 suspended by the President or other member of the executive branch of the Fed-
16 eral Government if, during such period, the United States otherwise continues
17 commercial trade with such country or area".

18 PART B—COMMODITY INSPECTION FEES

19 COTTON CLASSING AND RELATED SERVICES

20 SEC. 111. (a) Section 5 of the United States Cotton Standards Act (7 U.S.C.
21 55) is amended to read as follows:

22 "SEC. 5. (a) The Secretary of Agriculture shall cause to be collected such fees
23 and charges for licenses issued to classifiers of cotton under section 3 of this Act,
24 for determinations made under section 4 of this Act, and for the establishment of
25 standards and sale of copies of standards under section 6 of this Act, as will
26 cover, as nearly as practicable, and after taking into consideration net proceeds
27 from any sale of samples, the costs incident to providing services and standards
28 under such sections, including administrative and supervisory costs. Such fees
29 and charges shall be credited to the current appropriation account that incurs the
30 cost and shall remain available until expended to pay the expenses of the Secre-
31 tary incident to providing services and standards under this Act and the United
32 States Cotton Futures Act (7 U.S.C. 15b). The Secretary may provide by regula-
33 tion conditions under which cotton samples submitted or used in the performance
34 of services authorized by this Act shall become the property of the United States
35 and may be sold with the proceeds credited to the foregoing account: *Provided*,
36 That such cotton samples shall not be subject to the provisions of the Federal
37 Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

38 "(b) The price established by the Secretary of Agriculture under the foregoing
39 provisions of this section for practical forms representing the official cotton stand-
40 ards of the United States shall cover, as nearly as practicable, the estimated

1 actual cost to the Department of Agriculture for developing and preparing such
2 practical forms.”.

3 (b) Effective only for the fiscal years ending September 30, 1982, September
4 30, 1983, and September 30, 1984, section 3a of the Cotton Statistics and Esti-
5 mates Act (7 U.S.C. 473a) is amended to read as follows:

6 “SEC. 3a. Effective for the fiscal years ending September 30, 1982, Septem-
7 ber 30, 1983, and September 30, 1984, the Secretary of Agriculture is author-
8 ized and directed to make cotton classification services available to producers of
9 cotton. The Secretary is further directed to provide for appropriate agencies of
10 the Department of Agriculture to collect directly from participating producers
11 reasonable fees which, together with the proceeds of sales of samples submitted
12 under this section, shall cover as nearly as practicable the cost of the services
13 provided under this section, including administrative and supervisory costs: *Pro-*
14 *vided*, That the Secretary’s net cost estimate (after taking into account the pro-
15 ceeds from the sale of samples) used to calculate the per-bale fee to be collected
16 from producers for such classification services shall not exceed \$12,000,000 in
17 the fiscal year ending September 30, 1982, \$12,400,000 in the fiscal year ending
18 September 30, 1983, and \$13,000,000 in the fiscal year ending September 30,
19 1984. All samples of cotton submitted for classification under this section shall
20 become the property of the United States, and shall be sold: *Provided*, That such
21 cotton samples shall not be subject to the provisions of the Federal Property and
22 Administrative Services Act of 1949 (40 U.S.C. 471 et seq.). Fees collected
23 under this section and proceeds from sales of samples shall be credited to the
24 current appropriation account that incurs the cost and shall remain available
25 without fiscal year limitation to pay the expenses of the Secretary incident to
26 providing classification services under this section. If any interest is earned on
27 this account, such interest so earned shall be credited to the account for use by
28 the Secretary in providing such services. There are authorized to be appropriated
29 such sums as may be necessary to carry out the provisions of this section to the
30 extent that financing is not available from fees and the proceeds from the sale of
31 samples.”.

32 (c) Subsection (f)(1)(G) of the United States Cotton Futures Act (7 U.S.C.
33 15b(f)(1)(G)) is amended by striking out “in such regulations.” and inserting in
34 lieu thereof “in such regulations and shall be credited to the account referred to
35 in section 5 of the United States Cotton Standards Act (7 U.S.C. 55). The Secre-
36 tary may provide by regulation conditions under which cotton samples submitted
37 or used in the performance of services authorized by this Act shall become the
38 property of the United States and may be sold and the proceeds credited to the
39 foregoing account: *Provided*, That such cotton samples shall not be subject to the
40 provisions of the Federal Property and Administrative Services Act of 1949 (40
41 U.S.C. 471 et seq.).”.

1 (d) The Secretary of Agriculture shall hold annual meetings with representa-
 2 tives of the cotton industry to review (1) activities and operations under the
 3 United States Cotton Standards Act, the Cotton Statistics and Estimates Act,
 4 and the United States Warehouse Act, and (2) the effect of such activities and
 5 operations on prices received by producers and sales to domestic and foreign
 6 users, for the purpose of improving procedures for financing and for administering
 7 such activities and operations for the benefit of the industry and the Federal
 8 Government. Notwithstanding any other provision of law, the Secretary shall
 9 take such action as may be necessary to insure that the universal cotton stand-
 10 ards system and the licensing and inspection procedures for cotton warehouses
 11 are preserved and that the Government cotton classification system continues to
 12 operate so that the United States cotton crop is given an official quality descrip-
 13 tion.

14 (e) The provisions of this section shall become effective July 1, 1981.

15 TOBACCO INSPECTION AND RELATED SERVICES

16 SEC. 112. (a) Section 5 of The Tobacco Inspection Act (7 U.S.C. 511d) is
 17 amended by striking out the last two sentences and inserting in lieu thereof the
 18 following: "The Secretary shall by regulation fix and collect fees and charges for
 19 inspection and certification, the establishment of standards, and other services
 20 under this section at designated auction markets. The fees and charges author-
 21 ized by this section shall, as nearly as practicable, cover the costs of the services,
 22 including the administrative and supervisory costs customarily included by the
 23 Secretary in user fee calculations. Such fees and charges, when collected, shall
 24 be credited to the current appropriation account that incurs the cost and shall be
 25 available without fiscal year limitation to pay the expenses of the Secretary inci-
 26 dent to providing services under this Act. Such fees and charges shall be collect-
 27 ed by warehouse operators from the sellers of the tobacco, and such fees and
 28 charges shall be assessed against the warehouse operator irrespective of owner-
 29 ship or interest in the tobacco. The inspection and related services under this
 30 section shall be suspended or denied if the warehouse operator fails to collect or
 31 otherwise pay the fees and charges imposed under this section. Tobacco inspec-
 32 tion or certification services provided to designated auction markets shall take
 33 precedence over such services, other than reinspection, requested under the au-
 34 thority contained in section 6 of this Act or any other provision of law. In accord-
 35 ance with the Federal Advisory Committee Act, the Secretary shall establish a
 36 national advisory committee of tobacco producers, and advisory subcommittees
 37 for each major kind of tobacco, to advise the Secretary with regard to the level of
 38 inspection and related services and the fees and charges therefor. The advisory
 39 committee and subcommittees established under this section shall be of perma-
 40 nent duration. The committees shall meet at the call of the Secretary."

1 (b) Section 6 of the Tobacco Inspection Act (7 U.S.C. 511e) is amended by
 2 revising the first sentence of the second paragraph to read as follows: "The
 3 Secretary shall fix and collect such fees or charges in the administration of this
 4 section as will cover, as nearly as practicable, the costs of the services provided,
 5 including administrative and supervisory costs. Such fees and charges shall be
 6 credited to the account referred to in section 5 of this Act."

7 (c) The provisions of this section shall become effective July 1, 1981.

8 **NAVAL STORES INSPECTION AND RELATED SERVICES**

9 **SEC. 113.** (a) Section 4 of the Naval Stores Act (7 U.S.C. 94) is amended by
 10 striking out "on tender of the cost thereof as required by him," in the second
 11 sentence.

12 (b) Section 8 of the Naval Stores Act (7 U.S.C. 98) is amended to read as
 13 follows:

14 "SEC. 8. (a) The Secretary of Agriculture shall fix and cause to be collected
 15 fees and charges for the establishment of standards under section 3 of this Act
 16 and for examinations, analyses, classifications, and other services under section 4
 17 of this Act which shall cover, as nearly as practicable, the costs of providing such
 18 services and standards as the Secretary shall deem necessary, including adminis-
 19 trative and supervisory costs. Such fees and charges, when collected, shall be
 20 credited to the current appropriation account that incurs such costs and shall be
 21 available without fiscal year limitation for the payment of expenses of the Secre-
 22 tary incident to providing such services and standards under this Act. Fees and
 23 charges shall be assessed and collected from processors and warehousemen of naval
 24 stores, and inspection and related services shall be suspended or denied to any
 25 such processor or warehouseman upon failure to timely pay the fees and charges
 26 assessed.

27 "(b) There are hereby authorized to be appropriated such sums as may be
 28 necessary for the enforcement and administration of this Act."

29 (c) The provisions of this section shall become effective July 1, 1981.

30 **WAREHOUSE EXAMINATION, INSPECTION, AND LICENSING**

31 **SEC. 114.** (a) Section 10 of the United States Warehouse Act (7 U.S.C. 251)
 32 is amended to read as follows:

33 "SEC. 10. The Secretary of Agriculture, or the Secretary's designated repre-
 34 sentative, shall charge, assess, and cause to be collected a reasonable fee for (1)
 35 each examination or inspection of a warehouse (including the physical facilities
 36 and records thereof and the agricultural products therein) under this Act; (2) each
 37 license issued to any person to classify, inspect, grade, sample, and/or weigh
 38 agricultural products stored or to be stored under provisions of this Act; (3) each
 39 annual warehouse license issued to a warehouseman to conduct a warehouse
 40 under this Act; and (4) each warehouse license amended, modified, extended, or
 41 reinstated under this Act. Such fees shall cover, as nearly as practicable, the

1 costs of providing such services and licenses, including administrative and super-
 2 visory costs: *Provided, That* the amount of such fees collected for cotton ware-
 3 house inspections shall not exceed \$400,000 in the fiscal year ending September
 4 30, 1982, \$415,000 in the fiscal year ending September 30, 1983, and \$430,000
 5 in the fiscal year ending September 30, 1984. All fees collected shall be credited
 6 to the current appropriation account that incurs the costs and shall be available
 7 without fiscal year limitation to pay the expenses of the Secretary incident to
 8 providing services under this Act. If any interest is earned on this account such
 9 interest shall be credited to the account for use by the Secretary in providing
 10 such services.”.

11 (b) Section 31 of the United States Warehouse Act (7 U.S.C. 271) is amended
 12 to read as follows:

13 “SEC. 31. There are hereby authorized to be appropriated such sums as are
 14 necessary to carry out the provisions of this Act other than those services for
 15 which fees are authorized pursuant to section 10. Such appropriated funds may
 16 be used by the Secretary to employ qualified persons not regularly in the service
 17 of the United States for temporary assistance in carrying out the provisions of
 18 this Act.”.

19 (c) The provisions of this section shall become effective October 1, 1981.

20 GRAIN INSPECTION AND WEIGHING

21 SEC. 115. (a) Section 7(j) of the United States Grain Standards Act (7 U.S.C.
 22 79(j)) is amended to read as follows:

23 “(j)(1) The Administrator shall, under such regulations as the Administrator
 24 may prescribe, charge and collect reasonable inspection fees to cover the estimat-
 25 ed cost to the Service incident to the performance of official inspection except
 26 when the official inspection is performed by a designated official agency or by a
 27 State under a delegation of authority. The fees authorized by this subsection
 28 shall, as nearly as practicable and after taking into consideration any proceeds
 29 from the sale of samples, cover the costs of the Service incident to its perform-
 30 ance of official inspection services in the United States and on United States
 31 grain in Canadian ports, including administrative and supervisory costs related to
 32 such official inspection of grain. Such fees, and the proceeds from the sale of
 33 samples obtained for purposes of official inspection which become the property of
 34 the United States, shall be deposited into a fund which shall be available without
 35 fiscal year limitation for the expenses of the Service incident to providing services
 36 under this Act.

37 “(2) Each designated official agency and each State agency to which authority
 38 has been delegated under subsection (e) of this section shall pay to the Adminis-
 39 trator fees in such amount as the Administrator determines fair and reasonable
 40 and as will cover the estimated costs incurred by the Service relating to supervi-
 41 sion of official agency personnel and supervision by Service personnel of its field

1 office personnel, except costs incurred under paragraph (3) of subsection (g) of
 2 this section and sections 9, 10, and 14 of this Act. The fees shall be payable after
 3 the services are performed at such times as specified by the Administrator and
 4 shall be deposited in the fund created in paragraph (1) of this subsection. Failure
 5 to pay the fee within thirty days after it is due shall result in automatic termina-
 6 tion of the delegation or designation, which shall be reinstated upon payment,
 7 within such period as specified by the Administrator, of the fee currently due plus
 8 interest and any further expenses incurred by the Service because of such termi-
 9 nation. The interest rate on overdue fees shall be prescribed by the Secretary of
 10 Agriculture, but not less than the current average market yield on outstanding
 11 marketable obligations of the United States of comparable maturity, plus an addi-
 12 tional charge of not to exceed 1 per centum per annum as determined by the
 13 Secretary of Agriculture, and adjusted to the nearest one-eighth of 1 per centum.

14 “(3) The total administrative and supervisory costs of providing official inspec-
 15 tion under this section and official weighing under section 7A of this Act shall not
 16 exceed 30 per centum of the total costs of providing the inspection and weighing
 17 services by the Service.”.

18 (b) Section 7A(l) of the United States Grain Standards Act (7 U.S.C. 79a(l)) is
 19 amended to read as follows:

20 “(l)(1) The Administrator shall, under such regulations as the Administrator
 21 may prescribe, charge and collect reasonable fees to cover the estimated costs to
 22 the Service incident to the performance of the functions provided for under this
 23 section except as otherwise provided in paragraph (2) of this subsection. The fees
 24 authorized by this paragraph shall, as nearly as practicable, cover the costs of the
 25 Service incident to performance of its functions related to weighing, including
 26 administrative and supervisory costs directly related thereto. Such fees shall be
 27 deposited into the fund created in section 7(j) of this Act.

28 “(2) Each agency to which authority has been delegated under this section and
 29 each agency or other person which has been designated to perform functions
 30 related to weighing under this section shall pay to the Administrator fees in such
 31 amount as the Administrator determines fair and reasonable and as will cover the
 32 costs incurred by the Service relating to supervision of the agency personnel and
 33 supervision by Service personnel of its field office personnel incurred as a result
 34 of the functions performed by such agencies, except costs incurred under para-
 35 graph (3) of section 7(g) and sections 9, 10, and 14 of this Act. The fees shall be
 36 payable after the services are performed at such times as specified by the Admin-
 37 istrator and shall be deposited in the fund created in section 7(j) of this Act.
 38 Failure to pay the fee within thirty days after it is due shall result in automatic
 39 termination of the delegation or designation, which shall be reinstated upon pay-
 40 ment, within such period as specified by the Administrator, of the fee currently
 41 due plus interest and any further expenses incurred by the Service because of

1 such termination. The interest rate on overdue fees shall be prescribed by the
 2 Secretary of Agriculture, but not less than the current average market yield on
 3 outstanding marketable obligations of the United States of comparable maturity,
 4 plus an additional charge of not to exceed 1 per centum per annum as determined
 5 by the Secretary of Agriculture, and adjusted to the nearest one-eighth of 1 per
 6 centum.”.

7 (c) Section 19 of the United States Grain Standards Act (7 U.S.C. 87h) is
 8 amended to read as follows:

9 “SEC. 19. There are hereby authorized to be appropriated such sums as are
 10 necessary for standardization and compliance activities and any other expenses
 11 necessary to carry out the provisions of this Act for each of the fiscal years
 12 during the period beginning October 1, 1981, and ending September 30, 1985, to
 13 the extent that financing is not obtained from fees and sales of samples as pro-
 14 vided for in sections 7, 7A, and 17A of this Act.”.

15 (d) The United States Grain Standards Act (7 U.S.C. 71 et seq.) is amended
 16 by adding at the end thereof the following new section:

17 “SEC. 20. (a) In order to assure the normal movement of grain in an orderly
 18 and timely manner, the Secretary shall establish an advisory committee to pro-
 19 vide advice to the Administrator with respect to the efficient and economical
 20 implementation of the United States Grain Standards Act of 1976. The advisory
 21 committee shall consist of not more than twelve members, appointed by the Sec-
 22 retary, representing the interests of all segments of the grain industry, including
 23 grain inspection and weighing agencies. Members of the advisory committee shall
 24 be appointed not later than thirty days after the date of enactment of this section.

25 “(b) The advisory committee shall be governed by the provisions of the Federal
 26 Advisory Committee Act.

27 “(c) The Administrator shall provide the advisory committee with necessary
 28 clerical assistance and staff personnel.

29 “(d) Members of the advisory committee shall serve without compensation, if
 30 not otherwise officers or employees of the United States, except that members
 31 shall, while away from their homes or regular places of business in the perform-
 32 ance of services under this section, be allowed travel expenses, including per
 33 diem in lieu of subsistence, as authorized under section 5703 of title 5, United
 34 States Code.”.

35 (e) The provisions of this section shall become effective October 1, 1981.

36 PART C—FARM AND RURAL DEVELOPMENT PROGRAMS

37 WATER AND WASTE GRANTS

38 SEC. 121. Section 306(a)(2) of the Consolidated Farm and Rural Development
 39 Act (7 U.S.C. 1926(a)(2)) is amended by striking out the period at the end of the
 40 first sentence and inserting in lieu thereof a colon and the following: “Provided,

1 That for fiscal years commencing after September 30, 1981, such grants may not
2 exceed \$100,000,000 in any fiscal year."

3 INTEREST RATES FOR FARM OWNERSHIP, WATER AND WASTE, AND
4 COMMUNITY FACILITY LOANS

5 SEC. 122. Section 307(a) of the Consolidated Farm and Rural Development
6 Act (7 U.S.C. 1927(a)) is amended by—

7 (1) striking out the period at the end of paragraph (2) and inserting in
8 lieu thereof a colon and the following: "Provided, That the interest rate
9 shall be 3 percentage points less than the rate so determined under this
10 paragraph in the case of low-income, limited-resource borrowers eligible
11 for assistance under section 310D."; and

12 (2) striking out paragraph (3) and inserting in lieu thereof the following:

13 "(3) The interest rates on loans (other than guaranteed loans) to public bodies
14 or nonprofit associations (including Indian tribes on Federal and State reserva-
15 tions and other federally recognized Indian tribal groups) for water and waste
16 disposal facilities and essential community facilities shall be as determined by the
17 Secretary of the Treasury taking into consideration the current market yields for
18 outstanding municipal obligations with remaining periods to maturity comparable
19 to the average maturity for such loans, less 3 percentage points, and adjusted to
20 the nearest one-eighth of 1 per centum."

21 INTEREST RATES ON FARM OPERATING LOANS

22 SEC. 123. Section 316(a) of the Consolidated Farm and Rural Development
23 Act (7 U.S.C. 1946(a)) is amended by striking out the period at the end of the
24 second sentence and inserting in lieu thereof a colon and the following: "Pro-
25 vided, That the interest rate shall be 3 percentage points less than the rate so
26 determined in the case of low-income, limited-resource borrowers."

27 EMERGENCY LOAN AMOUNTS

28 SEC. 124. Section 321(a) of the Consolidated Farm and Rural Development
29 Act (7 U.S.C. 1961(a)) is amended by inserting "only to the extent and in such
30 amounts as provided in advance in appropriation Acts" after "The Secretary
31 shall make and insure loans under this subtitle".

32 INTEREST RATES ON EMERGENCY LOANS FOR ACTUAL LOSS

33 SEC. 125. Section 324(b)(1) of the Consolidated Farm and Rural Development
34 Act (7 U.S.C. 1964(b)(1)) is amended to read as follows:

35 "(1) For loans or portions of loans up to the amount of the applicant's actual
36 loss caused by the disaster, as limited under subsection (a)(1) of this section, the
37 interest shall be at rates prescribed by the Secretary, but (A) if the applicant is
38 not able to obtain sufficient credit elsewhere, not more than a rate determined by
39 the Secretary of the Treasury taking into consideration the current average
40 market yield on outstanding marketable obligations of the United States with
41 remaining periods to maturity comparable to the average maturities of such

1 loans, plus an additional charge of not to exceed 1 per centum per annum as
 2 determined by the Secretary, and adjusted to the nearest one-eighth of 1 per
 3 centum, and (B) if the applicant is able to obtain sufficient credit elsewhere, not
 4 in excess of the rate prevailing in the private market for similar loans, as deter-
 5 mined by the Secretary; and”.

6

INSURED LOAN LIMITS

7 SEC. 126. Section 346 of the Consolidated Farm and Rural Development Act
 8 (7 U.S.C. 1994) is amended by adding at the end thereof a new subsection (d) as
 9 follows:

10 “(d) Notwithstanding any contrary provisions of subsection (b) of this section,
 11 for fiscal year 1982, loans are authorized to be insured, or made to be sold and
 12 insured, as follows:

13 “(1) From the Agricultural Credit Insurance Fund—

14 “(A) insured real estate loans for farm ownership purposes,
 15 \$700,000,000, and

16 “(B) insured operating loans, \$1,325,000,000.

17 Not less than 15 per centum of the insured loans authorized for farm own-
 18 ership purposes and not less than 15 per centum of the insured loans au-
 19 thorized for farm operating purposes shall be for low-income, limited-re-
 20 source applicants.

21 “(2) From the Rural Development Insurance Fund—

22 “(A) insured water and waste disposal loans, \$300,000,000, and

23 “(B) insured community facility loans, \$130,000,000.”.

24

EFFECTIVE DATES

25 SEC. 127. The amendments made by sections 122, 123, and 125 shall apply to
 26 loans approved after September 30, 1981.

27

RURAL ELECTRIFICATION ACT AMENDMENTS

28 SEC. 128. (a) Section 305(b) of the Rural Electrification Act of 1936 (7 U.S.C.
 29 935(b)) is amended to read as follows:

30 “(b) Insured loans made under this title shall bear interest at 5 per centum per
 31 annum, except that the Administrator may make insured loans to electric or
 32 telephone borrowers at a lesser interest rate, but not less than 2 per centum per
 33 annum, if, in the Administrator's sole discretion, the Administrator finds that the
 34 borrower—

35 “(1) has experienced extreme financial hardship; or

36 “(2) cannot, in accordance with generally accepted management and ac-
 37 counting principles and without charging rates to its customers or sub-
 38 scribers so high as to create a substantial disparity between such rates and
 39 the rates charged for similar service in the same or nearby areas by other
 40 suppliers, provide service consistent with the objectives of this Act.”.

1 (b) Section 306 of the Rural Electrification Act of 1936 (7 U.S.C. 936) is
2 amended by—

3 (1) inserting immediately after the second sentence the following: "With
4 respect to guarantees issued by the Administrator under this section, on
5 the request of the borrower of any such loan so guaranteed, the loan shall
6 be made by the Federal Financing Bank and at a rate of interest that is
7 not more than the rate of interest applicable to other similar loans then
8 being made or purchased by the Bank."; and

9 (2) striking out "a loan insured at the standard rate" in the fourth sen-
10 tence and inserting in lieu thereof "an insured loan".

11 (c) Section 307 of the Rural Electrification Act of 1936 (7 U.S.C. 937) is
12 amended by striking out "a loan insured at the standard rate" and inserting in
13 lieu thereof "an insured loan".

14 PART D—PUBLIC LAW 480

15 MISCELLANEOUS AMENDMENTS

16 SEC. 131. (a) Section 101 of the Agricultural Trade Development and Assist-
17 ance Act of 1954 (7 U.S.C. 1701) is amended by striking out "for foreign curren-
18 cies" before the period at the end of the section and inserting in lieu thereof ", to
19 the extent that sales for dollars under the terms applicable to such sales are not
20 possible, for foreign currencies on credit terms and on terms which permit con-
21 version to dollars at the exchange rate applicable to the sales agreement".

22 (b) Section 103(b) of the Agricultural Trade Development and Assistance Act
23 of 1954 (7 U.S.C. 1703(b)) is amended to read as follows:

24 "(b) except when the President determines that it would be inconsistent with
25 the objectives of this Act, determine the amount of foreign currencies needed for
26 the uses specified in subsections (a), (b), (e), and (h) of section 104 and in title III,
27 and the agreements for credit sales shall provide for payment of such amounts in
28 dollars or in foreign currencies upon delivery of the agricultural commodities.
29 Such payment may be considered as an advance payment of the earliest install-
30 ment;"

31 (c) The fifth sentence of section 107(a) of the Agricultural Trade Development
32 and Assistance Act of 1954 (7 U.S.C. 1707(a)) is amended by striking out "106"
33 and inserting in lieu thereof "106(a)(1)".

34 FINANCING UNDER TITLE I

35 SEC. 132. Effective with respect to agreements entered into after September
36 30, 1981, section 106(a) of the Agricultural Trade Development and Assistance
37 Act of 1954 (7 U.S.C. 1706(a)) is amended to read as follows:

38 "(a)(1) Payment by any friendly country for commodities purchased for dollars
39 on credit shall be upon terms as favorable to the United States as the economy of
40 such country will permit. Payment for such commodities—

“(A) in the case of an agreement to finance the sale of agricultural commodities pursuant to a Food for Development Program as provided in title III of this Act, shall be in dollars with interest at such rates as the Secretary of Agriculture may determine but not less than the minimum rate required by section 122(b) of the Foreign Assistance Act of 1961 for development loans made under that section; and

“(B) in the case of any other agreement under this title, shall be in dollars with interest at such rates as the Secretary of Agriculture may determine but not less than 6 per centum per year commencing not later than two years following the date of the last delivery of commodities in each calendar year, during which two-year period the rate of interest shall be not less than 4 per centum per year.

Payments may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period no longer than two years after such date of last delivery, and interest shall be computed from the date of such last delivery. Delivery of such commodities shall be made in annual installments for not more than ten years following the date of the sales agreement and subject to the availability of the commodities at the time delivery is to be made.

“(2) Payment by any friendly country for commodities purchased for foreign currencies on credit terms and on terms which permit conversion to dollars—

“(A) in the case of an agreement to finance the sale of agricultural commodities pursuant to a Food for Development Program as provided in title III of this Act, shall be upon terms no less favorable to the United States than those for development loans made under section 122 of the Foreign Assistance Act of 1961; and

“(B) in the case of any other agreement under this title, shall be with interest at such rates as the Secretary of Agriculture may determine but not less than 6 per centum per year commencing not later than ten years following the date of the last delivery of commodities in each calendar year, during which ten-year period the rate of interest shall be not less than 4 per centum per year: *Provided*, That such agreements shall otherwise provide for credit terms no less favorable to the United States than those for development loans made under section 122 of the Foreign Assistance Act of 1961.”.

APPROPRIATIONS LIMITS

SEC. 133. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by---

(1) inserting "(a)" immediately after "SEC. 409."; and

(2) adding at the end thereof a new subsection (b) as follows:

1 “(b) Programs shall not be undertaken under title I (including title III) and
2 title II during any calendar year which call for an appropriation of more than
3 \$1,362,000,000 for the fiscal year ending September 30, 1982, \$1,193,000,000
4 for the fiscal year ending September 30, 1983, and \$1,252,000,000 for the fiscal
5 year ending September 30, 1984.”

6 ELIMINATION OF CARGO PREFERENCE

7 SEC. 134. The Agricultural Trade Development and Assistance Act of 1954
8 (7 U.S.C. 1691 et seq.) is amended by adding at the end thereof a new section
9 414 as follows:

10 “SEC. 414. Notwithstanding any other provision of law, the provisions of the
11 cargo preference laws shall not apply to transportation of commodities financed
12 under the authority of title I or made available under title II of this Act.”

13 PART E—MISCELLANEOUS

14 DEPARTMENT OF AGRICULTURE PERSONNEL REDUCTION

15 SEC. 141. Notwithstanding any other provision of law, the total full-time
16 equivalent staff year personnel ceiling for the United States Department of Agri-
17 culture shall not exceed one hundred and eighteen thousand, three hundred and
18 sixty staff years for each of the fiscal years ending September 30, 1982, Septem-
19 ber 30, 1983, and September 30, 1984.

20 ALCOHOL FUELS

21 SEC. 142. Section 204(a) of the Biomass Energy and Alcohol Fuel Act of
22 1980 (42 U.S.C. 8803(a)) is amended by—

23 (1) striking out “\$1,450,000,000” and inserting in lieu thereof
24 “\$1,310,000,000”; and

25 (2) striking out “\$600,000,000” in clause (1) and inserting in lieu there-
26 of “\$460,000,000”.

27 PART F—FOOD STAMPS

28 FAMILY UNIT REQUIREMENT

29 SEC. 151. Section 3(i) of the Food Stamp Act of 1977 is amended by—

30 (1) inserting before the period at the end of the first sentence “; except
31 that parents and children who live together shall be treated as a group of
32 individuals who customarily purchase and prepare meals together for home
33 consumption even if they do not do so, unless one of the parents is sixty
34 years of age or older”; and

35 (2) striking “neither” in the second sentence and inserting “no” in lieu
36 thereof.

37 BOARDERS

38 SEC. 152. Section 3(i) of the Food Stamp Act of 1977 is amended by—

39 (1) striking in clause (1) of the first sentence “or else pays compensation
40 to the others for such meals,”;

(2) striking in clause (2) of the first sentence "or else live with others and pay compensation to the others for such meals"; and

(3) adding before the period at the end of the second sentence ", or else live with others and pay compensation to the others for meals".

DRUG ADDICTION AND ALCOHOLIC TREATMENT PROGRAMS

SEC. 153. (a) Section 3 of the Food Stamp Act of 1977 is amended by—

(1) striking subsection (f), the definition for "Drug addiction or alcoholic treatment and rehabilitation program";

(2) in subsection (g)(1), striking "(5), (7), and (8)" and inserting in lieu thereof "(6), and (7)";

(3) in subsection (g), striking clause (5), and redesignating clauses (6), (7), and (8) as clauses (5), (6), and (7);

(4) in the third sentence of subsection (i), inserting "and" before "temporary residents", and striking out ", and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution for the purpose of regular participation in a drug or alcoholic treatment program";

(5) in subsection (k)(2), striking "(5), (7), and (8)" and inserting in lieu thereof "(6), and (7)";

(6) in subsection (k)(3), striking "(g)(6)" and inserting in lieu thereof "(g)(5)".

(b) Section 6(d)(2) of the Food Stamp Act of 1977 is amended by—

(1) striking clause (E); and

(2) redesignating clause (F) as clause (E).

(c) Section 10 of the Food Stamp Act of 1977 is amended by striking "private nonprofit organizations or institutions which serve meals to narcotics addicts or alcoholics in drug addiction or alcoholic treatment and rehabilitation programs," and striking the comma after "children".

ADJUSTMENT OF THE THRIFTY FOOD PLAN

SEC. 154. Section 3(o) of the Food Stamp Act of 1977 is amended by striking "and" before clause (6) and all that follows down through the end of clause (6), and inserting in lieu thereof the following: "(6) on April 1, 1982, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the fifteen months ending the preceding December 31, (7) on July 1, 1983, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the fifteen months ending the preceding March 31, (8) on October 1, 1984, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the fifteen months ending the preceding June 30, and (9) on October 1, 1985, and each October 1 thereafter, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30."

GROSS INCOME ELIGIBILITY STANDARD

SEC. 155. (a) Section 5 of the Food Stamp Act of 1977 is amended by—

(1) striking out "subsections (c) and (e)" in subsection (b) and inserting in lieu thereof "subsection (c)";

(2) inserting in subsection (c) "130 per centum of" after "standards of eligibility shall be"; and

(3) striking out from the first sentence of subsection (e) "In" and inserting in lieu thereof "Further, in", and inserting "for purposes of determining the household's benefit level only," after "household income,".

(b) Section 8(a) of the Food Stamp Act of 1977 is amended by inserting "(d) and (e)" after "section 5" in the first sentence.

ADJUSTMENTS OF DEDUCTIONS

SEC. 156. Section 5(e) of the Food Stamp Act of 1977 is amended by—

(1) striking out in the first sentence everything that follows "the Secretary shall allow a standard deduction of" and inserting in lieu thereof the following: "\$85 a month for each household, except that households in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands of the United States shall be allowed a standard deduction of \$145, \$120, \$170, \$50, and \$75, respectively.";

(2) striking out the second sentence and inserting in lieu thereof the following: "Such standard deductions shall be adjusted (1) on July 1, 1983, to the nearest \$5 increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food and the homeownership component of shelter costs, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the fifteen months ending the preceding March 31, (2) on October 1, 1984, to the nearest \$5 increment to reflect such changes for the fifteen months ending the preceding June 30, and (3) on October 1, 1985, and each October 1 thereafter, to the nearest \$5 increment to reflect such changes for the twelve months ending the preceding June 30."; and

(3) striking out the proviso in clause (2) of the fourth sentence and inserting in lieu thereof the following: "Provided, That the amount of such excess shelter expense deduction shall not exceed \$115 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, Puerto Rico, and the Virgin Islands of the United States, \$200, \$165, \$140, \$40, and \$85, respectively, adjusted (1) on July 1, 1983, to the nearest \$5 increment to reflect changes in the shelter (exclusive of homeownership costs), fuel, and utilities components of housing costs in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the

1 Bureau of Labor Statistics after consultation with the Secretary, for the
 2 fifteen months ending the preceding March 31, (2) on October 1, 1984, to
 3 the nearest \$5 increment to reflected such changes for the fifteen months
 4 ending the preceding June 30, and (3) on October 1, 1985, and each Octo-
 5 ber 1 thereafter, to the nearest \$5 increment to reflect such changes for
 6 the twelve months ending the preceding June 30,".

7 EARNED INCOME DEDUCTION

8 SEC. 157. Section 5(e) of the Food Stamp Act of 1977 is amended by striking
 9 "20 per centum" in the third sentence and inserting in lieu thereof "15 per
 10 centum".

11 RETROSPECTIVE ACCOUNTING

12 SEC. 158. (a) Section 5(f) of the Food Stamp Act of 1977 is amended to read:
 13 "(f)(1)(A) Household income for those households that, by contract for other
 14 than an hourly or piecework basis or by self-employment, derive their annual
 15 income in a period of time shorter than one year, shall be calculated by averaging
 16 such income over a twelve-month period.

17 "(B) Household income for those households that received nonexcluded income
 18 of the type described in subsection (d)(3) of this section, shall be calculated by
 19 averaging such income over the period for which it is received.

20 "(2)(A) Household income for migrant farmworker households shall be calcu-
 21 lated on a prospective basis, as provided in paragraph (3)(A).

22 "(B) Household income for all other households shall be calculated either on a
 23 prospective basis as provided in paragraph (3)(A) or on a retrospective basis as
 24 provided in paragraph (3)(B), as elected by the State agency under regulations
 25 prescribed by the Secretary.

26 "(3)(A) Calculation of household income on a prospective basis is the calcula-
 27 tion of income on the basis of the income reasonably anticipated to be received by
 28 the household during the period for which eligibility or benefits are being deter-
 29 mined. Such calculation shall be made in accordance with regulations prescribed
 30 by the Secretary which shall provide for taking into account both the income
 31 reasonably anticipated to be received by the household during the period for
 32 which eligibility or benefits are being determined and the income received by the
 33 household during the preceding thirty days.

34 "(B) Calculation of household income on a retrospective basis is the calculation
 35 of income for the period for which eligibility or benefits are being determined on
 36 the basis of income received in a previous period. Such calculation shall be made
 37 in accordance with regulations prescribed by the Secretary which may provide for
 38 the determination of eligibility on a prospective basis in some or all cases in
 39 which benefits are calculated under this paragraph. Such regulations shall pro-
 40 vide for supplementing the initial allotments of newly applying households in

1 those cases in which the determination of income under this paragraph causes
2 serious hardship.

3 “(4) In promulgating regulations under this subsection, the Secretary shall
4 consult with the Secretary of Health and Human Services in order to assure that,
5 to the extent feasible and consistent with the purposes of this Act and the Social
6 Security Act, the income of households receiving benefits under this Act and title
7 IV-A of the Social Security Act, is calculated on a comparable basis under the
8 two Acts. The Secretary is authorized, upon the request of a State agency, to
9 waive any of the provisions of this subsection to the extent necessary to permit
10 the State agency to calculate income for purposes of this Act on the same basis
11 that income is calculated under title IV-A of the Social Security Act in that
12 State”.

13 (b) Effective October 1, 1983, paragraph (2)(B) of section 5(f) of the Food
14 Stamp Act of 1977, as amended by subsection (a), is amended to read:

15 “(B) Household income for all other households shall be calculated on a retro-
16 spective basis as provided in paragraph (3)(B).”.

17 (c) Section 5(d) of the Food Stamp Act of 1977 is amended by striking
18 “5(f)(2)” and inserting “5(f)” in lieu thereof.

19 PERIODIC REPORTING

20 SEC. 159. (a) Section 3(c) of the Food Stamp Act of 1977 is amended by
21 inserting before the period at the end of the second sentence “except that the
22 limit of twelve months may be waived by the Secretary to improve the adminis-
23 tration of the program”.

24 (b) Section 6(c) of the Food Stamp Act of 1977 is amended by—

25 (1) inserting after “households” in the first sentence of paragraph (1) “,
26 including all households with earned income, except migrant farmworker
27 households, all households with potential earners, including individuals re-
28 ceiving unemployment compensation benefits and individuals required by
29 section 6(d) of this Act to register for work, and all households required to
30 file a similar report under title IV-A of the Social Security Act, but not
31 including households that have no earned income and in which all mem-
32 bers are sixty years of age or over or receive supplemental security income
33 benefits under title XVI of the Social Security Act or disability and blind-
34 ness payments under titles I, II, X, XIV, and XVI of the Social Security
35 Act,”;

36 (2) striking “5(f)(2)” in paragraph (1) and inserting “5(f)” in lieu there-
37 of; and

38 (3) inserting after paragraph (3) the following new paragraph:

39 “(4) Any household that fails to submit periodic reports required by paragraph
40 (1) shall not receive an allotment for the payment period to which the unsubmit-
41 ted report applies until such report is submitted.”.

1 (c) Effective October 1, 1983, section 6(c)(1) of the Food Stamp Act of 1977 is
2 further amended by—

3 (1) striking in the first sentence "that elect to use a system of retrospec-
4 tive accounting in accordance with section 5(f) of this Act"; and

5 (2) striking the second sentence.

6 **ELIGIBILITY OF STRIKERS**

7 SEC. 160. (a) Section 6(d)(4) of the Food Stamp Act of 1977 is amended by—

8 (1) inserting before the colon at the end of the first proviso the follow-
9 ing: " , however, such household shall not receive an increased allotment
10 as the result of a decrease in the income of the striking member or mem-
11 bers of the household";

12 (2) inserting a period in lieu of the colon at the end of the second provi-
13 so; and

14 (3) striking the third proviso.

15 (b) Section 6(i) of the Food Stamp Act of 1977 is repealed.

16 **DISQUALIFICATION PENALTIES FOR FRAUD AND MISREPRESENTATION**

17 SEC. 161. Section 6(b) of the Food Stamp Act of 1977 is amended to read:

18 "(b)(1) Any person who has been found by any State or Federal court or
19 administrative agency to have intentionally (A) made a false or misleading state-
20 ment, or misrepresented, concealed or withheld facts, or (B) committed any act
21 that constitutes a violation of this Act, the regulations issued thereunder, or any
22 State statute, for the purpose of using, presenting, transferring, acquiring, receiv-
23 ing, or possessing coupons or authorization cards shall, immediately upon the
24 rendering of such determination become ineligible for further participation in the
25 program—

26 "(i) for a period of six months upon the first occasion of any such deter-
27 mination;

28 "(ii) for a period of one year upon the second occasion of any such de-
29 termination; and

30 "(iii) permanently, upon the third occasion of any such determination.
31 During the period of such ineligibility, no household shall receive increased bene-
32 fits under this Act as the result of a member of such household having been
33 disqualified under this subsection.

34 "(2) Each State agency shall proceed against an individual alleged to have
35 engaged in such activity either by way of administrative hearings or by referring
36 such matters to appropriate authorities for civil or criminal action in a court of
37 law.

38 "(3) Such periods of ineligibility as are provided for in paragraph (1) of this
39 subsection shall remain in effect, without possibility of administrative stay, unless
40 and until the finding upon which the ineligibility is based is subsequently reversed

1 by a court of appropriate jurisdiction, but in no event shall the period of ineligibil-
2 ity be subject to review.

3 "(4) The Secretary shall prescribe such regulations as the Secretary may deem
4 appropriate to ensure that information concerning any such determination with
5 respect to a specific individual is forwarded to the Office of the Secretary by any
6 appropriate State or Federal entity for the use of the Secretary in administering
7 the provisions of this section. No State shall withhold such information from the
8 Secretary or the Secretary's designee for any reason whatsoever."

9 **PROBATING FIRST MONTH BENEFITS**

10 **SEC. 162.** Section 8 of the Food Stamp Act of 1977 is amended by adding at
11 the end thereof the following new subsection:

12 "(c) The value of the allotment issued to any eligible household for the initial
13 month or other initial period for which an allotment is issued shall have a value
14 which bears the same ratio to the value of the allotment for a full month or other
15 initial period for which the allotment is issued as the number of days (from the
16 date of application) remaining in the month or other initial period for which the
17 allotment is issued bears to the total number of days in the month or other initial
18 period for which the allotment is issued. As used in this subsection, the term
19 'initial month' means (1) the first month for which an allotment is issued to a
20 household, and (2) the first month for which an allotment is issued to a household
21 following any period of more than thirty days during which such household was
22 not participating in the food stamp program under this Act after previous partici-
23 pation in such program."

24 **OUTREACH; BILINGUAL REQUIREMENTS**

25 **SEC. 163.** (a) Section 11(e)(1) of the Food Stamp Act of 1977 is amended by
26 striking clauses (A), (B), and (C) and inserting in lieu thereof "not conduct food
27 stamp outreach activities with funds provided under this Act;"

28 (b) Section 16(a) of that Act is amended by—

29 (1) striking clause (1); and

30 (2) redesignating clauses (2), (3), (4), and (5) as clauses (1), (2), (3), and
31 (4), respectively.

32 **WAIVING AND OFFSETTING CLAIMS; IMPROVED RECOVERY OF OVERPAYMENTS**

33 **SEC. 164.** (a) Section 13 of the Food Stamp Act of 1977 is amended by—

34 (1) inserting "(a)" immediately after the section designation;

35 (2) inserting before the period at the end of the first sentence ", includ-
36 ing the power to waive claims if the Secretary determines that to do so
37 would serve the purposes of this Act";

38 (3) adding the following new sentence at the end thereof: "The Secre-
39 tary shall have the power to reduce amounts otherwise due to a State
40 agency under section 16 of this Act to collect unpaid claims assessed

1 against the State agency if the State agency has declined or exhausted its
2 appeal rights under section 14 of this Act.”; and

3 (4) adding the following new subsection at the end thereof:

4 “(b)(1) In the case of any ineligibility determination under section 6(b) of this
5 Act, the household of which such ineligible individual is a member is required to
6 agree to a reduction in the allotment of the household of which such individual is
7 a member, or payment in cash, in accordance with a schedule determined by the
8 Secretary, that will be sufficient to reimburse the Federal Government for double
9 the value of any overissuance of coupons resulting from the activity that was the
10 basis of the ineligibility determination. If a household refuses to make an election,
11 or elects to make a payment in cash under the provisions of the preceding sen-
12 tence and fails to do so, the household shall be subject to an allotment reduction.

13 “(2) State agencies shall collect any claim against a household arising from the
14 overissuance of coupons, other than claims the collection of which is provided for
15 in paragraph (1) of this subsection and claims arising from an error of the State
16 agency, by reducing the monthly allotments of the household. These collections
17 shall be limited to 10 per centum of the monthly allotment (or \$10 per month,
18 whenever that would result in a faster collection rate).”.

19 (b) The heading of section 13 of the Food Stamp Act of 1977 is amended to
20 read “COLLECTION AND DISPOSITION OF CLAIMS”.

21 STATES' SHARE OF COLLECTED CLAIMS

22 SEC. 165. Section 16(a) of the Food Stamp Act of 1977 is amended by—

23 (1) striking in the first sentence “through prosecutions” and all that fol-
24 lows down through the end of the sentence and inserting in lieu thereof
25 “pursuant to section 13(b)(1) of this Act and 25 per centum of the value of
26 all funds or allotments recovered or collected pursuant to section 13(b)(2)
27 of this Act.”; and

28 (2) striking in the second sentence, “fraud” and inserting in lieu thereof
29 “ineligibility”.

30 REDUCTION OF PUERTO RICO INCOME LIMITS

31 SEC. 166. Effective October 1, 1981, the proviso in section 5(c) of the Food
32 Stamp Act of 1977 is amended to read: “*Provided*, That in no event shall the
33 standards of eligibility for the Virgin Islands of the United States or Guam
34 exceed those in the forty-eight contiguous States, and such standards for Puerto
35 Rico shall be 55 percent of those in the forty-eight contiguous States.”.

36 BLOCK GRANT

37 SEC. 167. (a) Effective April 1, 1982, the Food Stamp Act of 1977 is amend-
38 ed by—

39 (A) striking “Puerto Rico,” in section 3(m), clause (3) of section 3(o),
40 section 5(b), wherever it appears in section 5(c) before the proviso, and

1 wherever it appears in section 5(e) and striking "\$50," and "\$40," in sec-
2 tion 5(e); and

3 (B) striking everything in section 5(c) after the first "forty-eight contigu-
4 ous States" and inserting a period in lieu thereof.

5 (b) Effective April 1, 1982, that Act is further amended by adding at the end
6 thereof the following new section:

7 "BLOCK GRANT

8 "SEC. 19. (a)(1)(A) From the sums appropriated under this Act the Secretary
9 shall, subject to the provisions of this subsection and subsection (b), pay to the
10 Commonwealth of Puerto Rico not to exceed \$825,000,000 for each fiscal year
11 to finance 100 per centum of the expenditures for food assistance provided to
12 needy persons, and 50 per centum of the administrative expenses related to the
13 provision of such assistance.

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

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

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

31 "(i) designates a single agency which shall be responsible for the admin-
32 istration, or supervision of the administration, of the program for the provi-
33 sion of such assistance;

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

36 "(iii) describes the program for the provision of such assistance, includ-
37 ing the assistance to be provided and the persons to whom such assistance
38 will be provided, and any agencies designated to provide such assistance,
39 which program must meet such requirements as the Secretary may by reg-
40 ulation prescribe for the purpose of assuring that assistance is provided to
41 the most needy persons in the jurisdiction;

1 “(iv) estimates the amount of expenditures necessary for the provision of
2 the assistance described in the program and related administrative ex-
3 penses, up to the amount provided for payment by subsection (a)(1)(A); and

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

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

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

21 “(2)(A) The Commonwealth shall provide for a biennial audit of expenditures
22 under its program for the provision of the assistance described in subsection
23 (a)(1)(A), and within one hundred and twenty days of the end of each fiscal year
24 in which the audit is made, shall report to the Secretary the findings of such
25 audit.

26 “(B) Within one hundred and twenty days of the end of each fiscal year, the
27 Commonwealth shall provide the Secretary with a statement as to whether the
28 payments received under subsection (a) for that fiscal year exceeded the expendi-
29 tures by it during that year for which payment is authorized under this section,
30 and if so, by how much, and such other information as the Secretary may require.

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

39 “(ii) The Secretary may suspend the termination of payments under subpara-
40 graph (C)(i) for such period as the Secretary determines appropriate, and instead
41 withhold payments provided for under subsection (a), in whole or in part, until

1 the Secretary is satisfied that there will no longer be any failure to comply with
 2 the requirements of subparagraphs (A) and (B) and subsection (b)(1)(A), at which
 3 time such withheld payments shall be paid.

4 "(iii) Upon a finding under subparagraph (C)(i) of a substantial failure to
 5 comply with any of the requirements of subparagraphs (A) and (B) and subsection
 6 (b)(1)(A), the Secretary may in addition to or in lieu of any action taken under
 7 subparagraphs (C)(i) and (C)(ii), refer the matter to the Attorney General with a
 8 request that injunctive relief be sought to require compliance by the Common-
 9 wealth of Puerto Rico, and upon suit by the Attorney General in an appropriate
 10 district court of the United States and a showing that noncompliance has oc-
 11 curred, appropriate injunctive relief shall issue.

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

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

18 "(d) Whoever knowingly and willfully embezzles, misapplies, steals, or obtains
 19 by fraud, false statement, or forgery, any funds, assets, or property provided or
 20 financed under this section shall be fined not more than \$10,000 or imprisoned
 21 for not more than five years, or both, but if the value of the funds, assets, or
 22 property involved is not over \$200, the penalty shall be a fine of not more than
 23 \$1,000 or imprisonment for not more than one year, or both."

24 (c) Notwithstanding the provisions of section 19 of the Food Stamp Act of
 25 1977, as added by this section, the amount payable to Puerto Rico under section
 26 19 for fiscal year 1982 shall be \$413,000,000, and the Secretary is authorized to
 27 grant such waivers of the requirements imposed by that section with respect to
 28 that fiscal year as the Secretary determines appropriate to carry out the purposes
 29 of that section.

30 REPEAL OF INCREASES IN DEPENDENT CARE DEDUCTIONS FOR WORKING
 31 ADULTS AND MEDICAL DEDUCTIONS FOR THE ELDERLY AND DISABLED
 32 SEC. 168. Sections 104 and 105 of the Food Stamp Act Amendments of 1980
 33 (Public Law 96-249) are repealed.

34 EFFECTIVE DATES

35 SEC. 169. Except as otherwise specifically provided, the amendments made by
 36 this part shall be effective and implemented upon such dates as the Secretary of
 37 Agriculture may prescribe, taking into account the need for orderly implementa-
 38 tion.

1 **PART G—SCHOOL LUNCH AND CHILD NUTRITION PROGRAMS**

2 **CHANGES IN REIMBURSEMENT FOR SCHOOL LUNCHES AND BREAKFASTS**

3 **SEC. 171. (a)** Section 4 of the National School Lunch Act (42 U.S.C. 1753) is
4 amended by—

5 (1) inserting “(a)” after “SEC. 4.”;

6 (2) striking out the second sentence of subsection (a), as designated by
7 clause (1); and

8 (3) adding at the end thereof the following new subsection:

9 “(b)(1) The Secretary shall make food assistance payments to each State edu-
10 cational agency each fiscal year, at such times as the Secretary may determine,
11 from the sums appropriated for such purpose in a total amount equal to the
12 product obtained by multiplying (A) the number of lunches (consisting of a combi-
13 nation of foods which meet the minimum nutritional requirements prescribed by
14 the Secretary under section 9(a) of this Act) served during such fiscal year in
15 schools in such State which participate in the school lunch program under this
16 Act under agreements with such State educational agency by (B) the national
17 average lunch payment prescribed in paragraph (2) of this subsection.

18 “(2) The national average lunch payment for each lunch served shall be
19 8.8315 cents, adjusted on July 1, 1981, and annually thereafter as provided in
20 section 11(a) of this Act, except that for each lunch served in school food authori-
21 ties in which 60 percent or more of the lunches served in the school lunch pro-
22 gram during the second preceding school year were served free or at a reduced
23 price, the national average lunch payment shall be 2 cents more.”.

24 (b) Section 11(a) of the National School Lunch Act (42 U.S.C. 1759a(a)) is
25 amended by—

26 (1) striking out the fifth sentence and inserting in lieu thereof the follow-
27 ing: “The special-assistance factor prescribed by the Secretary for free
28 lunches shall be 89.1165 cents, adjusted on July 1, 1981, and annually
29 thereafter as hereinafter provided in this subsection, and the special-assist-
30 ance factor for reduced-price lunches shall be 40 cents less than the spe-
31 cial assistance factor for free lunches.”;

32 (2) striking out in the sixth sentence “, and on January 1, of each fiscal
33 year, semiannual adjustments” and inserting in lieu thereof “an annual ad-
34 justment”; and

35 (3) striking out the first and second provisos in the sixth sentence and
36 inserting in lieu thereof the following: *Provided*, That each July 1 adjust-
37 ment shall reflect the changes in the series for food away from home for
38 the most recent twelve-month period for which such data are available.”.

39 (c) Subsection (b)(1) of section 4 of the Child Nutrition Act of 1966 (42 U.S.C.
40 1773(b)(1)) is amended to read as follows:

1 “(b)(1)(A) The Secretary shall make breakfast assistance payments to each
 2 State educational agency each fiscal year, at such times as the Secretary may
 3 determine, from the sums appropriated for such purpose in a total amount equal
 4 to the product obtained by multiplying (i) the number of breakfasts (consisting of
 5 a combination of foods which meet the minimum nutritional requirements set
 6 forth in subsection (e) of this section) served during such fiscal year to children in
 7 schools in such States which participate in the school breakfast program under
 8 agreements with such State educational agency by (ii) the national average
 9 breakfast payment for free breakfasts, for reduced-price breakfasts, or for break-
 10 fasts served to children not eligible for free or reduced-price meals, as appropri-
 11 ate, prescribed in subparagraphs (B), (C), and (D) of this paragraph.

12 “(B) The national average free breakfast payment for each free breakfast shall
 13 be 52.027 cents, adjusted on July 1, 1981, and annually thereafter, as provided
 14 in section 11(a) of the National School Lunch Act.

15 “(C) The national average reduced-price payment for each reduced-price
 16 breakfast shall be one-half of such national average free breakfast payment, ad-
 17 justed to the nearest one-fourth cent.

18 “(D) The national average payment for each breakfast served to a child not
 19 eligible for free or reduced-price meals shall be 7.4325 cents, adjusted on July 1,
 20 1981, and annually thereafter, as provided in section 11(a) of the National School
 21 Lunch Act.”.

22 (d) Subsection (b)(2) of section 4 of the Child Nutrition Act of 1966 (42 U.S.C.
 23 1773(b)(2)) is amended by—

24 (1) striking out “on a semiannual basis each July 1 and January 1” in
 25 subparagraph (B)(ii) and inserting in lieu thereof “on an annual basis each
 26 July 1”;

27 (2) striking out “six-month” in subparagraph (B)(ii) and inserting in lieu
 28 thereof “twelve-month”; and

29 (3) striking out “five cents less than” in subparagraph (C) and inserting
 30 in lieu thereof “one-half”.

31 (e) Subsection (d) of section 4 of the Child Nutrition Act of 1966 (42 U.S.C.
 32 1773(d)) is amended by—

33 (1) striking out “establish eligibility standards for providing” in the first
 34 sentence and inserting in lieu thereof “provide”;

35 (2) striking out “include those schools in which the service of breakfasts
 36 is required pursuant to State law and” in the first sentence and inserting
 37 in lieu thereof “be limited to”;

38 (3) striking out the second sentence; and

39 (4) striking out “Pursuant to those State eligibility standards, a” in the
 40 third sentence and inserting in lieu thereof “A”.

REDUCTION IN COMMODITY ASSISTANCE FOR LUNCHES

SEC. 172. The first sentence of section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended to read as follows: "The national average value of donated foods, or cash payments in lieu thereof, shall be 11.29 cents, adjusted on July 1, 1981, and each July 1 thereafter, to reflect changes in the Price Index for Food Used in Schools and Institutions."

NUTRITIONAL REQUIREMENTS

SEC. 173. Section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended by—

(1) inserting "(a)" after "SEC. 10."; and

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

"(b) The Secretary shall, at the earliest practicable date after the date of the enactment of this subsection, but not later than 90 days after such date of enactment, prescribe such changes in nutritional and other program requirements under this Act and the National School Lunch Act as may be necessary to achieve cost savings in the operation of child feeding programs at the local level without endangering the nutritional integrity of the meals served by schools participating in the program."

REVISION OF INCOME ELIGIBILITY GUIDELINES

SEC. 174. (a)(1) Paragraph (1) of section 9(b) of the National School Lunch Act (42 U.S.C. 1758(b)(1)) is amended to read as follows:

"(1)(A) No later than June 1 of each fiscal year, the Secretary shall prescribe income guidelines for determining eligibility for free and reduced-price lunches during the subsequent twelve-month period beginning July 1. The income guidelines for determining eligibility for free lunches in any such period shall be 30 per centum above the applicable family-size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d), except that beginning July 1, 1983, the income guidelines for determining eligibility for free lunches shall be the same as the gross income eligibility standards announced by the Secretary for such period for eligibility for participation in the food stamp program under the Food Stamp Act of 1977.

"(B) The income poverty guidelines for determining eligibility for reduced-price lunches in any such period shall be 85 per centum above the applicable family-size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)."

(2) Section 9(b) of such Act is further amended by redesignating paragraph (2) as paragraph (4) and inserting after paragraph (1) the following two new paragraphs:

1 “(2) Following the announcement by the Secretary of the income eligibility
 2 guidelines for each twelve-month period, each State educational agency shall
 3 announce the income poverty guidelines, by family-size, to be used by schools in
 4 the State in making determinations of eligibility for free and reduced-price
 5 lunches. Local school authorities shall, each year, publicly announce the income
 6 poverty guidelines on or at the opening of school. Applications for free and re-
 7 duced-price lunches, in such form as the Secretary may prescribe or approve, and
 8 any descriptive material, shall be distributed to the parents or guardians of chil-
 9 dren in attendance at the school, and shall contain only the family size income
 10 levels for reduced-price meal eligibility with the explanation that households with
 11 incomes less than or equal to these values would be eligible for free or reduced-
 12 price lunches. Such forms and descriptive material may not contain the income
 13 levels for free lunches. Eligibility determinations shall be made on the basis of a
 14 completed application form executed by an adult member of the household. The
 15 Secretary, States, and local school authorities may seek verification of the data in
 16 such application. States and local school authorities shall undertake such other
 17 verification of the information contained in such applications as the Secretary
 18 may by regulation prescribe, and local school authorities shall, in accordance
 19 with such regulations, make appropriate changes in the eligibility determinations
 20 on the basis of such verification.

21 “(3) Any child who is a member of a household whose income at the time of
 22 application is at an annual rate equal to or less than the applicable family-size
 23 income level of the income eligibility guidelines for free lunches, shall be served a
 24 free lunch. Any child who is a member of a household whose income at the time
 25 of application is at an annual rate which falls between (A) the applicable family-
 26 size income level of the income eligibility guidelines for free lunches prescribed by
 27 the Secretary, and (B) the applicable family-size income level of the income eligi-
 28 bility guidelines for reduced-price lunches prescribed by the Secretary shall be
 29 served a reduced-price lunch at a price not in excess of 40 cents.”.

30 (3) Paragraph (4) of section 9(b) of such Act, as redesignated by paragraph (2)
 31 of this subsection, is amended by striking out “solely” in the second sentence.

32 (4) Section 9 of such Act is further amended by adding at the end thereof the
 33 following new subsection:

34 “(d)(1) The Secretary shall require as a condition of eligibility for participation
 35 in the program that the member of the household who executes the application
 36 for participation must furnish the social security account numbers of all adult
 37 members of the household of which such person is a member.

38 “(2) No member of a household may be provided free or reduced-price lunches
 39 under this Act unless appropriate documentation, as prescribed by the Secretary,
 40 of the income of such household has been provided to school authorities or unless
 41 appropriate documentation showing that such household is participating in the

1 food stamp program under the Food Stamp Act of 1977 has been provided to
2 local school authorities.”.

3 (b) Notwithstanding any other provision of law, the Secretary of Agriculture
4 shall conduct a pilot study to verify the data submitted on a sample of applica-
5 tions for free and reduced-price meals. In conducting the pilot study, the Secre-
6 tary may require households included in the study to furnish social security num-
7 bers of all household members and such other information as the Secretary may
8 require, including, but not limited to, pay stubs, documentation of the current
9 status of household members who are recipients of public assistance, unemploy-
10 ment insurance documents, and written statements from employers, as a condi-
11 tion for receipt of free or reduced-price meals.

12 (c) For the school year ending June 30, 1982, the Secretary of Agriculture
13 may prescribe procedures for implementing the revisions in the income poverty
14 guidelines for free and reduced-price lunches contained in the amendments made
15 by this section that allow local school authorities to (1) use application forms
16 distributed at the beginning of the school year when making eligibility determina-
17 tions based on the revised income poverty guidelines, or (2) distribute new appli-
18 cation forms containing the revised income poverty guidelines and make determi-
19 nations on the basis of the new application forms.

20 REVISION OF MATCHING REQUIREMENTS

21 SEC. 175. (a) The text of section 7 of the National School Lunch Act (42
22 U.S.C. 1756) is amended to read as follows:

23 “SEC. 7. (a) Funds appropriated to carry out section 4 of this Act during any
24 fiscal year shall be available for payment to the States for disbursement by State
25 educational agencies, in accordance with such agreements, not inconsistent with
26 the provisions of this Act, as may be entered into by the Secretary and such
27 State educational agencies, for the purpose of assisting schools within the States
28 in obtaining agricultural commodities and other foods for consumption by children
29 in furtherance of the school lunch program authorized under this Act. In the
30 school year beginning July 1, 1981, and in each school year thereafter, such
31 payments to any State shall be made upon condition that State revenues, other
32 than revenues derived from the program, appropriated for or used in connection
33 with food service in schools participating in the school lunch program under this
34 Act, other than salaries and administrative expenses at the State level, shall be
35 equal to at least 30 per centum of the funds made available to such State pursu-
36 ant to section 4 of this Act in the school year beginning July 1, 1980, decreased
37 by the percentage, if any, by which the State per capita income is below the per
38 capita income of the United States.

39 “(b) The State revenues provided by any State to meet the requirement of the
40 preceding subsection shall, to the extent the State deems practicable, be dis-
41 bursed to schools participating in the school lunch program under this Act. No

1 State in which the State educational agency is prohibited by law from disbursing
2 State appropriated funds to private schools shall be required to match Federal
3 funds made available on the basis of meals served in such schools.

4 "(c) The Secretary shall certify to the Secretary of the Treasury from time to
5 time the amounts to be paid to any State under this section and the time or times
6 such amounts are to be paid; and the Secretary of the Treasury shall pay to the
7 State at the time or times fixed by the Secretary the amounts so certified."

8 (b) The text of section 10 of the National School Lunch Act (42 U.S.C. 1759)
9 is amended to read as follows:

10 "SEC. 10. If, in any State, the State educational agency is not permitted by
11 law to disburse the funds paid to it under this Act to any of the schools in the
12 State, the Secretary shall disburse the funds directly to such schools within the
13 State for the same purposes and subject to the same conditions as are authorized
14 or required with respect to the disbursements to schools within the State by the
15 State educational agency."

16 TERMINATION OF FOOD SERVICE EQUIPMENT ASSISTANCE

17 SEC. 176. (a) Section 5 of the National School Lunch Act (42 U.S.C. 1754) is
18 repealed.

19 (b) Section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) is repealed.

20 REVISION OF THE SPECIAL MILK PROGRAM

21 SEC. 177. Section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772) is
22 amended by—

23 (1) striking out the period at the end of the first sentence and inserting
24 in lieu thereof the following: "who do not participate in a meal service
25 program authorized under this Act or the National School Lunch Act.";

26 (2) inserting in the fourth sentence "which does not participate in a meal
27 service program authorized under this Act or the National School Lunch
28 Act" after "institution";

29 (3) striking out "also" in the fifth sentence; and

30 (4) striking out the eighth sentence.

31 LIMITATION ON PRIVATE SCHOOL PARTICIPATION

32 SEC. 178. (a) Section 12(d)(6) of the National School Lunch Act (42 U.S.C.
33 1760(d)(6)) is amended by inserting "other than a private school whose yearly
34 tuition exceeds \$1,500 per child," after "under," in clause (A) of the first sen-
35 tence.

36 (b) Section 15(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1784(c)) is
37 amended by inserting "other than a private school whose yearly tuition exceeds
38 \$1,500 per child," after "such school," in clause (A) of the first sentence.

39 TERMINATION OF SUMMER FOOD SERVICE PROGRAM

40 SEC. 179. Section 13 of the National School Lunch Act (42 U.S.C. 1761) is
41 repealed.

REVISION OF CHILD CARE FOOD PROGRAM

SEC. 180. (a) Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended by—

(1) inserting "not over twelve years of age and for handicapped children as defined in section 8 of this Act" after "children" in the first sentence of subsection (a);

(2) striking out "served in the manner specified in subsection (c)" in subsection (b) and inserting in lieu thereof "as provided in subsections (c) and (f)";

(3) striking out subsection (c) and inserting in lieu thereof the following:
"(c)(1) For purposes of this section—

"(A) The national average payment rate for lunches and suppers, the national average payment rate for free lunches and suppers, and the national average payment rate for reduced-price lunches and suppers, shall be the same as the national average payment rate for lunches, the national average payment rate for free lunches, and the national average payment rate for reduced-price lunches, respectively, under sections 4 and 11 of this Act as appropriate.

"(B) The national average payment rates for breakfasts, for free breakfasts, and for reduced-price breakfasts shall be the same as the national average payment rates for breakfasts, for free breakfasts, and for reduced-price breakfasts, respectively, under section 4(b)(1) of the Child Nutrition Act of 1966.

"(C) The national average payment rate for free supplements shall be 27.50 cents and the national average payment rate for reduced-price supplements shall be one-half of the rate for free supplements.

"(2) The Secretary shall adjust the national average payment rate for free supplements on July 1 each year, beginning July 1, 1981, to reflect changes during the most recent twelve-month period, for which data are available, in the Consumer Price Index for all Urban Consumers. Such adjustments shall be computed to the nearest one-fourth cent.

"(3) Disbursement to any institution, other than family or group day care home sponsoring organizations, for meals provided under this section shall not be less, for any fiscal year, than the sum of the products obtained by multiplying the total number of each type of meal (breakfast, lunch, supper, or supplement) served in such institution in that fiscal year by the applicable national average payment rates for each such type of meal as specified in this subsection. No reimbursement shall be made for supplements other than free and reduced-price supplements.";

and

(4) in subsection (f) by—

(A) striking out paragraph (2);

(B) striking out "may elect to" in the first sentence of paragraph (3) and inserting in lieu thereof "shall";

(C) striking out the second sentence of paragraph (3);

(D) striking out the period at the end of paragraph (3) and inserting in lieu thereof a comma and the following: "except that no reimbursement may be made to any institution for more than two meals and one supplement per day per child."; and

(E) striking out the second and third sentence of paragraph (4) and inserting in lieu thereof the following: "Such reimbursement factor shall be adjusted on July 1 each to reflect changes in the Consumer Price Index for food away from home for the most recent twelve-month period for which such data are available. The reimbursement factor in effect as of the date of enactment of this sentence shall be reduced by 10 per centum. No reimbursement shall be provided under this paragraph for meals served to the children of a person acting as a family or group day care home provider, unless such children meet the eligibility standards for free or reduced-price meals under section 9 of this Act. Such institutions shall also receive reimbursement for their administrative expenses. Reimbursement for administrative expenses shall not exceed maximum allowable levels prescribed by the Secretary. Such levels shall be adjusted July 1 each year to reflect changes in the Consumer Price Index for food away from home for the most recent twelve-month period for which such data are available. The levels in effect as of the date of enactment of this sentence shall be adjusted by the Secretary so as to effect a reduction of 10 per centum in the total amount of reimbursement provided to institutions for administrative expenses under this paragraph, while increasing the economy of scale factors used to distinguish institutions that sponsor a large number of family or group day care homes from those that sponsor a smaller number of such homes."

(b) Section 17 of such Act is further amended by—

(1) striking out subsection (i);

(2) striking out subsection (n);

(3) striking out "the availability of food service equipment funds under the program," in the second sentence of subsection (o); and

(4) striking out everything in the second sentence of subsection (a) following "handicapped children" and inserting in lieu thereof a period.

LIMITATIONS ON SECRETARY'S AUTHORITY TO DIRECTLY ADMINISTER PROGRAMS

SEC. 181. (a) Section 10 of the National School Lunch Act (42 U.S.C. 1759), as amended by section 175(b), is further amended by adding at the end thereof

1 the following: "To the extent the Secretary has continuously withheld and dis-
 2 bursed funds payable to a State under this Act since October 1, 1980, for the
 3 purpose of providing funds to schools or institutions, and only to that extent, the
 4 Secretary shall continue to withhold and disburse such funds within such State
 5 for the same purposes and subject to the same conditions as are applicable to a
 6 State disbursing funds made available under this Act. Any such State may, upon
 7 request to the Secretary, assume administration of any program authorized under
 8 this Act."

9 (b) Section 17 of the National School Lunch Act (42 U.S.C. 1766), as amend-
 10 ed by section 180, is further amended—

11 (1) by striking out subsection (m); and

12 (2) by redesignating subsections (j), (k), (l), (o), (p), (q), and (r) as subsec-
 13 tions (i), (j), (k), (l), (m), (n), and (o), respectively.

14 (c) Section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772) is further
 15 amended by adding at the end thereof the following: "To the extent the Secre-
 16 tary has continuously administered the program or any part thereof in any State
 17 since October 1, 1980, and only to that extent, the Secretary shall continue to
 18 administer the program for the same purposes and subject to the same conditions
 19 as are applicable to a State disbursing funds made available under this Act. Any
 20 such State may, upon request to the Secretary, assume administration of the
 21 program."

22 (d) Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is further
 23 amended by striking out subsection (f) and redesignating subsection (g) as subsec-
 24 tion (f).

25 (e) The Child Nutrition Act of 1966, as amended by section 176 of this Act, is
 26 amended by inserting after section 4 a new section 5 as follows:

27 "AUTHORITY OF SECRETARY TO WITHHOLD AND DISBURSE FUNDS

28 "SEC. 5. To the extent the Secretary has continuously withheld and disbursed
 29 funds payable to a State under this Act since October 1, 1980, for the purpose of
 30 providing funds to schools, and only to that extent, the Secretary shall continue
 31 to withhold and disburse such funds within such State for the same purposes and
 32 subject to the same conditions as are applicable to a State disbursing funds made
 33 available under this Act. Any such State may, upon request to the Secretary,
 34 assume administration of any program authorized under this Act."

35 (f) Section 19(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(d)) is
 36 amended by striking out paragraph (6).

37 REQUIREMENT TO ACCEPT FOOD NOT INTENDED TO BE CONSUMED

38 SEC. 182. The third sentence of section 9(a) of the National School Lunch Act
 39 (42 U.S.C. 1758(a)) is amended by striking out "in any junior high school or
 40 middle school".

REQUIREMENTS FOR STATE PLAN

1
2 SEC. 183. Section 11 of the National School Lunch Act (42 U.S.C. 1759a) is
3 further amended by striking out subsection (e).

4 ELIMINATION OF RESIDENTIAL CHILD CARE INSTITUTIONS FROM DEFINITION 5 OF "SCHOOL"

6 SEC. 184. (a) Effective October 1, 1983, the first sentence of paragraph (6) of
7 section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)(6)) is amend-
8 ed by—

9 (1) striking out clause (B); and

10 (2) striking out "(C)" and inserting in lieu thereof "and (B)".

11 (b) Effective October 1, 1983, the first sentence of subsection (c) of section 15
12 of the Child Nutrition Act of 1966 (42 U.S.C. 1784(c)) is amended by—

13 (1) striking out clause (B); and

14 (2) striking out "(C)" and inserting in lieu thereof "and (B)".

15 COMMODITY ONLY SCHOOLS

16 SEC. 185. (a) Section 14 of the National School Lunch Act (42 U.S.C. 1762a)
17 is amended by adding at the end thereof the following new subsection:

18 "(f) Commodity only schools shall be eligible to receive donated commodities
19 equal in value to the sum of the national average value of donated foods estab-
20 lished under section 6(e) of this Act and the national average payment established
21 under section 4 of this Act. Such schools shall be eligible to receive up to 5 cents
22 per meal of such value in cash for processing and handling expenses related to
23 the use of such commodities. Lunches served in such schools shall consist of a
24 combination of foods which meet the minimum nutritional requirements pre-
25 scribed by the Secretary under section 9(a) of this Act, and shall represent the
26 four basic food groups, including a serving of fluid milk."

27 (b) Section 11 of the National School Lunch Act (42 U.S.C. 1759a), as amend-
28 ed by section 183, is amended by adding at the end thereof the following new
29 subsection:

30 "(e) Commodity only schools shall also be eligible for special-assistance pay-
31 ments under this section. Such schools shall serve meals free to children who
32 meet the eligibility requirements for free meals under subsection 9(b) of this Act,
33 and shall serve meals at a reduced-price not in excess of the price specified in
34 subsection 9(b) of this Act to children meeting the eligibility requirements for
35 reduced-price meals under subsection 9(b) of this Act. No physical segregation of,
36 or other discrimination against any child eligible for a free or reduced-priced
37 lunch shall be made by the school, nor shall there be any overt identification of
38 any such child by any means."

39 (c) Section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772) is further
40 amended by adding at the end thereof the following new sentence: "Commodity
41 only schools shall not be eligible to participate in the special milk program under

1 this section. For the purposes of the preceding sentence, 'commodity only school'
 2 means a school that does not participate in the school lunch program under this
 3 Act, but received commodities made available by the Secretary for use by such
 4 school in a nonprofit lunch program."

5 (d) Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)) is
 6 further amended by adding at the end thereof the following new paragraph:

7 "(8) 'Commodity only school' means a school that does not participate in the
 8 school lunch program under this Act, but receives commodities made available by
 9 the Secretary for use by such school in a nonprofit lunch program."

10 STATE ADMINISTRATIVE EXPENSES

11 SEC. 186. (a) Section 7(a)(2) of the Child Nutrition Act of 1966 (42 U.S.C.
 12 1776(a)(2)) is amended by striking out "September 30, 1978" in the second
 13 sentence and inserting in lieu thereof "September 30, 1981".

14 (b) Subsection (e) of section 7 of such Act (42 U.S.C. 1776(e)) is amended to
 15 read as follows:

16 "(e) Notwithstanding any other provision of law, funds made available to each
 17 State under this section shall remain available for obligation and expenditure by
 18 that State during the fiscal year immediately following the fiscal year for which
 19 such funds were made available. For each fiscal year the Secretary shall establish
 20 a date by which each State shall submit to the Secretary a plan for the disburse-
 21 ment of funds provided under this section for each such year, and the Secretary
 22 shall reallocate any unused funds, as evidenced by such plans, to other States as
 23 the Secretary considers appropriate."

24 APPROPRIATION AUTHORIZATION FOR WIC PROGRAM

25 SEC. 187. Section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C.
 26 1786(g)) is amended by striking out in the first sentence "and such sums as may
 27 be necessary for the three subsequent fiscal years," and inserting in lieu thereof
 28 "\$998,000,000 for the fiscal year ending September 30, 1982, \$1,060,000,000
 29 for the fiscal year ending September 30, 1983, and \$1,126,000,000 for the fiscal
 30 year ending September 30, 1984,".

31 NUTRITION EDUCATION AND TRAINING

32 SEC. 188. Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C.
 33 1788(j)(2)) is amended by striking out "\$15,000,000" and inserting in lieu there-
 34 of "\$10,000,000".

35 CONFORMING AND MISCELLANEOUS AMENDMENTS

36 SEC. 189. (a) Section 11 of the National School Lunch Act (42 U.S.C. 1759a)
 37 is amended by—

38 (1) striking out "financing the cost of" in the first sentence in subsection

39 (b); and

40 (2) striking out "or 5" in subsection (d).

1 (b) Section 4(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(c)) is
2 amended by striking out "financing the costs of" in the first sentence.

3 (c) Section 12 of the National School Lunch Act (42 U.S.C. 1760) is amended
4 by—

5 (1) in subsection (d)—

6 (A) striking out paragraph (3); and

7 (B) redesignating paragraphs (4) through (8) (as amended by sec-
8 tion 185(d)) as paragraphs (3) through (7), respectively; and

9 (2) striking out subsection (h).

10 (d) Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended
11 by—

12 (1) striking out "or 5" in the first sentence;

13 (2) striking out "to finance the cost of obtaining" in the second sentence
14 and inserting in lieu thereof "to obtain";

15 (3) striking out "and food service equipment assistance in connection
16 with such program" in the second sentence;

17 (4) striking out the fourth sentence; and

18 (5) striking out "Federal food-cost contribution rate" in the fifth and
19 sixth sentences and inserting in lieu thereof "per meal reimbursement
20 rate".

21 (e) Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended
22 by—

23 (1) striking out "3, 4, and 5" in subsections (a)(1), (a)(2), and (b) and
24 inserting in lieu thereof "3 and 4";

25 (2) striking out "13 or" in the first sentence of subsection (a)(2);

26 (3) striking out "and under section 13(k)(1) of the National School
27 Lunch Act" in subsections (a)(5) and (a)(6); and

28 (4) striking out "(except section 13 of that Act)" in subsection (h).

29 (f) Section 11(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1780(a)) is
30 amended by striking out "section 3 through 5" and inserting in lieu thereof
31 "sections 3 and 4".

32 (g) Section 4 of the National School Lunch Act (42 U.S.C. 1753) is amended
33 by striking out "excluding the sum specified in section 5," in the first sentence.

34 (h) Section 3 of the National School Lunch Act (42 U.S.C. 1752) is amended
35 by striking out "13, 17," in the first sentence and inserting in lieu thereof "17".

36 (i) Section 6(a)(2) of the National School Lunch Act (42 U.S.C. 1755(a)(2)) is
37 amended by—

38 (1) striking out "sections 4 and 5" and inserting in lieu thereof "section
39 4";

40 (2) striking out "sections 11 and 13" and inserting in lieu thereof "sec-
41 tion 11"; and

1 (3) striking out "sections 4, 5, and 7" and inserting in lieu thereof "sec-
2 tions 4 and 7".

3 (j) Section 15(f) of the National School Lunch Act (42 U.S.C. 1763(f)) is
4 amended by striking out "annually" in the second sentence and inserting in lieu
5 thereof "biennially".

6 (k) Section 14 of the National School Lunch Act (42 U.S.C. 1762a) is amend-
7 ed by—

8 (1) striking out "and title VII" in clause (1) of subsection (a) and insert-
9 ing in lieu there "and, subject to the second sentence of subsection (c) of
10 this section, title III";

11 (2) striking out "section 707(a)(4) of the Older Americans Act of 1965
12 (42 U.S.C. 3045f(a)(4)) or for cash payments in lieu of such donations
13 under section 707(d)(1) of such Act (42 U.S.C. 3045f(d)(1))" in the first
14 sentence of subsection (c) and inserting in lieu thereof "section 311(a)(4) of
15 the Older Americans Act of 1965 (42 U.S.C. 3030(a)(4)) or for cash pay-
16 ments in lieu of such donations under section 311(c)(1) of such Act (42
17 U.S.C. 3030(c)(1))"; and

18 (3) inserting after the first sentence in subsection (c) the following new
19 sentence: "The Secretary of Health and Human Services shall reimburse
20 the Secretary for purchases made by the Secretary under subsection (a)(1)
21 and this subsection for donations for programs carried out under title III of
22 the Older Americans Act of 1965.".

23 (l) The second sentence of section 17(f)(1) of the National School Lunch Act
24 (42 U.S.C. 1766(f)(1)) is amended by striking out "financing the cost of".

25 CLAIMS ADJUSTMENT AUTHORITY

26 SEC. 190. Section 16 of the Child Nutrition Act of 1966 (42 U.S.C. 1785) is
27 amended by adding at the end thereof the following: "The Secretary shall have
28 authority to determine the amount of and settle and adjust any claim and to
29 compromise or deny all or part of any claim or claims arising under the provisions
30 of this Act, the National School Lunch Act, or the regulations issued pursuant to
31 such Acts, including the authority to waive any claim if the Secretary determines
32 that to do so would serve the purposes of either such Act. The preceding sen-
33 tence shall not diminish the existing authority of the Attorney General of the
34 United States under section 516 of title 28, United States Code, to conduct
35 litigation on behalf of the United States.".

36 EFFECTIVE DATES; REPEAL OF EXISTING LEGISLATION; REGULATIONS

37 SEC. 191. (a) Except as otherwise provided, the provisions of this part shall
38 become effective as follows:

39 (1) The provisions of sections 171, 180(a)(2), 180(a)(4)(D), 180(b)(4),
40 that portion of section 174 which specifies the price charged to a child for
41 a reduced-price meal, and that portion of section 180(a)(4)(D) which re-

duces the meal reimbursement factor by 10 per centum shall become effective on the first day of the month following enactment or September 1, 1981, whichever is earlier.

(2) The provisions of sections 172 and 175 and section 174 except for that portion of section 174 which specifies the price charged to a child for a reduced-price meal shall become effective July 1, 1981.

(3) The provisions of sections 177 and 178 shall become effective July 1, 1981, or the first day of the second month following enactment of this part, whichever is later.

(4) The provisions of sections 176, 179, 180(b)(1), 180(b)(2), 180(b)(3), 181, 183, 186, 188, and 189 shall become effective October 1, 1981.

(5) The provisions of section 185 shall become effective ninety days after enactment of this part.

(6) The provisions of section 180(a)(1) shall become effective the first day of the second month following enactment of this part.

(7) The provisions of sections 180(a)(2), 180(a)(3), 180(a)(4)(A), 180(a)(4)(B), 180(a)(4)(C), and 180(a)(4)(E) shall become effective January 1, 1982, except that those provisions of section 180(a)(3) relating to reimbursement payments for supplements and that provision of section 180(a)(4)(E) which reduces the meal reimbursement rate by 10 per centum shall become effective the first day of the month following enactment of this part or September 1, 1981, whichever is earlier.

(8) The provisions of sections 187 and 190 shall become effective on the date of the enactment of this part.

(b) The Omnibus Reconciliation Act of 1980 (Public Law 96-499) is amended by—

(1) striking out section 201(a) effective September 1, 1981, or the first day of the first month following the month in which this part is enacted, whichever is earlier; and

(2) striking out sections 202(a) and 203(b) effective July 1, 1981.

(c) Regulations implementing the amendments made by this part shall be issued no later than sixty days after the date of enactment of this part.

TITLE II—SENATE COMMITTEE ON ARMED SERVICES

CONTINGENT ONCE-A-YEAR ADJUSTMENT OF RETIRED AND RETAINER PAY

SEC. 201. (a)(1) The increase in the retired and retainer pay of members and former members of the uniformed services which but for this section would be made effective September 1, 1981, under the provisions of paragraph (2)(B) of section 1401a(b) of title 10, United States Code, shall not be made.

(2)(A) In making the determination required by the provisions of paragraph (1)(A) of section 1401a(b) of title 10, United States Code, to be made on January 1, 1982, or within a reasonable time thereafter, the Secretary of Defense shall

1 determine the percent change in the index (as such term is defined in section
2 1401a(a) of title 10, United States Code) published for December 1981 over the
3 index published for December 1980 (rather than over the index published for
4 June 1981).

5 (B) The increase in the retired and retainer pay of members and former mem-
6 bers of the uniformed services to be made effective March 1, 1982, under the
7 provisions of paragraph (2)(A) of such section shall, in lieu of the increase pre-
8 scribed by such paragraph, be the percent change computed under subparagraph
9 (A), adjusted to the nearest one-tenth of 1 percent.

10 (3) The President shall by Executive order provide for only one cost-of-living
11 adjustment in the annuities paid under the Central Intelligence Agency Act of
12 1964 for Certain Employees (50 U.S.C. 403 note) during the period beginning on
13 September 1, 1981, and ending on August 31, 1982. Such adjustment shall be
14 effective March 1, 1982, and shall be made in the same manner and percentage
15 as the adjustment provided for in paragraphs (1) and (2) for the retired and
16 retainer pay of members and former members of the uniformed services.

17 (4) Paragraphs (1), (2), and (3) shall not take effect unless similar legislation is
18 enacted which provides for only one cost-of-living increase in annuities paid
19 under subchapter III of chapter 83 of title 5, United States Code, during the
20 period beginning on September 1, 1981, and ending on August 31, 1982.

21 (b) Section 812(b) of the Department of Defense Authorization Act, 1981
22 (Public Law 96-342; 10 U.S.C. 1401a note) is amended—

23 (1) by striking out “August 31, 1981, but subject to paragraph (3)” in
24 paragraph (1) and inserting in lieu thereof “August 31, 1982, but subject
25 to paragraph (2)”; and

26 (2) by inserting “and until” after “unless” in paragraph (2).

27 **AUTHORIZATION FOR THE SALE OF A SPECIFIED QUANTITY OF SILVER FROM**
28 **THE NATIONAL DEFENSE STOCKPILE**

29 **SEC. 202.** (a) The President is hereby authorized to dispose of one hundred
30 and thirty-nine million five hundred thousand troy ounces of silver now held in
31 the National Defense Stockpile established by section 3 of the Strategic and
32 Critical Materials Stock Piling Act (50 U.S.C. 98b) which have been determined
33 to be excess to the current requirements of the stockpile.

34 (b) Any disposal under the authority of subsection (a), shall be carried out in
35 accordance with the provisions of the Strategic and Critical Materials Stock
36 Piling Act (50 U.S.C. 98 et seq.).

37 **SUBSISTENCE ALLOWANCES FOR MEMBERS OF MARINE CORPS OFFICER**
38 **CANDIDATE PROGRAMS**

39 **SEC. 811.** (a) Section 209 of title 37, United States Code, relating to members
40 of precommissioning programs, is amended by adding at the end thereof the fol-
41 lowing new subsection:

1 “(d)(1) Except when serving on active duty, a member who is enrolled in a
2 Marine Corps officer candidate program which requires a baccalaureate degree as
3 a prerequisite to being commissioned as an officer and who is not enrolled in a
4 program established under chapter 103 of title 10 or an academy established
5 under chapter 403, 603, or 903 of title 10 may be paid a subsistence allowance
6 at the same rate as that prescribed by subsection (a) of this section for a member
7 of the Senior Reserve Officers' Training Corps who is selected for advanced
8 training under section 2104 of title 10.

9 “(2) No subsistence allowance may be paid under paragraph (1) of this subsection
10 for any period after September 30, 1982.”.

11 (b) The Act entitled “An Act to provide subsistence allowances for members of
12 the Marine Corps officer candidate programs”, approved November 24, 1971 (37
13 U.S.C. 209 note), is repealed.

14 CONTINGENT ONCE-A-YEAR ADJUSTMENT OF RETIRED AND RETAINER PAY

15 SEC. 812. (a)(1) The increase in the retired and retainer pay of members and
16 former members of the uniformed services which but for this section would be
17 made effective September 1, 1980, under the provisions of paragraph (2)(B) of
18 section 1401a(b) of title 10, United States Code, shall not be made.

19 (2)(A) In making the determination required by the provisions of paragraph
20 (1)(A) of section 1401a(b) of title 10, United States Code, to be made on January
21 1, 1981, or within a reasonable time thereafter, the Secretary of Defense shall
22 determine the percent change in the index (as such term is defined in section
23 1401a(a) of title 10, United States Code) published for December 1980 over the
24 index published for December 1979 (rather than over the index published for
25 June 1980).

26 (B) The increase in the retired and retainer pay of members and former mem-
27 bers of the uniformed services to be made effective March 1, 1981, under the
28 provisions of paragraph (2)(A) of such section shall, in lieu of the increase pre-
29 scribed by such paragraph, be the percent change computed under subparagraph
30 (A), adjusted to the nearest $\frac{1}{10}$ of one percent.

31 (3) The President shall by Executive order provide for only one cost-of-living
32 adjustment in the annuities paid under the Central Intelligence Agency Act of
33 1964 for Certain Employees (50 U.S.C. 403 note) during the period beginning on
34 September 1, 1980, and ending on August 31, 1981. Such adjustment shall be
35 effective March 1, 1981, and shall be made in the same manner and percentage
36 as the adjustment provided for in paragraphs (1) and (2) for the retired and
37 retainer pay of members and former members of the uniformed services.

38 (4) Paragraphs (1), (2), and (3) shall not take effect unless similar legislation is
39 enacted which provides for only one cost-of-living increase in annuities paid
40 under subchapter III of chapter 83 of title 5, United States Code, during the
41 period beginning on September 1, 1980, and ending on August 31, 1981.

1 (b)(1) Effective August 31, 1981, but subject to paragraph (3), section
 2 1401a(b) of title 10, United States Code, relating to adjustment of retired pay
 3 and retainer pay to reflect changes in the Consumer Price Index, is amended to
 4 read as follows:

5 "(b) Each time that an increase is made under section 8340(b) of title 5 in
 6 annuities paid under subchapter III of chapter 83 of such title, the Secretary of
 7 Defense shall at the same time increase the retired and retainer pay of members
 8 and former members of the armed forces by the same percent as the percentage
 9 by which annuities are increased under such section."

10 (2) The amendment made by paragraph (1) shall not take effect unless legisla-
 11 tion is enacted which provides for the adjustment of annuities paid under sub-
 12 chapter III of chapter 83 of title 5, United States Code, on a once-a-year basis.
 13 In the event such legislation is enacted, such amendment shall become effective
 14 with respect to adjustments in the retired pay and retainer pay of members and
 15 former members of the uniformed services at the same time that the legislation
 16 providing for such a once-a-year adjustment of annuities paid under subchapter
 17 III of chapter 83 of title 5, United States Code, becomes effective.

18 (3) If legislation described in paragraph (2) is enacted to provide for the adjust-
 19 ment of annuities paid under subchapter III of chapter 83 of title 5, United
 20 States Code, on a once-a-year basis, the President shall exercise the authority
 21 vested in him under section 292 of the Central Intelligence Agency Act of 1964
 22 for Certain Employees (50 U.S.C. 403 note) to provide for cost-of-living adjust-
 23 ments in the annuities paid under such Act on an identical basis.

24 (4) If at the time the first adjustment in retired and retainer pay is made under
 25 section 1401a(b) of title 10, United States Code, as amended by paragraph (1) of
 26 this subsection, the period upon which the most recent adjustment in such retired
 27 and retainer pay was computed is not identical to the period upon which the most
 28 recent adjustment in annuities under subchapter III of chapter 83 of title 5,
 29 United States Code, was computed, then the percentage increase to be made
 30 under such section 1401a(b) at the time of the first such adjustment shall be
 31 computed in the same manner as the percentage increase made at the same time
 32 in annuities under subchapter III of chapter 83 of title 5, United States Code, is
 33 computed, but shall be based on the period beginning on the last day of the period
 34 upon which the most recent adjustment in such retired and retainer pay was
 35 computed and ending on the last day of the period upon which the adjustment
 36 being made at the same time in annuities under such subchapter III is computed.
 37 The President shall by Executive order provide for a similar computation of the
 38 adjustment in annuities paid under the Central Intelligence Agency Act of 1964
 39 for Certain Employees (50 U.S.C. 403 note) which is made at the same time as
 40 the increase in retired and retainer pay to which the preceding sentence is appli-
 41 cable.

- 1 (c) For the purposes of this section, the term "uniformed services" means—
 2 (1) the Armed Forces; and
 3 (2) the commissioned corps of the National Oceanic and Atmospheric
 4 Administration and of the Public Health Service.

5 **TITLE III—MATTERS WITHIN THE JURISDICTION OF THE**
 6 **COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS OF**
 7 **THE SENATE**

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PART A—EXPORT-IMPORT BANK

EXPORT-IMPORT BANK OF THE UNITED STATES

- SEC. 301. Within the limits of funds and borrowing authority available to the Export-Import Bank of the United States pursuant to the Export-Import Bank Act of 1945, gross obligations for the principal amount of direct loans authorized by the Export-Import Bank of the United States during fiscal year 1981 shall not exceed \$5,461,000,000. Gross obligations for the principal amount of direct loans authorized by the Export-Import Bank of the United States during fiscal years 1982 and 1983 shall not exceed \$10,478,000,000, of which amount \$5,065,000,000 is designated for fiscal year 1982, and \$5,413,000,000 is designated for fiscal year 1983.

PART B—URBAN MASS TRANSPORTATION

FISCAL YEAR 1982 AUTHORIZATION

- SEC. 311. Notwithstanding any other provision of law, there is authorized to be appropriated an amount not to exceed \$3,950,000,000 for the fiscal year ending September 30, 1982, for the purposes of the Urban Mass Transportation Act of 1964.

PART C—HOUSING AND COMMUNITY DEVELOPMENT

SHORT TITLE

- SEC. 321. This part may be cited as the "Housing and Community Development Amendments of 1981".

1 Subpart 1—Community and Economic Development

2 AUTHORIZATIONS

3 SEC. 321-1. (a) Section 103 of the Housing and Community Development Act
4 of 1974 is amended to read as follows:

5 "AUTHORIZATIONS

6 "SEC. 103. The Secretary is authorized to make grants to States, units of
7 general local government, and Indian tribes to carry out activities in accordance
8 with the provisions of this title. There are authorized to be appropriated for these
9 purposes not to exceed \$4,166,000,000 for each of the fiscal years 1982 and
10 1983. Sums appropriated pursuant to this section shall remain available until
11 expended."

12 (b) No funds may be appropriated to carry out title I of the Housing and
13 Community Development Act of 1974 unless the provisions of sections 321-2
14 through 321-13 of this subpart are enacted.

15 STATEMENT OF ACTIVITIES AND REVIEW

16 SEC. 321-2. (a) The caption of section 104 of the Housing and Community
17 Development Act of 1974 is amended to read as follows: "STATEMENT OF AC-
18 TIVITIES AND REVIEW".

19 (b) Subsections (a), (b), and (c) of section 104 of such Act are amended to read
20 as follows:

21 "(a)(1) Prior to the receipt in any fiscal year of a grant under section 106 by
22 any metropolitan city or urban county, under section 106(d) by any State, or
23 under section 106(d)(2)(B) by any unit of general local government, the grantee
24 shall have prepared a final statement of community development objectives and
25 projected use of funds and shall have provided the Secretary with the certifica-
26 tions required in subsection (b) and, where appropriate, subsection (c). In the case
27 of metropolitan cities and urban counties receiving grants pursuant to section
28 106(b) and in the case of units of general local government receiving grants
29 pursuant to section 106(d)(2)(B), the statement of projected use of funds shall
30 consist of proposed community development activities. In the case of States re-
31 ceiving grants pursuant to section 106(d), the statement of projected use of funds
32 shall consist of the method by which the States will distribute funds to units of
33 general local government.

34 "(2) In order to permit public examination and appraisal of such statements, to
35 enhance the public accountability of grantees, and to facilitate coordination of
36 activities with different levels of government, the grantee shall—

37 "(A) furnish citizens information concerning the amount of funds availa-
38 ble for proposed community development and housing activities and the
39 range of activities that may be undertaken,

40 "(B) publish a proposed statement in such manner to afford affected citi-
41 zens or, as appropriate, units of general local government an opportunity

1 to examine its content and to submit comments on the proposed statement
2 and on the community development performance of the grantee, and

3 "(C) hold one or more public hearings to obtain the views of citizens on
4 community development and housing needs.

5 In preparing the final statement, the grantee shall consider any such comments
6 and views and may, if deemed appropriate by the grantee, modify the proposed
7 statement. The final statement shall be made available to the public, and a copy
8 shall be furnished to the Secretary together with the certifications required under
9 subsection (b) and, where appropriate, subsection (c).

10 "(b) Any grant under section 106 shall be made only if the grantee certifies to
11 the satisfaction of the Secretary that—

12 "(1) the grantee is in full compliance with the requirements of subsec-
13 tion (a)(2) (A), (B), and (C), and has made the final statement available to
14 the public;

15 "(2) the grant will be conducted and administered in conformity with
16 Public Law 88-352 and Public Law 90-284;

17 "(3) the projected use of funds has been developed so as to give maxi-
18 mum feasible priority to activities which will benefit low- and moderate-
19 income families or aid in the prevention or elimination of slums or blight;
20 the projected use of funds may also include activities which the grantee
21 certifies are designed to meet other community development needs having
22 a particular urgency because existing conditions pose a serious and imme-
23 diate threat to the health or welfare of the community where other finan-
24 cial resources are not available to meet such needs; and

25 "(4) the grantee will comply with the other provisions of this title and
26 with other applicable laws.

27 "(c)(1) Any grant made under section 106(b) shall be made only if the unit of
28 general local government certifies that it is following a current housing assistance
29 plan which has been approved by the Secretary and which—

30 "(A) accurately surveys the condition of the housing stock in the com-
31 munity and assesses the housing assistance needs of lower income persons
32 (including elderly and handicapped persons, large families, owners of
33 homes requiring rehabilitation assistance, and persons displaced or to be
34 displaced) residing in or expected to reside in the community as a result of
35 existing or projected changes in employment opportunities and population
36 in the community and its surroundings (and those elderly persons residing
37 in or expected to reside in the community), or as estimated in a communi-
38 ty accepted State or regional housing opportunity plan approved by the
39 Secretary, and identifies housing stock which is in a deteriorated condition,
40 including the impact of conversion of rental housing to condominium or co-
41 operative ownership on such needs;

1 “(B) specifies a realistic annual goal for the number of dwelling units or
 2 lower income persons to be assisted, including (i) the relative proportion of
 3 new, rehabilitated, and existing dwelling units, including existing rental
 4 and owner occupied dwelling units to be upgraded and thereby preserved,
 5 (ii) the sizes and types of housing projects and assistance best suited to the
 6 needs of lower income persons in the community, and (iii) in the case of
 7 subsidized rehabilitation, adequate provisions to assure that a preponder-
 8 ance of persons assisted should be of low and moderate income; and

9 “(C) indicates the general locations of proposed housing for lower
 10 income persons, with the objective of (i) furthering the revitalization of the
 11 community, including the restoration and rehabilitation of stable neighbor-
 12 hoods to the maximum extent possible, and the reclamation of the housing
 13 stock where feasible through the use of a broad range of techniques for
 14 housing restoration by local government, the private sector, or community
 15 organizations, including provision of a reasonable opportunity for tenants
 16 displaced as a result of such activities to relocate in their immediate neigh-
 17 borhood, (ii) promoting greater choice of housing opportunities and avoid-
 18 ing undue concentrations of assisted persons in areas containing a high
 19 proportion of low-income persons, and (iii) assuring the availability of
 20 public facilities and services adequate to serve proposed housing projects.

21 “(2) The Secretary shall establish such dates and manner for the submission of
 22 housing assistance plans described in paragraph (1) as the Secretary may pre-
 23 scribe.”.

24 (c)(1) Section 104(d) of such Act is amended to read as follows:

25 “(d) Each grantee shall submit to the Secretary, at a time determined by the
 26 Secretary, a performance report concerning the use of funds made available
 27 under section 106, together with an assessment by the grantee of the relationship
 28 of such use to the objectives identified in the grantee's statement under subsec-
 29 tion (a). The Secretary shall, at least on an annual basis, make such reviews and
 30 audits as may be necessary or appropriate to determine—

31 “(1) in the case of grants made under section 106(b) or section
 32 106(d)(2)(B), whether the grantee has carried out its activities and, where
 33 applicable, its housing assistance plan in a timely manner, whether the
 34 grantee has carried out those activities and its certifications in a manner
 35 which is not plainly inconsistent with the requirements of this title, the
 36 primary objectives of this title, and other applicable laws, and whether the
 37 grantee has a continuing capacity to carry out those activities in a timely
 38 manner; and

39 “(2) in the case of grants to States made under section 106(d), whether
 40 the State has distributed funds to units of general local government in a
 41 timely manner and in conformance to the method of distribution described

1 in its statement, whether the State has carried out its certifications in
 2 compliance with the requirements of this title and other applicable laws,
 3 and whether the State has made such reviews and audits of the units of
 4 general local government as may be necessary or appropriate to determine
 5 whether they have satisfied the applicable performance criteria described in
 6 paragraph (1) of this subsection.

7 The Secretary may make appropriate adjustments in the amount of the annual
 8 grants in accordance with the Secretary's findings under this subsection. With
 9 respect to assistance made available under section 106(d), the Secretary may
 10 provide such assistance directly to the units of general local government, or
 11 adjust, reduce, or withdraw such assistance, or take other action as appropriate
 12 in accordance with the Secretary's reviews and audits under this subsection,
 13 except that funds already expended on eligible activities under this title shall not
 14 be recaptured or deducted from future assistance to such units of general local
 15 government."

16 (2) The amendment made by paragraph (1) shall take effect on October 1,
 17 1982.

18 (d) Section 104 of such Act is amended by striking out subsections (e) and (f)
 19 and redesignating subsections (g), (h), (i), and (j) as subsections (e), (f), (g), and
 20 (h).

21 (e) Section 104(f) of such Act, as redesignated by subsection (d) of this section,
 22 is amended—

23 (1) by striking out "applicants" in paragraph (1) and inserting in lieu
 24 thereof "recipients of assistance under this title";

25 (2) by striking out "applicant" wherever it appears and inserting in lieu
 26 thereof "recipient of assistance under this title";

27 (3) by striking out "applications and" in the last sentence of paragraph
 28 (2); and

29 (4) by adding the following new paragraph at the end thereof:

30 "(4) In the case of grants made to States pursuant to section 106(d), the State
 31 shall perform those actions of the Secretary described in paragraph (2) and the
 32 performance of such actions shall be deemed to satisfy the Secretary's responsi-
 33 bilities referred to in the second sentence of such paragraph."

34 (f) Section 104(g) of such Act, as redesignated by subsection (d) of this section,
 35 is amended—

36 (1) by striking out paragraph (1) and inserting in lieu thereof the follow-
 37 ing:

38 "(1) Units of general local government receiving assistance under this title
 39 may receive funds, in one payment, in an amount not to exceed the total amount
 40 designated in the grant (or, in the case of a unit of general local government
 41 receiving a distribution from a State pursuant to section 106(d), not to exceed the

1 total amount of such distribution) for use in establishing a revolving loan fund
 2 which is to be established in a private financial institution and which is to be used
 3 to finance rehabilitation activities assisted under this title. Rehabilitation activi-
 4 ties authorized under this section shall begin within 45 days after receipt of such
 5 payment.”; and

6 (2) by striking out the last two sentences of paragraph (2).

7 **ELIGIBLE ACTIVITIES**

8 **SEC. 321-3. (a)** Section 105(a) of the Housing and Community Development
 9 Act of 1974 is amended—

10 (1) by striking out paragraph (8) and inserting in lieu thereof the follow-
 11 ing:

12 “(8) provision of public services, including but not limited to those con-
 13 cerned with employment, crime prevention, child care, health, drug abuse,
 14 education, energy conservation, welfare or recreation needs, if such serv-
 15 ices have not been provided by the unit of general local government
 16 (through funds raised by such unit, or received by such unit from the State
 17 in which it is located) during any part of the twelve-month period immedi-
 18 ately preceding the date of submission of the statement with respect to
 19 which funds are to be made available under this title, and which are to be
 20 used for such services, unless the Secretary finds that the discontinuation
 21 of such services was the result of events not within the control of the unit
 22 of general local government except that not more than 10 per centum of
 23 the amount of any assistance to a unit of general local government under
 24 this title may be used for activities under this paragraph;” and

25 (2) by striking out “and” at the end of paragraph (15);

26 (3) by striking out the period at the end of paragraph (16) and inserting
 27 in lieu thereof “; and”; and

28 (4) by adding at the end thereof the following new paragraph:

29 “(17) provision of assistance to private, for-profit entities, when the as-
 30 sistance is necessary or appropriate to carry out an economic development
 31 project.”.

32 (b) In fiscal years 1982, 1983, and 1984 the Secretary may waive the limita-
 33 tion on the amount of funds which may be used for public services activities
 34 under section 105(a)(8) of the Housing and Community Development Act of
 35 1974, as amended by this Act, in the case of a unit of general local government
 36 which, during fiscal year 1981, allocated more than 10 per centum of funds
 37 received under title I of the Housing and Community Development Act of 1974
 38 for such activities.

39 **ALLOCATION AND DISTRIBUTION OF FUNDS**

40 **SEC. 321-4. (a)** Section 106(a) of the Housing and Community Development
 41 Act of 1974 is amended to read as follows:

1 “(a) Of the amount approved in an appropriation Act under section 103 for
2 grants in any year (excluding the amounts provided for use in accordance with
3 section 107 and section 119), 70 per centum shall be allocated by the Secretary
4 to metropolitan cities and urban counties. Except as otherwise specifically au-
5 thorized, each metropolitan city and urban county shall be entitled to an annual
6 grant from such allocation in an amount not exceeding its basic amount computed
7 pursuant to paragraph (1) or (2) of subsection (b).”.

8 (b) Section 106 of such Act is amended by striking out subsection (c) and
9 redesignating subsections (d), (e), (f), and (g) as subsections (c), (d), (e), and (f),
10 respectively.

11 (c) Section 106(c), as redesignated by subsection (b) of this section, is amended
12 to read as follows:

13 “(c) Any amounts allocated to a metropolitan city or urban county pursuant to
14 the preceding provisions of this section which are not received by the city or
15 county for a fiscal year or which become available as a result of actions under
16 section 104(d) or section 111 shall be reallocated in the succeeding fiscal year
17 among the metropolitan cities and urban counties of the same State on the basis
18 of a formula under which the amount reallocated to each such city or county
19 bears the same ratio to the total amount reallocated to the metropolitan cities and
20 urban counties within that State as the ratio which the amount allocated to that
21 city or county pursuant to the preceding provisions of this section bears to the
22 total amount allocated to the metropolitan cities and urban counties within the
23 State.”.

24 (d) Section 106(d)(1) of such Act, as redesignated by subsection (b) of this
25 section, is amended—

26 (1) by striking out “section 103(a)” and all that follows through “non-
27 metropolitan areas of each State” in the first sentence and inserting in lieu
28 thereof the following: “section 103 for grants in any year (excluding the
29 amounts provided for use in accordance with section 107 and section 119),
30 30 per centum shall be allocated among the States for use in nonentitle-
31 ment areas. The allocation for each State shall be”; and

32 (2) by striking out “nonmetropolitan” wherever it appears and inserting
33 in lieu thereof “nonentitlement”.

34 (e) Section 106(d) of such Act, as redesignated by subsection (b) of this section,
35 is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the
36 following:

37 “(2)(A) Amounts allocated under paragraph (1) shall be distributed to units of
38 general local government located in nonentitlement areas of the State to carry
39 out activities in accordance with the provisions of this title—

40 “(i) by the State, consistent with the statement submitted under section
41 104(a); or

1 “(ii) by the Secretary, in any case described in subparagraph (B), for use
2 by units of general local government in accordance with paragraph (3)(B).

3 “(B) The Secretary shall distribute amounts allocated under paragraph (1)
4 where—

5 “(i) the State has elected, in such manner and before such time as the
6 Secretary may prescribe, not to distribute such amounts;

7 “(ii) the State has failed to submit the certifications described in subparagraph
8 (C); or

9 “(iii) such action is necessary as a result of findings and actions taken
10 pursuant to section 104(d).

11 “(C) To receive and distribute amounts allocated under paragraph (1), the
12 Governor must certify that the State—

13 “(i) engages or will engage in planning for community development
14 activities;

15 “(ii) provides or will provide technical assistance to units of general
16 local government in connection with community development programs;

17 “(iii) will provide, out of State resources, funds for community development
18 activities in an amount which is at least 10 per centum of the
19 amounts allocated for use in the State pursuant to paragraph (1); and

20 “(iv) has consulted with local elected officials from among units of general
21 local government located in nonentitlement areas of that State in determining
22 the method of distribution of funds required by subparagraph (A).

23 “(3)(A) If the State receives and distributes such amounts, it shall be responsible
24 for the administration of funds so distributed. Such amounts may not be used
25 for administrative expenses incurred by the State in carrying out its responsibilities
26 under this title.

27 “(B) If the Secretary distributes such amounts, the distribution shall be made
28 in accordance with determinations of the Secretary pursuant to statements submitted
29 and the other requirements of section 104 (other than subsection (c)) and
30 in accordance with regulations and procedures prescribed by the Secretary.

31 “(C) Any amounts allocated for use in a State for a fiscal year which are not
32 received by that State or the units of local government of that State or which
33 become available as a result of actions taken under section 104(d) or 111 shall be
34 added to amounts available for use in that State in the succeeding fiscal year.
35 Any amounts which are or become available in any case described in paragraph
36 (2)(B)(i) shall be available for use within the State to which the amounts were
37 allocated.

38 “(4) In computing amounts under paragraph (1), Indian tribes shall be
39 excluded.”.

1 (f) Section 106(f), as redesignated by subsection (b) of this section, is amended
2 by striking out "(1)" and all that follows through "106(e)" and inserting in lieu
3 thereof "all basic grant entitlement amounts".

4 (g) Section 102(a)(4) of such Act is amended by inserting before the period at
5 the end thereof the following: ", or until September 30, 1982, whichever is
6 later".

7 DISCRETIONARY FUND

8 SEC. 321-5. Subsections (a), (b), and (c) of section 107 of the Housing and
9 Community Development Act of 1974 are amended to read as follows:

10 "(a) Of the total amount approved in appropriation Acts under section 103 for
11 each of the fiscal years 1982 and 1983, not more than \$60,000,000 for each of
12 the fiscal years 1982 and 1983 may be set aside in a special discretionary fund
13 for grants under subsection (b). Grants under this section are in addition to any
14 other grants which may be made under this title to the same entities for the same
15 purposes.

16 "(b) From amounts set aside under subsection (a), the Secretary is authorized
17 to make grants—

18 "(1) in behalf of new communities assisted under title VII of the Hous-
19 ing and Urban Development Act of 1970 or title IV of the Housing and
20 Urban Development Act of 1968 or in behalf of new community projects
21 assisted under title X of the National Housing Act which meet the eligibil-
22 ity standards set forth in title VII of the Housing and Urban Development
23 Act of 1970 and which were the subject of an application or preapplication
24 under such title prior to January 14, 1975;

25 "(2) in Guam, the Virgin Islands, American Samoa, the Northern Mari-
26 ana Islands, and the Trust Territory of the Pacific Islands;

27 "(3) to Indian tribes; and

28 "(4) to States, units of general local government, Indian tribes, or
29 areawide planning organizations for the purpose of providing technical as-
30 sistance in planning, developing, and administering assistance under this
31 title, and to States and units of general local government for implementing
32 special projects otherwise authorized under this title. The Secretary may
33 also provide, directly or through contracts, technical assistance under this
34 paragraph to such governmental units, or to a group designated by such a
35 governmental unit for the purpose of assisting that governmental unit to
36 carry out assistance under this title.

37 "(c) Amounts set aside for use under subsection (b) in any fiscal year but not
38 used in that year shall remain available for use in subsequent fiscal years in
39 accordance with the provisions of that subsection."

NONDISCRIMINATION

SEC. 321-6. Section 109(a) of the Housing and Community Development Act of 1974 is amended by adding the following new sentence at the end thereof: "Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 shall also apply to any such program or activity."

TRANSITIONAL PROVISIONS

SEC. 321-7. (a) Any amounts appropriated for any fiscal year before fiscal year 1982 in a Department of Housing and Urban Development-Independent Agencies Appropriation Act or a Supplemental Appropriation Act under the head "community development grants" which are or become available for obligation shall remain available as provided by law, and shall be used in accordance with the following:

(1) funds authorized for use under section 106(a) of the Housing and Community Development Act of 1974 before the effective date of this subpart shall be available for use as provided by section 106(c) of such Act;

(2) funds authorized for use under section 107 of such Act before the effective date of this subpart shall be available for use as provided by section 107(c) of such Act; and

(3) funds authorized for use under section 106 (c) or (e) of such Act before the effective date of this subpart shall be available for use as provided by section 106(d)(3)(A) of such Act.

(b) Any grant or loan which, prior to the effective date of any provision of this subpart, was obligated and governed by any authority stricken by any provision of this subpart shall continue to be governed by the provisions of such authority as they existed immediately before such effective date.

URBAN DEVELOPMENT ACTION GRANTS

SEC. 321-8. (a) Section 119 of the Housing and Community Development Act of 1974 is amended to read as follows:

"URBAN DEVELOPMENT ACTION GRANTS

"SEC. 119. (a) The Secretary is authorized to make urban development action grants to cities and urban counties which are experiencing severe economic distress to help stimulate economic development activity needed to aid in economic recovery. Of the total amount approved in appropriation Acts under section 103 for each of the fiscal years 1982 and 1983, not more than \$500,000,000 shall be available for each of the fiscal years 1982 and 1983 for grants under this section.

"(b)(1) Urban development action grants shall be made only to cities and urban counties which have, in the determination of the Secretary, demonstrated results in providing housing for low- and moderate-income persons and in providing equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups. The Secretary shall issue regulations establishing criteria in accordance with the preceding sentence and setting forth

1 minimum standards for determining the level of economic distress of cities and
 2 urban counties for eligibility for such grants. These standards shall take into
 3 account factors such as the age of housing; the extent of poverty; the extent of
 4 population lag; growth of per capita income; and, where data are available, the
 5 extent of unemployment and job lag.

6 "(2) A city or urban county which fails to meet the minimum standards estab-
 7 lished pursuant to paragraph (1) shall be eligible for assistance under this section
 8 if it meets the requirements of the first sentence of such paragraph and—

9 "(A) in the case of a city with a population of fifty thousand persons or
 10 more or an urban county, contains an area (i) composed of one or more
 11 contiguous census tracts, enumeration districts, or block groups, as defined
 12 by the United States Bureau of the Census, having at least a population of
 13 ten thousand persons or 10 per centum of the population of the city or
 14 urban county; (ii) in which at least 70 per centum of the residents have
 15 incomes below 80 per centum of the median income of the city or urban
 16 county; and (iii) in which at least 30 per centum of the residents have
 17 incomes below the national poverty level; or

18 "(B) in the case of a city with a population of less than fifty thousand
 19 persons, contains an area (i) composed of one or more contiguous census
 20 tracts, enumeration districts, or block groups or other areas defined by the
 21 United States Bureau of the Census or for which data certified by the
 22 United States Bureau of the Census are available having at least a popula-
 23 tion of two thousand five hundred persons or 10 per centum of the popula-
 24 tion of the city, whichever is greater; (ii) in which at least 70 per centum
 25 of the residents have incomes below 80 per centum of the median income
 26 of the city; and (iii) in which at least 30 per centum of the residents have
 27 incomes below the national poverty level.

28 The Secretary shall use up to, but not more than, 20 per centum of the funds
 29 appropriated for use in any fiscal year under this section for the purpose of
 30 making grants to cities and urban counties eligible under this paragraph.

31 "(c) Applications for assistance under this section shall—

32 "(1) in the case of an application for a grant under subsection (b)(2),
 33 include documentation of grant eligibility in accordance with the standards
 34 described in that subsection;

35 "(2) set forth the activities for which assistance is sought, including (A)
 36 an estimate of the costs and general location of the activities; (B) a sum-
 37 mary of the public and private resources which are expected to be made
 38 available in connection with the activities, including how the activities will
 39 take advantage of unique opportunities to attract private investment; and
 40 (C) an analysis of the economic benefits which the activities are expected
 41 to produce;

1 “(3) contain a certification satisfactory to the Secretary that the appli-
 2 cant, prior to submission of its application, (A) has held public hearings to
 3 obtain the views of citizens, particularly residents of the area in which the
 4 proposed activities are to be carried out, and (B) has analyzed the impact
 5 of these proposed activities on the residents, particularly those of low and
 6 moderate income, of the residential neighborhood, and on the neighborhood
 7 in which they are to be carried out; and

8 “(4) contain a certification satisfactory to the Secretary that the appli-
 9 cant, prior to submission of its application, (A) has identified all properties,
 10 if any, which are included on the National Register of Historic Places and
 11 which, as determined by the applicant, will be affected by the project for
 12 which the application is made; (B) has identified all other properties, if
 13 any, which will be affected by such project and which, as determined by
 14 the applicant, may meet the criteria established by the Secretary of the
 15 Interior for inclusion on such Register, together with documentation relat-
 16 ing to the inclusion of such properties on the Register; (C) has determined
 17 the effect, as determined by the applicant, of the project on the properties
 18 identified pursuant to clauses (A) and (B); and (D) will comply with the
 19 requirements of section 121.

20 “(d)(1) Except in the case of a city or urban county eligible under subsection
 21 (b)(2), the Secretary shall establish selection criteria for grants under this section
 22 which must include (A) as the primary criterion, the comparative degree of eco-
 23 nomic distress among applicants, as measured (in the case of a metropolitan city
 24 or urban county) by the differences in the extent of growth lag, the extent of
 25 poverty, and the adjusted age of housing in the metropolitan city or urban
 26 county; (B) other factors determined to be relevant by the Secretary in assessing
 27 the comparative degree of economic deterioration in cities and urban counties;
 28 and (C) at least the following other criteria: demonstrated performance of the city
 29 or urban county in housing and community development programs; the extent to
 30 which the grant will stimulate economic recovery by leveraging private invest-
 31 ment; the number of permanent jobs to be created and their relation to the
 32 amount of grant funds requested; the proportion of permanent jobs accessible to
 33 lower income persons and minorities, including persons who are unemployed; the
 34 impact of the proposed activities on the fiscal base of the city or urban county and
 35 its relation to the amount of grant funds requested; the extent to which State or
 36 local government funding or special economic incentives have been committed;
 37 and the feasibility of accomplishing the proposed activities in a timely fashion
 38 within the grant amount available.

39 “(2) For the purpose of making grants with respect to areas described in sub-
 40 section (b)(2), the Secretary shall establish selection criteria, which must include
 41 (A) factors determined to be relevant by the Secretary in assessing the compara-

1 tive degree of economic deterioration among eligible areas, and (B) such other
 2 criteria as the Secretary may determine, including at a minimum the criteria
 3 listed in paragraph (1)(C) of this subsection.

4 "(e) The Secretary may not approve any grant to a city or urban county
 5 eligible under subsection (b)(2) unless—

6 "(1) the grant will be used in connection with a project located in an
 7 area described in subsection (b)(2), except that the Secretary may waive
 8 this requirement where the Secretary determines (A) that there is no suit-
 9 able site for the project within that area, (B) the project will be located
 10 directly adjacent to that area, and (C) the project will contribute substan-
 11 tially to the economic development of that area;

12 "(2) the city or urban county has demonstrated to the satisfaction of the
 13 Secretary that basic services supplied by the city or urban county to the
 14 area described in subsection (b)(2) are at least equivalent, as measured by
 15 per capita expenditures, to those supplied to other areas within the city or
 16 urban county which are similar in population size and physical characteris-
 17 tics and which have median incomes above the median income for the city
 18 or urban county;

19 "(3) the grant will be used in connection with a project which will di-
 20 rectly benefit the low- and moderate-income families and individuals resid-
 21 ing in the area described in subsection (b)(2); and

22 "(4) the city or urban county makes available, from its own funds or
 23 from funds received from the State or under any Federal program which
 24 permits the use of financial assistance to meet the non-Federal share re-
 25 quirements of Federal grant-in-aid programs, an amount equal to 20 per
 26 centum of the grant to be available under this section to be used in carry-
 27 ing out the activities described in the application.

28 "(f) Activities assisted under this section may include such activities, in addi-
 29 tion to those authorized under section 105(a), as the Secretary determines to be
 30 consistent with the purposes of this section.

31 "(g) The Secretary shall, at least on an annual basis, make reviews and audits
 32 of recipients of grants under this section as necessary to determine the progress
 33 made in carrying out activities substantially in accordance with approved plans
 34 and timetables. The Secretary may adjust, reduce, or withdraw grant funds, or
 35 take other action as appropriate in accordance with the findings of these reviews
 36 and audits, except that funds already expended on eligible activities under this
 37 title shall not be recaptured or deducted from future grants made to the recipient.

38 "(h) No assistance may be provided under this section for projects intended to
 39 facilitate the relocation of industrial or commercial plants or facilities from one
 40 area to another, unless the Secretary finds that the relocation does not signifi-

1 cantly and adversely affect the unemployment or economic base of the area from
2 which the industrial or commercial plan or facility is to be relocated.

3 "(i) Not less than 25 per centum of the funds made available for grants under
4 this section shall be used for cities with populations of less than fifty thousand
5 persons which are not central cities of a metropolitan statistical area.

6 "(j) A grant may be made under this section only where the Secretary deter-
7 mines that there is a strong probability that (1) the non-Federal investment in the
8 project would not be made without the grant, and (2) the grant would not substi-
9 tute for non-Federal funds which are otherwise available to the project.

10 "(k) In making grants under this section, the Secretary shall take such steps as
11 the Secretary deems appropriate to assure that the amount of the grant provided
12 is the least necessary to make the project feasible.

13 "(l) For purposes of this section, the Secretary may reduce or waive the re-
14 quirement in section 102(a)(5)(B)(ii) that a town or township be closely settled.

15 "(m) In the case of any application which identifies any property in accordance
16 with subsection (c)(4)(B), the Secretary may not commit funds with respect to an
17 approved application unless the applicant has certified to the Secretary that the
18 appropriate State historic preservation officer and the Secretary of the Interior
19 have been provided an opportunity to take action in accordance with the provi-
20 sions of section 121(b).

21 "(n)(1) For the purposes of this section, the term 'city' includes Guam, the
22 Virgin Islands, and Indian tribes.

23 "(2) The Secretary may not approve a grant to an Indian tribe unless the tribe
24 (A) is located on a reservation or in an Alaskan Native Village, and (B) is an
25 eligible recipient under the State and Local Fiscal Assistance Act of 1972.

26 "(o) In the event that no amounts are set aside under, or precluded from being
27 appropriated for this section for fiscal years after fiscal year 1983, any amount
28 which is or becomes available for use under this section after fiscal year 1983
29 shall be added to amounts appropriated under section 103."

30 (b) Section 121 of such Act is amended by striking out "subsection (c)(7)(B)"
31 in subsection (b) and inserting in lieu thereof "subsection (c)(4)(B)".

32 (c) The amendments made by subsections (a) and (b) shall become effective on
33 the effective date of regulations implementing such subsections. As soon as prac-
34 ticable, but not later than January 1, 1982, the Secretary shall issue such final
35 rules and regulations as the Secretary determines are necessary to carry out such
36 subsections.

37 REHABILITATION LOANS

38 SEC. 321-9. (a) Section 312 of the Housing Act of 1954 is amended by adding
39 at the end thereof the following:

40 "(f) On or after October 1, 1981, loans may be made under this section only in
41 connection with urban homesteading programs or multifamily properties."

1 (b) Subsection (a)(1)(D) of such section is amended by striking out "approved".

2 (c) The first sentence of subsection (d) of such section is amended—

3 (1) by inserting "and" after "1979,"; and

4 (2) by striking out all after "1980" and inserting in lieu thereof a
5 period.

6 (d) The last sentence of subsection (d) of such section is repealed.

7 (e) Subsection (h) of such section is amended by striking out "1982" each
8 place it appears and inserting in lieu thereof "1983".

9 (f) Subsection (j)(1) of such section is amended by striking out the second
10 sentence.

11 URBAN HOMESTEADING

12 SEC. 321-10. The first sentence of section 810(h) of the Housing and Commu-
13 nity Development Act of 1974 is amended by striking out "and not to exceed
14 \$26,000,000 for the fiscal year 1979" and inserting in lieu thereof "not to
15 exceed \$26,000,000 for the fiscal year 1979, and not to exceed \$13,467,000 for
16 the fiscal year 1983".

17 REPEALERS

18 SEC. 321-11. (a) Title VII of the Housing and Community Development
19 Amendments of 1978 is hereby repealed.

20 (b) Section 701 of the Housing Act of 1954 is hereby repealed.

21 TECHNICAL AMENDMENTS

22 SEC. 321-12. (a) Section 102(a) of the Housing and Community Development
23 Act of 1974 is amended—

24 (1) by striking out paragraphs (18) and (19);

25 (2) by inserting immediately after paragraph (6) the following:

26 "(7) The term 'nonentitlement area' means an area which is not a met-
27 ropolitan city or part of an urban county."; and

28 (3) by redesignating the remaining paragraphs accordingly.

29 (b) Section 102(c) of such Act is amended by striking out "a Community De-
30 velopment Program in whole or in part" and inserting in lieu thereof "activities
31 assisted under this title".

32 (c) Section 102(d) of such Act is amended by striking out "103(a)(1)" and
33 inserting in lieu thereof "103".

34 (d) The caption of section 105 of such Act is amended to read as follows:
35 "eligible activities".

36 (e) Section 105(a) of such Act is amended—

37 (1) by striking out the first sentence and the words "These activities" in
38 the second sentence and inserting in lieu thereof "Activities assisted under
39 this title";

40 (2) by striking out "program" in paragraph (6);

1 (3) by striking out "the Community Development Program" in para-
 2 graph (9) and inserting in lieu thereof "activities assisted under this title";

3 (4) by striking out "to the community development program" in para-
 4 graph (11);

5 (5) by striking out "(as specifically" and all that follows through
 6 "104(a)(1)" in paragraph (14) and inserting in lieu thereof "which are car-
 7 ried out by public or private nonprofit entities"; and

8 (6) by striking out "(as specifically described in the application submit-
 9 ted pursuant to section 104)" in paragraph (15).

10 (f) Section 105(b) of such Act is amended by striking out "a grant" and insert-
 11 ing in lieu thereof "assistance".

12 (g) The second sentence of section 106(b)(4) of such Act is amended by striking
 13 out "for a grant under subsection (c) or (e)" and inserting in lieu thereof the
 14 following: "to receive assistance under subsection (d)".

15 (h) Section 108(d)(2) of such Act is amended by striking out "approved or".

16 (i) The first sentence of section 110 of such Act is amended by striking out
 17 "grants" and inserting in lieu thereof "assistance".

18 (j) The first sentence of section 112(a) of such Act is amended by striking out
 19 "103(a)" and inserting in lieu thereof "103".

20 (k) Section 113(a)(2) of such Act is amended by striking out "as approved by
 21 the Secretary".

22 (l) Section 116(b) of such Act is amended to read as follows:

23 "(b) In the case of funds available for any fiscal year, the Secretary shall not
 24 consider any statement under section 104(a), unless such statement is submitted
 25 on or prior to such date (in that fiscal year) as the Secretary shall establish as the
 26 final date for submission of statements in that year."

27 REPORT ON BLOCK GRANT PROGRAM

28 SEC. 321-13. Not later than one hundred and eighty days after the date of
 29 enactment of this Act, the Secretary of Housing and Urban Development shall
 30 report to the Congress on administrative and legislative steps that can be taken
 31 to—

32 (1) require all grantees to concentrate their block grant funds in dis-
 33 tressed geographic areas small enough so that visible improvements can be
 34 achieved in a reasonable time period and to ensure that claimed benefits to
 35 low- and moderate-income persons are, in actuality, occurring;

36 (2) reduce the broad list of activities currently eligible so that funds can
 37 be focused on those activities which meet the cities' most urgent revital-
 38 ization needs;

39 (3) develop overall income eligibility requirements for recipients of block
 40 grant supported rehabilitation; and

1 (4) limit eligible rehabilitation work to that which is essential to restore
 2 the housing unit to a decent, safe, and sanitary or energy efficient condi-
 3 tion, specifically prohibiting nonessential and luxury items, so that more
 4 homes needing basic repairs can be rehabilitated.

5 Subpart 2—Housing Assistance Programs

6 HOUSING AUTHORIZATIONS

7 SEC. 322-1. (a) The first sentence of section 5(c)(1) of the United States
 8 Housing Act of 1937 is amended by inserting immediately after "1980" the
 9 following: ", by \$891,500,000 on October 1, 1981, and by \$899,800,000 on
 10 October 1, 1982".

11 (b) The second sentence of section 5(c)(1) of such Act is amended by striking
 12 out "Acts;" and all that follows through the period and inserting in lieu thereof
 13 the following: "Acts. In addition, the aggregate amount which may be obligated
 14 over the duration of the contracts may not exceed \$31,200,000,000 with respect
 15 to the additional authority provided on October 1, 1980, \$17,815,100,000 with
 16 respect to the additional authority provided on October 1, 1981, and
 17 \$17,810,600,000 with respect to the additional authority provided on October 1,
 18 1982."

19 (c) Section 5(c) of such Act is amended by—

20 (1) redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and
 21 (6), respectively; and

22 (2) inserting immediately after paragraph (2) the following:

23 "(3)(A) Of the additional authority approved in appropriation Acts and made
 24 available on October 1, 1981, and October 1, 1982, the Secretary shall make
 25 available at least \$75,000,000 each fiscal year for assistance to projects under
 26 section 14.

27 "(B) Of the balance of the additional authority referred to in the preceding
 28 subparagraph which remains for each fiscal year after deducting the amount to be
 29 provided for assistance to projects under section 14, the Secretary shall allocate
 30 funds for use in different areas and communities in accordance with section
 31 213(d) of the Housing and Community Development Act of 1974, except that on
 32 a national basis the Secretary may not enter into contracts aggregating—

33 "(i) more than 45 per centum of such balance for existing units assisted
 34 under this Act; and

35 "(ii) more than 55 per centum of such balance for newly constructed
 36 and substantially rehabilitated units assisted under this Act.

37 "(C) Notwithstanding subparagraph (B), after making the allocations referred
 38 to in such subparagraph, the Secretary shall accommodate the desires of States
 39 and units of local government regarding the mix between newly constructed or
 40 substantially rehabilitated and existing or moderately rehabilitated housing if the
 41 contract and budget authority allocated is sufficient to provide assistance with

1 respect to such mix. Any contract or budget authority which remains after assist-
 2 ance is set aside for such mix shall be reallocated in accordance with section
 3 213(d) of the Housing and Community Development Act of 1974. In any case
 4 where a State or unit of local government determines that funds allocated under
 5 this paragraph would be more effectively used for the modernization of existing
 6 public housing, the Secretary may approve the use of all or a part of such funds
 7 in accordance with the provisions of section 14.

8 "(D) The Secretary may not make reservations from the total amount of
 9 budget authority provided to carry out this Act in any fiscal year in a manner
 10 which would cause the amount reserved to exceed 30 per centum of the total
 11 amount for the last quarter of any fiscal year or 15 per centum of the total
 12 amount for any month of the last quarter of any fiscal year."

13 (d) Section 9(c) of such Act is amended by—

14 (1) striking out "and" immediately after "on or after October 1, 1979,";

15 (2) striking out "\$826,000,000" and inserting in lieu thereof
 16 "\$970,800,000"; and

17 (3) inserting immediately before the period at the end thereof the follow-
 18 ing: ", not to exceed \$1,204,600,000 on or after October 1, 1981, and not
 19 to exceed \$1,350,400,000 on or after October 1, 1982".

20 (e) Section 213(d) of the Housing and Community Development Act of 1974 is
 21 amended by adding at the end thereof a new paragraph to read as follows:

22 "(4) With respect to fiscal years beginning after September 30, 1981, the
 23 Secretary of Housing and Urban Development is authorized to retain a portion of
 24 the contract authority available during any fiscal year under the authorities cited
 25 in paragraph (1) of subsection (a) of this section, not to exceed 10 per centum of
 26 the available contract authority on an aggregate basis. Such contract authority
 27 shall be available for subsequent allocation to specific areas and communities, and
 28 may be used for—

29 "(A) unforeseeable housing needs, especially those brought on by natu-
 30 ral disasters or special relocation requirements;

31 "(B) support for the needs of the handicapped or for minority enterprise;

32 "(C) applications for assistance with respect to housing in new commu-
 33 nities;

34 "(D) providing for assisted housing as a result of the settlement of liti-
 35 gation;

36 "(E) small research and demonstration projects;

37 "(F) lower-income housing needs described in housing assistance plans,
 38 including activities carried out under areawide housing opportunity plans;
 39 and

40 "(G) innovative housing programs or alternative methods for meeting
 41 lower-income housing needs approved by the Secretary."

1 (f)(1) The first sentence of section 201(h) of the Housing and Community De-
2 velopment Amendments of 1978 is amended—

3 (A) by striking out “and” after “the fiscal year 1980,”;

4 (B) by inserting before the period at the end thereof the following: “,
5 not to exceed \$50,176,000 for the fiscal year 1982, and \$50,176,000 for
6 the fiscal year 1983”; and

7 (C) by striking out the comma immediately following “Act” and insert-
8 ing in lieu thereof a closed parenthesis.

9 (2) The third sentence of section 236(f)(3) of the National Housing Act, as
10 redesignated by section 322-2(f)(7) of this subpart, is amended by striking out
11 “September 30, 1981” and inserting in lieu thereof “September 30, 1983”.

12 (g) Section 305(c) of the National Housing Act is amended—

13 (1) by striking out “and” immediately after “October 1, 1978,”; and

14 (2) by inserting before the period at the end thereof the following: “,
15 and by \$2,300,000,000 on October 1, 1981, except that not more than
16 \$942,800,000 of such amount shall be available for the purchase of or
17 commitments to purchase mortgages secured by projects which do not con-
18 tain units assisted under section 8 of the United States Housing Act of
19 1937”.

20 (h) Section 202(a)(4)(B)(i) of the Housing Act of 1959 is amended by striking
21 out “and to \$5,752,500,000 on October 1, 1981” and inserting in lieu thereof
22 “to \$5,752,500,000 on October 1, 1981, and to \$6,102,500,000 on October 1,
23 1982”.

24 (i) No funds may be appropriated and no budget authority may be approved
25 pursuant to the amendments made by this section unless the provisions of sec-
26 tions 322-2 through 322-13 of this subpart are enacted.

27 TENANT RENTAL PAYMENTS

28 SEC. 322-2. (a) Section 3 of the United States Housing Act of 1937 is amend-
29 ed to read as follows:

30 “RENTAL PAYMENTS; DEFINITIONS

31 “SEC. 3. (a) Dwelling units assisted under this Act shall be rented only to
32 families who are lower income families at the time of their initial occupancy of
33 such units. A family shall pay as rent for a dwelling unit assisted under this Act
34 the highest of the following amounts, rounded to the nearest dollar:

35 “(1) 30 per centum of the family’s monthly adjusted income;

36 “(2) 10 per centum of the family’s monthly income (15 per centum for
37 the purpose of section 8); or

38 “(3) if the family is receiving payments for welfare assistance from a
39 public agency and a part of such payments, adjusted in accordance with
40 the family’s actual housing costs, is specifically designated by such agency

1 to meet the family's housing costs, the portion of such payments which is
2 so designated.

3 "(b) When used in this Act:

4 "(1) The term 'lower income housing' means decent, safe, and sanitary dwell-
5 ings assisted under this Act. The term 'public housing' means lower income
6 housing, and all necessary appurtenances thereto, assisted under this Act other
7 than under section 8. When used in reference to public housing, the term 'lower
8 income housing project' or 'project' means (A) housing developed, acquired, or
9 assisted by a public housing agency under this Act, and (B) the improvement of
10 any such housing.

11 "(2) The term 'lower income families' means those families whose incomes do
12 not exceed 50 per centum of the median income for the area, as determined by
13 the Secretary with adjustments for smaller and larger families, except that the
14 Secretary may establish income ceilings higher or lower than 50 per centum of
15 the median for the area on the basis of the Secretary's findings that such vari-
16 ations are necessary because of prevailing levels of construction costs, unusually
17 high or low family incomes, or other factors.

18 "(3) The term 'families' includes families consisting of a single person in the
19 case of (A) a person who is at least sixty-two years of age or is under a disability
20 as defined in section 223 of the Social Security Act or in section 102 of the
21 Developmental Disabilities Services and Facilities Construction Amendments of
22 1970, or is handicapped, (B) a displaced person, (C) the remaining member of a
23 tenant family, and (D) other single persons in circumstances described in regula-
24 tions of the Secretary. In no event shall more than 15 per centum of the units
25 under the jurisdiction of any public housing agency be occupied by single persons
26 under clause (D). In determining priority for admission to housing under this Act,
27 the Secretary shall give preference to those single persons who are elderly,
28 handicapped, or displaced before those eligible under clause (D). The term 'elder-
29 ly families' means families whose heads (or their spouses), or whose sole mem-
30 bers, are persons described in clause (A). A person shall be considered handi-
31 capped if such person is determined, pursuant to regulations issued by the Secre-
32 tary, to have an impairment which is expected to be of long-continued and indefi-
33 nite duration, substantially impedes such person's ability to live independently,
34 and is of such a nature that such ability could be improved by more suitable
35 housing conditions. The term 'displaced person' means a person displaced by
36 governmental action, or a person whose dwelling has been extensively damaged
37 or destroyed as a result of a disaster declared or otherwise formally recognized
38 pursuant to Federal disaster relief laws. Notwithstanding the preceding provi-
39 sions of this subsection, the term 'elderly families' includes two or more elderly,
40 disabled, or handicapped individuals living together, or one or more such individ-

1 uals living with one or more persons determined under regulations of the Secre-
2 tary to be essential to their care or well being.

3 “(4) The term ‘income’ means income from all sources of each member of the
4 household, as determined in accordance with criteria prescribed by the Secretary.
5 Such term includes the amount of income which a member of the household
6 would have received with respect to any resource (or interest therein) owned by
7 such member within the preceding 24 months if such member gave away or sold
8 such resource or interest at less than the fair market value of such resource or
9 interest for the purpose of establishing eligibility for assistance under this section,
10 as determined pursuant to regulations of the Secretary. Household income shall
11 be determined on the basis of actual income received over a representative prior
12 period, with appropriate provision for sudden loss of income.

13 “(5) The term ‘adjusted income’ means the income which remains after exclud-
14 ing such amounts or types of income as the Secretary may prescribe. In deter-
15 mining amounts to be excluded from income, the Secretary may, in the Secre-
16 tary’s discretion, take into account the number of minor children in the household
17 and such other factors as the Secretary may determine are appropriate.

18 “(6) The term ‘public housing agency’ means any State, county, municipality,
19 or other governmental entity or public body (or agency or instrumentality thereof)
20 which is authorized to engage in or assist in the development or operation of
21 lower income housing.

22 “(7) The term ‘State’ includes the several States, the District of Columbia, the
23 Commonwealth of Puerto Rico, the territories and possessions of the United
24 States, the Trust Territory of the Pacific Islands, and Indian tribes, bands,
25 groups, and Nations, including Alaska Indians, Aleuts, and Eskimos, of the
26 United States.

27 “(8) The term ‘Secretary’ means the Secretary of Housing and Urban Devel-
28 opment.

29 “(c) When used in reference to public housing:

30 “(1) The term ‘development’ means any or all undertakings necessary for plan-
31 ning, land acquisition, demolition, construction, or equipment, in connection with
32 a lower income housing project. The term ‘development cost’ comprises the costs
33 incurred by a public housing agency in such undertakings and their necessary
34 financing (including the payment of carrying charges), and in otherwise carrying
35 out the development of such project. Construction activity in connection with a
36 lower income housing project may be confined to the reconstruction, remodeling,
37 or repair of existing buildings.

38 “(2) The term ‘operation’ means any or all undertakings appropriate for man-
39 agement, operation, services, maintenance, security (including the cost of security
40 personnel), or financing in connection with a lower income housing project. The
41 term also means the financing of tenant programs and services for families resid-

1 ing in lower income housing projects, particularly where there is maximum feasi-
 2 ble participation of the tenants in the development and operation of such tenant
 3 programs and services. As used in this paragraph, the term 'tenant programs and
 4 services' includes the development and maintenance of tenant organizations
 5 which participate in the management of lower income housing projects; the train-
 6 ing of tenants to manage and operate such projects and the utilization of their
 7 services in project management and operation; counseling on household manage-
 8 ment, housekeeping, budgeting, money management, child care, and similar mat-
 9 ters; advice as to resources for job training and placement, education, welfare,
 10 health, and other community services; services which are directly related to
 11 meeting tenant needs and providing a wholesome living environment; and referral
 12 to appropriate agencies in the community when necessary for the provision of
 13 such services. To the maximum extent available and appropriate, existing public
 14 and private agencies in the community shall be used for the provision of such
 15 services.

16 "(3) The term 'acquisition cost' means the amount prudently required to be
 17 expended by a public housing agency in acquiring property for a lower income
 18 housing project."

19 (b) Sections 4, 5, 9, and 11 of such Act are amended by striking out "low
 20 income" where it appears in the caption accompanying each such section and by
 21 inserting in lieu thereof "lower income".

22 (c) Sections 2, 4, 5, 6, 9, 11, 12, 13, and 14 of such Act are amended by
 23 striking out "low-income" wherever it appears and inserting in lieu thereof
 24 "lower income".

25 (d) Section 6(c)(2) of such Act is amended by striking out the phrase "at
 26 intervals of two years (or at shorter intervals where the Secretary deems it desir-
 27 able)" and inserting in lieu thereof "no less frequently than annually".

28 (e) Section 8 of such Act is amended—

29 (1) by striking out paragraph (3) of subsection (c) and inserting in lieu
 30 thereof the following:

31 "(3) The amount of the monthly assistance payment with respect to any dwell-
 32 ing unit shall be the difference between the maximum monthly rent which the
 33 contract provides that the owner is to receive for the unit and the rent the family
 34 is required to pay under section 3(a) of this Act. Reviews of family income shall
 35 be made no less frequently than annually.";

36 (2) by striking out paragraph (7) of subsection (c) and redesignating
 37 paragraph (8) of such subsection as paragraph (7);

38 (3) by striking out paragraphs (1), (2), and (3) of subsection (f) and
 39 redesignating paragraphs (4), (5), and (6) of such subsection as paragraphs
 40 (1), (2), and (3), respectively;

1 (4) by striking out "The provisions of section 3(1), 5(e), and 6" in sub-
 2 section (h) and inserting in lieu thereof "Sections 5(e) and 6";

3 (5) by striking out the comma after the word "Act" in subsection (h);
 4 and

5 (6) by striking out "25 per centum of one-twelfth of the annual income
 6 of such family" in paragraph (3) of subsection (j) and inserting in lieu
 7 thereof "the rent the family is required to pay under section 3(a) of this
 8 Act".

9 (f) Section 236 of the National Housing Act is amended—

10 (1) by striking out "two years" in subsection (e) and inserting in lieu
 11 thereof "one year";

12 (2) by striking out "25 per centum of the tenant's income" in the
 13 second sentence of subsection (f) and inserting in lieu thereof "30 per
 14 centum of the tenant's adjusted income";

15 (3) by striking out clause (ii) in the third sentence of subsection (f) and
 16 inserting in lieu thereof the following:

17 "(ii) to permit the charging of a rental for such dwelling units at
 18 such an amount less than 30 per centum of a tenant's adjusted
 19 income as the Secretary determines represents a proportionate de-
 20 crease for the utility charges to be paid by such tenant, but in no
 21 case shall such rental be lower than 25 per centum of a tenant's ad-
 22 justed income.";

23 (4) by striking out "25 per centum of their income" in paragraph (2) of
 24 subsection (f) and inserting in lieu thereof "30 per centum of their adjusted
 25 income";

26 (5) by striking out "25 per centum of the tenant's income" in paragraph
 27 (2) of subsection (f) and inserting in lieu thereof "the highest of the follow-
 28 ing amounts, rounded to the nearest dollar:

29 "(A) 30 per centum of the tenant's monthly adjusted income;

30 "(B) 10 per centum of the tenant's monthly income; or

31 "(C) if the family is receiving payments for welfare assistance from
 32 a public agency and a part of such payments, adjusted in accordance
 33 with the family's actual housing costs, is specifically designated by
 34 such agency to meet the family's housing costs, the portion of such
 35 payments which is so designated";

36 (6) by striking out the third sentence in paragraph (2) of subsection (f);

37 (7) by striking out subparagraph (A) of subsection (f)(3) and redesignat-
 38 ing subsection (f)(3)(B) as subsection (f)(3); and

39 (8) by striking out subsection (m) and inserting in lieu thereof the fol-
 40 lowing:

1 “(m) For the purpose of this section the term ‘income’ means income from all
 2 sources of each member of the household, as determined in accordance with
 3 criteria prescribed by the Secretary. Such term includes the amount of income
 4 which a member of the household would have received with respect to any re-
 5 source (or interest therein) owned by such member within the preceding twenty-
 6 four months if such member gave away or sold such resource or interest at less
 7 than the fair market value of such resource or interest for the purpose of estab-
 8 lishing eligibility for assistance under this section, as determined pursuant to
 9 regulations of the Secretary. The term ‘adjusted income’ means the income which
 10 remains after excluding such amounts or types of income as the Secretary may
 11 prescribe. In determining amounts to be excluded from income, the Secretary
 12 may, in the Secretary’s discretion, take into account the number of minor chil-
 13 dren in the household and such other factors as the Secretary may determine are
 14 appropriate. Household income shall be determined on the basis of actual income
 15 received over a representative prior period, with appropriate provision for sudden
 16 loss of income.”.

17 (g) Section 101 of the Housing and Urban Development Act of 1965
 18 is amended—

19 (1) by striking out paragraph (2) in subsection (c) and inserting in lieu
 20 thereof the following:

21 “(2) ‘income’ means income from all sources of each member of the
 22 household, as determined in accordance with criteria prescribed by the
 23 Secretary. Such term includes the amount of income which a member of
 24 the household would have received with respect to any resource (or inter-
 25 est therein) owned by such member within the preceding twenty-four
 26 months if such member gave away or sold such resource or interest at less
 27 than the fair market value of such resource or interest for the purpose of
 28 establishing eligibility for assistance under this section, as determined pur-
 29 suant to regulations of the Secretary. The term ‘adjusted income’ means
 30 the income which remains after excluding such amounts or types of income
 31 as the Secretary may prescribe. In determining amounts to be excluded
 32 from income, the Secretary may, in the Secretary’s discretion, take into
 33 account the number of minor children in the household and such other fac-
 34 tors as the Secretary may determine are appropriate. Household income
 35 shall be determined on the basis of actual income received over a repre-
 36 sentative prior period, with appropriate provision for sudden loss of
 37 income.”;

38 (2) by striking out the first sentence of subsection (d) and inserting in
 39 lieu thereof the following: “The amount of the annual payment with re-
 40 spect to any dwelling unit shall be the lesser of (1) 70 per centum of the

1 fair market rent, or (2) the amount by which the fair market rental for
2 such unit exceeds 30 per centum of the tenant's adjusted income."; and

3 (3) by striking out ", except the elderly, at intervals of two years (or at
4 shorter intervals in cases where the Secretary may deem it desirable)" in
5 paragraph (2) of subsection (e), and by inserting in lieu thereof "no less
6 frequently than annually".

7 (h) Title II of the Housing and Community Development Amendments of 1979
8 is amended—

9 (1) by striking out subsection (c) in section 202; and

10 (2) by striking out subsection (c) in section 203.

11 (i)(1) In determining the rent to be paid by tenants who are occupying housing
12 assisted under the authorities amended by this section on the effective date of this
13 Act, the Secretary, notwithstanding any other provision of this section, may pro-
14 vide for delayed applicability, or for staged implementation, of the procedures for
15 determining rent required by the provisions of subsections (a) through (h) of this
16 section if the Secretary determines that immediate application of such procedures
17 would be impracticable, would violate the terms of existing leases, or would
18 result in extraordinary hardship for any class of tenants. The Secretary shall
19 prohibit any increase in rents required by the amendments made by this section
20 (other than any part of those increases attributed to increases in family income) in
21 excess of 10 per centum for a family during any twelve-month period. Notwith-
22 standing any other provision of this section, application of the procedures for
23 determining rent contained in this section shall not result in a reduction in the
24 amount of rent paid by any tenant below the amount paid by such tenant immedi-
25 ately preceding the effective date of this Act.

26 (2) Tenants of housing assisted under the provisions of law amended by this
27 section whose occupancy begins after the effective date of this Act shall be sub-
28 ject to immediate rent payment determinations in accordance with the amend-
29 ments contained in subsections (a) through (h), except that the Secretary may
30 provide for delayed applicability, or for staged implementation, of these require-
31 ments for such tenants if the Secretary determines that immediate application of
32 the requirements of this section would be impracticable, or that uniform proce-
33 dures for assessing rents would significantly decrease administrative costs and
34 burdens.

35 (3) The Secretary's actions and determinations and the procedures for making
36 determinations pursuant to this subsection shall not be reviewable in any court.
37 The provisions of subsections (a) through (h) shall be implemented and fully appli-
38 cable to all affected tenants no later than five years following the date of enact-
39 ment of this Act, except that the Secretary may extend the time for implementa-
40 tion if the Secretary determines that full implementation would result in extraor-
41 dinary hardship for any class of tenants.

COST REDUCTION IN ASSISTED HOUSING

1 SEC. 322-3. (a) Section 8 of the United States Housing Act of 1937 is amend-
2 ed—

3 (1) by inserting after the first sentence of subsection (b)(2) the following:
4 “To increase housing opportunities for very low-income families, the Sec-
5 retary shall assure that newly constructed housing to be assisted under
6 this section is modest in design and shall reduce the types and number of
7 unnecessary amenities and features.”;

8 (2) by adding at the end of subsection (c)(2) the following:

9 “(D) Notwithstanding the foregoing, the Secretary shall limit increases in con-
10 tract rents for newly constructed or substantially rehabilitated projects assisted
11 under this section to the amount of operating cost increases incurred by owners of
12 comparable projects in the area.”;

13 (3) in subsection (c)(4)—

14 (A) by striking out all after “exceeding” in the first sentence and
15 inserting in lieu thereof “thirty days.”; and

16 (B) by striking out “sixty-day” in the second sentence and insert-
17 ing in lieu thereof “thirty-day”; and

18 (4) by adding at the end thereof the following:

19 “(m) The Secretary shall give a weighted average consideration of 33⅓ per
20 centum for cost considerations when reviewing proposals for assistance under this
21 section.

22 “(n) For the purpose of achieving the lowest cost in providing units in newly
23 constructed projects assisted under this section, the Secretary shall give a prior-
24 ity in entering into contracts under this section for projects which are to be
25 located on specific tracts of land provided by States or units of local government
26 if the Secretary determines that the tract of land is suitable for such housing, and
27 that affording such priority will be cost effective.

28 “(o) The Secretary shall not enter into any contract with respect to a newly
29 constructed project under this section if the sizes of the units in such project
30 exceed (1) the sizes specified in the minimum property standards by more than 10
31 per centum or the sizes specified by other applicable Federal standards, or (2) the
32 sizes specified in the applicable local codes, whichever are greater.”.

33 (b)(1) The Secretary of Housing and Urban Development may not deny or
34 withhold Federal housing assistance with respect to any property in which some
35 or all of the dwelling units do not contain bathroom or kitchen facilities because
36 of the lack of such facilities.

37 (2) In the case of newly constructed or substantially rehabilitated projects for
38 occupancy by elderly or handicapped persons or families with respect to which
39 Federal housing assistance is provided pursuant to contracts entered into on or
40 after October 1, 1981, to the maximum extent practicable, the Secretary of
41

1 Housing and Urban Development shall, on a nationwide basis, assure that not
2 less than 25 per centum of the units are efficiency units.

3 (3) As used in this subsection, the term "Federal housing assistance" means
4 assistance under any program pursuant to the United States Housing Act of
5 1937, the National Housing Act, section 101 of the Housing and Urban Develop-
6 ment Act of 1965, section 202 of the Housing Act of 1959, title V of the Hous-
7 ing Act of 1949, or title I of the Housing and Community Development Act of
8 1974.

9 REDIRECTION OF ECONOMIC MIX POLICY

10 SEC. 322-4. (a) The Secretary of Housing and Urban Development shall re-
11 scind 24 C.F.R. 890.603(c).

12 (b) Section 8 of the United States Housing Act of 1937 is amended—

13 (1) by inserting "only where consistent with the purpose of aiding lower
14 income families in obtaining a decent place to live" after "mixed housing"
15 in subsection (a);

16 (2) by adding at the end of subsection (b)(2) the following: "Each con-
17 tract entered into under this section after the date of enactment of the
18 Housing and Community Development Amendments of 1981 shall provide
19 that a family which is not eligible for assistance under this section at the
20 time of its initial occupancy may rent a unit in a newly constructed or
21 substantially rehabilitated project assisted under this section only if the
22 number of units in the project which are occupied by families eligible for
23 assistance under this section equals or exceeds the number of units in the
24 project which were to be available for occupancy at initial rent-up by fami-
25 lies eligible for assistance under this section."; and

26 (3) by inserting after "nonhandicapped persons" in the second sentence
27 of subsection (c)(5) the following: "which are not subject to mortgages pur-
28 chased under section 305 of the National Housing Act and not financed
29 with the proceeds of obligations the interest on which is exempt from tax-
30 ation under chapter 1 of the Internal Revenue Code of 1954".

31 (c) Section 6(c)(4)(A) of such Act is amended by striking out "will include
32 families with a broad range of incomes and" and by striking out "lower income
33 and".

34 MISCELLANEOUS HOUSING ASSISTANCE AMENDMENTS

35 SEC. 322-5. (a) Section 8 of the United States Housing Act of 1937 is amend-
36 ed—

37 (1) by adding at the end thereof the following:

38 "(p) After the date of enactment of this subsection, the Secretary may not
39 enter into any contract for a newly constructed or substantially rehabilitated
40 project pursuant to this section which is to be located within the jurisdiction of a
41 State or unit of local government which applies rent controls or rent stabilization

1 to some or all newly constructed multifamily residential projects or to units in
2 any multifamily residential project which become vacant."; and

3 (2) by adding at the end of subsection (c) the following:

4 "(6) Each contract under this section shall provide that the owner will notify
5 tenants at least six months prior to any rent increase which may occur after the
6 expiration of such contract."

7 (b)(1) Within one year after the date of enactment of this Act, the Secretary of
8 Housing and Urban Development shall conduct a survey to determine the
9 number of projects which are assisted under section 8 of the United States Housing
10 Act of 1937 owned by developers or sponsors with five-year annual contribu-
11 tions contracts who plan to withdraw from the section 8 program when their
12 contracts expire and who will increase rents in those projects to levels that the
13 current residents of those projects will not be able to afford. The Secretary shall
14 notify affected residents of possible rent increases where applicable.

15 (2) Not later than one year after the date of the enactment of this Act, the
16 Secretary shall transmit to the Congress a report recommending methods for
17 recapturing the cost to the Federal Government of front-end investment in those
18 units which are removed from the section 8 program.

19 (c) Section 8 of the United States Housing Act of 1937 is amended by adding
20 at the end thereof the following:

21 "(q) The Secretary shall assure that no Federal, State, or local official finan-
22 cially profits by participating in the development of housing to be assisted under
23 this section."

24 (d)(1) The Secretary of Housing and Urban Development shall permit public
25 housing agencies to retain, out of judgments obtained by them in recovering
26 amounts wrongfully paid as a result of fraud and abuse in the housing assistance
27 program under section 8 of the United States Housing Act of 1937, an amount
28 equal to the greater of (A) the legal expenses incurred in obtaining such judg-
29 ments, or (B) 50 per centum of the amount actually collected on the judgments.

30 (2) The Secretary of Housing and Urban Development shall include in the
31 annual report under section 8 of the Department of Housing and Urban Develop-
32 ment Act a summary of cases brought to its attention by public housing authori-
33 ties for prosecution or civil action, and shall describe the handling of such cases
34 by such authorities and by the Department of Housing and Urban Development
35 and the resolution of such cases in the court system.

36 (e) Section 8(d)(1) of the United States Housing Act of 1937 is amended by
37 striking out clause (B) and inserting in lieu thereof:

38 "(B) the procedural and substantive rights of the tenant with respect to
39 occupancy of the unit shall be determined by the terms of the lease and
40 applicable State and local law;"

RENT SUPPLEMENTS

1
2 SEC. 322-6. (a) Section 101(l) of the Housing and Urban Development Act of
3 1965 is amended to read as follows:

4 "(l) Notwithstanding the provisions of subsection (a) and any other provision of
5 law, the Secretary may utilize additional authority under section 5(c) of the
6 United States Housing Act of 1937 made available by appropriation Acts on or
7 after October 1, 1979, to supplement assistance authority available for that pur-
8 pose under this section."

9 (b) The second sentence of section 101(d) of such Act is repealed.

DISPOSAL OF HUD-OWNED PROJECTS

10
11 SEC. 322-7. Section 203(a) of the Housing and Community Development
12 Amendments of 1978 is amended by adding at the end thereof the following: "To
13 the maximum extent feasible, the Secretary shall seek to dispose of projects
14 owned by the Secretary to tenant-owned cooperatives."

SECTION 235 AMENDMENTS

15
16 SEC. 322-8. (a) Section 235(c)(2)(A) of the National Housing Act is amended
17 by striking out "ceases for a period of 90 continuous days or more making pay-
18 ments required under the mortgage, loan, or advance of credit secured by such a
19 property, or".

20 (b) Section 235(h)(1) of such Act is amended by adding the following new
21 sentence at the end thereof: "The Secretary shall not enter into new contracts for
22 assistance payments under this section after September 30, 1981, except pursu-
23 ant to a commitment issued on or before September 30, 1981."

24 (c) Section 235(q)(14) of such Act is amended by striking out "ceases for a
25 period of 90 continuous days or more making payments on the mortgage, loan, or
26 advance of credit secured by the property, or".

RESTRICTION ON USE OF ASSISTED HOUSING

27
28 SEC. 322-9. (a) Section 214 of the Housing and Community Development Act
29 of 1980 is amended to read as follows:

"RESTRICTION ON USE OF ASSISTED HOUSING

30
31 "SEC. 214. (a) Notwithstanding any other provision of law, the Secretary of
32 Housing and Urban Development may not make financial assistance available for
33 the benefit of any alien unless he or she is a resident of the United States and
34 is—

35 "(1) an alien lawfully admitted for permanent residence as an immigrant
36 as defined by sections 101(a)(15) and 101(a)(20) of the Immigration and
37 Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)), exclud-
38 ing, among others, alien visitors, tourists, diplomats, and students who
39 enter the United States temporarily with no intention of abandoning their
40 residence in a foreign country;

1 “(2) an alien who entered the United States prior to June 30, 1948, or
2 such subsequent date as is enacted by law, has continuously maintained
3 his or her residence in the United States since then, and is not ineligible
4 for citizenship, but who is deemed to be lawfully admitted for permanent
5 residence as a result of an exercise of discretion by the Attorney General
6 pursuant to section 249 of the Immigration and Nationality Act (8 U.S.C.
7 1259);

8 “(3) an alien who is lawfully present in the United States pursuant to
9 an admission under section 207 of the Immigration and Nationality Act (8
10 U.S.C. 1157) or pursuant to the granting of asylum (which has not been
11 terminated) under section 208 of such Act (8 U.S.C. 1158);

12 “(4) an alien who is lawfully present in the United States as a result of
13 an exercise of discretion by the Attorney General for emergent reasons or
14 reasons deemed strictly in the public interest pursuant to section 212(d)(5)
15 of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)); or

16 “(5) an alien who is lawfully present in the United States as a result of
17 the Attorney General's withholding deportation pursuant to section 243(h)
18 of the Immigration and Nationality Act (8 U.S.C. 1253(h)).

19 “(b) For purposes of this section the term ‘financial assistance’ means financial
20 assistance made available pursuant to the United States Housing Act of 1937,
21 section 235 or 236 of the National Housing Act, or section 101 of the Housing
22 and Urban Development Act of 1965.”.

23 (b) An alien who is lawfully present in the United States as a result of being
24 granted conditional entry pursuant to section 203(a)(7) of the Immigration and
25 Nationality Act (8 U.S.C. 1153(a)(7)) before April 1, 1980, because of persecu-
26 tion or fear of persecution on account of race, religion, or political opinion or
27 because of being uprooted by catastrophic natural calamity shall be deemed, for
28 purposes of section 214 of the Housing and Community Development Act of
29 1980, to be an alien described in section 214(a)(3) of such Act.

30 PAYMENT FOR DEVELOPMENT MANAGERS

31 SEC. 322-10. The Secretary of Housing and Urban Development shall devel-
32 op and implement a revised fee schedule for development managers of lower
33 income housing projects assisted under the United States Housing Act of 1937 so
34 that the percentage limitation applicable to fees chargeable in connection with
35 smaller projects is increased to a minimum level which is practicable.

36 REVIEW OF OPERATING SUBSIDY FORMULA; FEASIBILITY STUDY

37 SEC. 322-11. (a) The Secretary of Housing and Urban Development shall
38 review the administration of the operating subsidy program under section 9 of the
39 United States Housing Act of 1937 and, not later than March 1, 1982, shall
40 report to the Congress recommendations for one or more new operating subsidy
41 formulas which contain incentives to achieve good management, full rent collec-

tion, and improved maintenance of projects developed under the United States Housing Act of 1937.

(b) The Secretary of Housing and Urban Development shall examine the feasibility of having the Department of Housing and Urban Development design and implement a computer system which can be utilized by public housing agencies to comply with the Department of Housing and Urban Development's reporting requirements, and report thereon to the Congress not later than March 1, 1982.

ENERGY EFFICIENCY EFFORTS

SEC. 322-12. Section 201 of the Housing and Community Development Amendments of 1978 is amended—

(1) by redesignating subsection (h) as subsection (i); and

(2) by inserting after subsection (g) the following:

“(h)(1) Notwithstanding any other provision of law, in exercising any authority relating to the approval or disapproval of rentals charged tenants residing in projects which are eligible for assistance under this section, the Secretary—

“(A) shall consider whether the mortgagor could control increases in utility costs by securing more favorable utility rates, by undertaking energy conservation measures which are financially feasible and cost effective, or by taking other financially feasible and cost-effective actions to increase energy efficiency or to reduce energy consumption; and

“(B) may, in his discretion, adjust the amount of a proposed rental increase where he finds the mortgagor could exercise such control.

“(2) The Secretary may waive one or more of the requirements of this section and may provide financial assistance to an owner of a project which is eligible for assistance under this section in order to assist the owner in carrying out a plan to upgrade the project to meet cost-effective energy efficiency standards prescribed by the Secretary.”.

RECOGNITION OF KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

SEC. 322-13. The Secretary of Housing and Urban Development shall permit the Kansas Department of Economic Development to participate as a public housing agency for the purposes of programs carried out under the United States Housing Act of 1937 and as a State agency for the purpose of section 883.203 of title 24 of the Code of Federal Regulations as in effect June 1, 1981.

Subpart 3—Program Amendments and Extensions

RESEARCH AUTHORIZATIONS

SEC. 323-1. The second sentence of section 501 of the Housing and Urban Development Act of 1970 is amended by striking out “and not to exceed \$51,000,000 for the fiscal year 1981” and inserting in lieu thereof “not to exceed \$51,000,000 for the fiscal year 1981, not to exceed \$35,000,000 for the fiscal year 1982, and not to exceed \$35,000,000 for the fiscal year 1983”.

PROPERTY IMPROVEMENT AND MANUFACTURED HOME LOANS

SEC. 323-2. (a) The first sentence of section 2(b) of the National Housing Act is amended—

(1) by striking out "\$15,000" and inserting in lieu thereof "\$17,500 (\$20,000 where financing the installation of a solar energy system is involved) if made for the purpose of financing alterations, repairs, and improvements upon or in connection with existing single-family structures or manufactured homes"; and

(2) by striking out "\$37,500 nor an average amount of \$7,500 per family unit" and inserting in lieu thereof "\$48,750 nor an average amount of \$8,750 per family unit (\$50,000 and \$10,000, respectively, where financing the installation of a solar energy system is involved) if made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families".

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

"For the purposes of this subsection—

"(A) the term 'developed lot' includes an interest in a condominium project (including any interest in the common areas) or a share in a cooperative association; and

"(B) a loan to finance the purchase of a manufactured home or a manufactured home and lot may also finance the purchase of a garage, patio, carport, or other comparable appurtenance."

MANUFACTURED HOME CONDOMINIUMS

SEC. 323-3. Section 234(a) of the National Housing Act is amended by inserting "or a manufactured home or manufactured home and lot" after "one-family unit".

HOMEOWNER COUNSELING

SEC. 323-4. Section 106(a)(1)(iii) of the Housing and Urban Development Act of 1968 is amended to read as follows:

"(iii) default and delinquency counseling and advice to homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of homeownership;"

TECHNICAL AMENDMENTS

SEC. 323-5. (a) The last sentence of section 207(c)(3), section 213(p), the last proviso in section 220(d)(3)(B)(iii), section 221(k), the proviso in section 231(c)(2), and section 234(j) of such Act are amended—

(1) by inserting "therein" immediately after "installation" wherever it appears; and

1 (2) by striking out "therein" before the punctuation at the end thereof.

2 (b) Section 223(f) of such Act is amended—

3 (1) by inserting "and" immediately after the semicolon at the end of
4 paragraph (2)(A); and

5 (2) by redesignating paragraph (5) as paragraph (4).

6 (c) For purposes of paragraphs (1) and (4) of section 308(c) of the Housing and
7 Community Development Act of 1980, the term "mobile home" and the term
8 "manufactured home" shall be deemed to include the term "mobile homes" and
9 the term "manufactured homes", respectively.

10 (d)(1) The material preceding the proviso in clause (2) of the first sentence of
11 section 234(c) of the National Housing Act is amended to read as follows: "(2)
12 the project is or has been covered by a mortgage insured under any section
13 (except section 213(a) (1) and (2)) of this Act or the project was approved for a
14 guarantee, insurance, or a direct loan under chapter 37 of title 38, United States
15 Code, notwithstanding any requirements in any such section that the project be
16 constructed or rehabilitated for the purpose of providing rental housing:".

17 (2) Section 318 of the Housing and Community Development Act of 1980 is
18 repealed.

19 NEIGHBORHOOD REINVESTMENT CORPORATION

20 SEC. 323-6. Section 608(a) of the Housing and Community Development
21 Amendments of 1978 is amended by striking out "and not to exceed
22 \$13,426,000 for fiscal year 1981" and inserting in lieu thereof "not to exceed
23 \$13,426,000 for fiscal year 1981, not to exceed \$14,950,000 for fiscal year
24 1982, and not to exceed \$14,950,000 for fiscal year 1983".

25 MODEL ZONING CODE

26 SEC. 323-7. The Secretary of Housing and Urban Development is authorized
27 and directed to develop a model manufactured housing zoning code for use by
28 appropriate local authorities.

29 LOWER COST TECHNOLOGY

30 SEC. 323-8. The Secretary of Housing and Urban Development is authorized
31 to develop and implement a demonstration program utilizing lower cost building
32 technology for projects located on innercity vacant land.

33 COMPILATION OF BASIC LAWS

34 SEC. 323-9. Not later than ninety days after the date of enactment of this Act,
35 the Secretary of Housing and Urban Development shall publish a full and com-
36 plete edition of the basic laws and authorities relating to housing and community
37 development reflecting changes and additions occasioned by this subpart. Such
38 publication shall carry annotations reflecting periodic changes to basic laws and a
39 description of provisions which are replaced or amended. The Secretary of Hous-
40 ing and Urban Development shall forward copies of such publication to the chair-
41 man of the Committee on Banking, Housing, and Urban Affairs of the Senate and

1 the chairman of the Committee on Banking, Finance and Urban Affairs of the
2 House of Representatives. A revised edition of such basic laws and authorities
3 shall be published not later than ninety days after the enactment of any subse-
4 quent housing and community development authorizing legislation.

5 USURY PROVISION

6 SEC. 323-10. Section 501(a)(1)(C)(vi) of the Depository Institutions Deregula-
7 tion and Monetary Control Act of 1980 is amended by inserting "or residential
8 manufactured home" after "residential real property".

9 NATIONAL CONSUMER COOPERATIVE BANK

10 SEC. 323-11. (a) Section 108 of the National Consumer Cooperative Bank
11 Act is amended by adding at the end thereof the following:

12 "(f)(1) Effective on and after the date of enactment of the Housing and Com-
13 munity Development Amendments of 1981—

14 "(A) the Bank may not make any new commitment for a loan or guar-
15 antee; and

16 "(B) the Bank may not issue any obligations pursuant to section 107.

17 "(2) All amounts received by the Bank as repayments of principal and pay-
18 ments of interest or other charges or fees in connection with loans or guarantees
19 shall be paid into the Treasury of the United States as miscellaneous receipts not
20 later than thirty days after receipt by the Bank, except that the Bank may pay
21 out of such amounts its operating expenses in an amount each year not to exceed
22 that amount determined by the Comptroller General of the United States to be
23 necessary for that year, but the total amount of such expenses shall not exceed
24 the cost which would have been incurred if the Bank were terminated during
25 fiscal year 1981 and its functions transferred to the Secretary of the Treasury."

26 (b) Section 105(a)(5) of such Act is amended to read as follows:

27 "(5) in the case of a primary cooperative organization—

28 "(A) restricts its voting control to members or voting stockholders
29 on a one vote per person basis, except that this requirement shall not
30 apply to any housing cooperative existing on March 21, 1980, which
31 did not meet such requirement on that date; and

32 "(B) takes positive steps to insure economic democracy and maxi-
33 mum participation by members of the cooperative including the hold-
34 ing of annual meetings and, in the case of organizations owned by
35 groups of cooperatives, provides positive protections to insure eco-
36 nomic democracy;"

37 REDUCTION OF 1981 AUTHORITY

38 SEC. 323-12. Notwithstanding any other provision of law, the Secretary of
39 Housing and Urban Development may not obligate or expend \$5,552,000,000 of
40 budget authority provided by Public Law 96-526.

MORTGAGE INSURANCE FOR HOSPITALS

SEC. 323-13. Section 242(d)(5) of the National Housing Act is amended by adding at the end thereof the following: "The foregoing shall not limit the ability of the Secretary to approve a mortgage increase for any changes approved by the Secretary on any mortgage eligible for insurance under this subpart for which an application for increase had been made within two years of enactment."

SUBPART 4—MULTIFAMILY MORTGAGE FORECLOSURE

SHORT TITLE

SEC. 324-1. This subpart may be cited as the "Multifamily Mortgage Foreclosure Act of 1981".

FINDINGS AND PURPOSE

SEC. 324-2. (a) The Congress finds that—

(1) disparate State laws under which the Secretary of Housing and Urban Development forecloses real estate mortgages which the Secretary holds pursuant to title II of the National Housing Act or section 312 of the Housing Act of 1964 covering multiunit residential and nonresidential properties burden the programs administered by the Secretary pursuant to these authorities, and cause detriment to the residents of the affected projects and the community generally;

(2) long periods to complete the foreclosure of these mortgages under certain State laws lead to deterioration in the condition of the properties involved; necessitate substantial Federal management and holding expenditures; increase the risk of vandalism, fire loss, depreciation, damage, and waste with respect to the properties; and adversely affect the residents of the projects and the neighborhoods in which the properties are located;

(3) these conditions seriously impair the Secretary's ability to protect the Federal financial interest in the affected properties and frustrate attainment of the objectives of the underlying Federal program authorities, as well as the national housing goal of "a decent home and a suitable living environment for every American family";

(4) application of State redemption periods to these mortgages following their foreclosure would impair the salability of the properties involved and discourage their rehabilitation and improvement, thereby compounding the problems referred to in clause (3);

(5) the availability of a uniform and more expeditious procedure for the foreclosure of these mortgages by the Secretary and continuation of the practice of not applying postsale redemption periods to such mortgages will tend to ameliorate these conditions; and

(6) providing the Secretary with a nonjudicial foreclosure procedure will reduce unnecessary litigation by removing many foreclosures from the courts where they contribute to overcrowded calendars.

1 (b) The purpose of this subpart is to create a uniform Federal foreclosure
 2 remedy for multiunit residential and nonresidential mortgages held by the Secre-
 3 tary of Housing and Urban Development pursuant to title II of the National
 4 Housing Act or section 312 of the Housing Act of 1964.

5 DEFINITIONS

6 SEC. 324-3. As used in this subpart—

7 (1) "mortgage" means a deed of trust, mortgage, deed to secure debt,
 8 security agreement, or any other form of instrument under which any in-
 9 terest in property, real, personal or mixed, or any interest in property
 10 including leaseholds, life estates, reversionary interests, and any other es-
 11 tates under applicable State law, is conveyed in trust, mortgaged, encum-
 12 bered, pledged, or otherwise rendered subject to a lien, for the purpose of
 13 securing the payment of money or the performance of an obligation;

14 (2) "multifamily mortgage" means a mortgage held by the Secretary
 15 pursuant to title II of the National Housing Act or section 312 of the
 16 Housing Act of 1964 covering any property, except a property on which
 17 there is located a one- to four-family residence;

18 (3) "mortgage agreement" means the note or debt instrument and the
 19 mortgage instrument, deed of trust instrument, trust deed, or instrument or
 20 instruments creating the mortgage, including any instrument incorporated
 21 by reference therein (including any applicable regulatory agreement), and
 22 any instrument or agreement amending or modifying any of the foregoing;

23 (4) "mortgagor" means the obligor, grantor, or trustor named in the
 24 mortgage agreement and, unless the context otherwise indicates, includes
 25 the current owner of record of the security property whether or not per-
 26 sonally liable on the mortgage debt;

27 (5) "person" includes any individual, group of individuals, association,
 28 partnership, corporation, or organization;

29 (6) "record" and "recorded" include "register" and "registered" in the
 30 instance of registered land;

31 (7) "security property" means the property, real, personal or mixed, or
 32 an interest in property, including leaseholds, life estates, reversionary in-
 33 terests, and any other estates under applicable State law, together with
 34 fixtures and other interests subject to the lien of the mortgage under appli-
 35 cable State law;

36 (8) "State" means the several States, the District of Columbia, the
 37 Commonwealth of Puerto Rico, the territories and possessions of the
 38 United States, and the Trust Territory of the Pacific Islands, and Indian
 39 tribes as defined by the Secretary;

40 (9) "county" means county as defined in section 2 of title I, United
 41 States Code; and

1 (10) "Secretary" means the Secretary of Housing and Urban Develop-
2 ment.

APPLICABILITY

4 **SEC. 324-4. Multifamily mortgages held by the Secretary encumbering real**
5 **estate located in any State may be foreclosed by the Secretary in accordance**
6 **with this subpart, or pursuant to other foreclosure procedures available, at the**
7 **option of the Secretary.**

DESIGNATION OF FORECLOSURE COMMISSIONER

SEC. 324-5. A foreclosure commissioner or commissioners designated pursuant to this subpart shall have a nonjudicial power of sale as provided in this subpart. Where the Secretary is the holder of a multifamily mortgage, the Secretary may designate a foreclosure commissioner and, with or without cause, may designate a substitute foreclosure commissioner to replace a previously designated foreclosure commissioner, by executing a duly acknowledged, written designation stating the name and business or residential address of the commissioner or substitute commissioner. The designation shall be effective upon execution. Except as provided in section 324-8(b), a copy of the designation shall be mailed with each copy of the notice of default and foreclosure sale served by mail in accordance with section 324-9(1). The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security property is located and, if not a natural person, the foreclosure commissioner must be duly authorized to transact business under the laws of the State in which the security property is located. The foreclosure commissioner shall be a person who is responsible, financially sound and competent to conduct the foreclosure. More than one foreclosure commissioner may be designated. If a natural person is designated as foreclosure commissioner or substitute foreclosure commissioner, such person shall be designated by name, except that where such person is designated in his or her capacity as an official or employee of the government of the State or subdivision thereof in which the security property is located, such person may be designated by his or her unique title or position instead of by name. The Secretary shall be a guarantor of payment of any judgment against the foreclosure commissioner for damages based upon the commissioner's failure properly to perform the commissioner's duties. As between the Secretary and the mortgagor, the Secretary shall bear the risk of any financial default by the foreclosure commissioner. In the event that the Secretary makes any payment pursuant to the preceding two sentences, the Secretary shall be fully subrogated to the rights satisfied by such payment.

PREREQUISITES TO FORECLOSURE

39 SEC. 324-6. Foreclosure by the Secretary under this subpart of a multifamily
40 mortgage may be commenced, as provided in section 324-8, upon the breach of a
41 covenant or condition in the mortgage agreement for which foreclosure is author-

1 ized under the mortgage if any previously pending proceeding, judicial or nonjudi-
 2 cial, separately instituted by the Secretary to foreclose the mortgage other than
 3 under this subpart has been withdrawn, dismissed, or otherwise terminated. No
 4 such separately instituted foreclosure proceeding on the mortgage shall be insti-
 5 tuted by the Secretary during the pendency of foreclosure pursuant to this sub-
 6 part. Nothing in this subpart shall preclude the Secretary from enforcing any
 7 right, other than foreclosure, under applicable State law, including any right to
 8 obtain a monetary judgment. Nothing in this subpart shall preclude the Secretary
 9 from foreclosing under this subpart where the Secretary has obtained or is seek-
 10 ing any other remedy available pursuant to Federal or State law or under the
 11 mortgage agreement, including, but not limited to, the appointment of a receiver,
 12 mortgage-in-possession status or relief under an assignment of rents.

13 NOTICE OF DEFAULT AND FORECLOSURE SALE

14 SEC. 324-7. (a) The notice of default and foreclosure sale to be served in
 15 accordance with this subpart shall be subscribed with the name and address of
 16 the foreclosure commissioner and the date on which subscribed, and shall set
 17 forth the following information:

18 (1) the names of the Secretary, the original mortgagee and the original
 19 mortgagor;

20 (2) the street address or a description of the location of the security
 21 property, and a description of the security property, or so much thereof as
 22 is to be offered for sale, sufficient to identify the property to be sold;

23 (3) the date of the mortgage, the office in which the mortgage is record-
 24 ed, and the liber and folio or other description of the location of recorda-
 25 tion of the mortgage;

26 (4) the failure to make payment, including the due date of the earliest
 27 installment payment remaining wholly unpaid as of the date the notice is
 28 subscribed, or the description of other default or defaults upon which fore-
 29 closure is based, and the acceleration of the secured indebtedness;

30 (5) the date, time, and place of the foreclosure sale;

31 (6) a statement that the foreclosure is being conducted pursuant to this
 32 subpart;

33 (7) the types of costs, if any, to be paid by the purchaser upon transfer
 34 of title; and

35 (8) the amount and method of deposit to be required at the foreclosure
 36 sale (except that no deposit shall be required of the Secretary), the time
 37 and method of payment of the balance of the foreclosure purchase price
 38 and other appropriate terms of sale.

39 (b) As a condition and term of sale, the Secretary may require that the pur-
 40 chaser at a foreclosure sale under this subpart agree to continue to operate the
 41 security property in accordance with the terms, as appropriate, of the loan pro-

1 gram under section 312 of the Housing Act of 1964, the program under which
 2 insurance under title II of the National Housing Act was originally provided with
 3 respect to such property, or any applicable regulatory or other agreement in
 4 effect with respect to such property immediately prior to the time of foreclosure
 5 sale.

6 COMMENCEMENT OF FORECLOSURE

7 SEC. 324-8. (a) If the Secretary as holder of a multifamily mortgage deter-
 8 mines that the prerequisites to foreclosure set forth in section 324-6 are satisfied,
 9 the Secretary may request the foreclosure commissioner to commence foreclosure
 10 of the mortgage. Upon such request, the foreclosure commissioner shall com-
 11 mence foreclosure of the mortgage, by commencing service of a notice of default
 12 and foreclosure sale in accordance with section 324-9.

13 (b) Subsequent to commencement of a foreclosure under this subpart, the Sec-
 14 retary may designate a substitute foreclosure commissioner at any time up to
 15 forty-eight hours prior to the time of foreclosure sale, and the foreclosure shall
 16 continue without prejudice, unless the substitute commissioner, in his or her sole
 17 discretion, finds that continuation of the foreclosure sale will unfairly affect the
 18 interests of the mortgagor. In the event that the substitute commissioner makes
 19 such a finding, the substitute commissioner shall cancel the foreclosure sale, or
 20 adjourn such sale in the manner provided in section 324-11(c). Upon designation
 21 of a substitute foreclosure commissioner, a copy of the written notice of such
 22 designation referred to in section 324-5 shall be served upon the persons set
 23 forth in section 324-9(1) of this subpart (1) by mail as provided in such section
 24 324-9 (except that the minimum time periods between mailing and the date of
 25 foreclosure sale prescribed in such section shall not apply to notice by mail pursu-
 26 ant to this subsection) or (2) in any other manner, which in the substitute com-
 27 missioner's sole discretion, is conducive to achieving timely notice of such substi-
 28 tution. In the event a substitute foreclosure commissioner is designated less than
 29 forty-eight hours prior to the time of the foreclosure sale, the pending foreclosure
 30 shall be terminated and a new foreclosure shall be commenced by commencing
 31 service of a new notice of default and foreclosure sale.

32 SERVICE OF NOTICE OF DEFAULT AND FORECLOSURE SALE

33 SEC. 324-9. The foreclosure commissioner shall serve the notice of default and
 34 foreclosure sale provided for in section 324-7 upon the following persons and in
 35 the following manner, and no additional notice shall be required to be served
 36 notwithstanding any notice requirements of any State or local law—

37 (1) NOTICE BY MAIL.—The notice of default and foreclosure sale, to-
 38 gether with the designation required by section 324-5, shall be sent by
 39 certified or registered mail, postage prepaid and return receipt requested,
 40 to the following persons:

(A) the current security property owner of record, as the record exists forty-five days prior to the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subpart;

(B) the original mortgagor and all subsequent mortgagors of record or other persons who appear of record or in the mortgage agreement to be liable for part or all of the mortgage debt, as the record exists forty-five days prior to the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subpart, except any such mortgagors or persons who have been released; and

(C) all persons holding liens of record upon the security property, as the record exists forty-five days prior to the date originally set for foreclosure sale, whether or not the notice describes a sale adjourned as provided in this subpart.

Notice under clauses (A) and (B) of this paragraph shall be mailed at least twenty-one days prior to the date of foreclosure sale, and shall be mailed to the owner or mortgagor at the address stated in the mortgage agreement, or, if none, to the address of the security property, or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such owner or mortgagor. Notice under clause (C) of this paragraph shall be mailed at least ten days prior to the date of foreclosure sale, and shall be mailed to each such lienholder's address as stated of record or, at the discretion of the foreclosure commissioner, to any other address believed to be that of such lienholder. Notice by mail pursuant to this subsection or section 324-8(b) of this subpart shall be deemed duly given upon mailing, whether or not received by the addressee and whether or not a return receipt is received or the letter is returned.

(2) PUBLICATION.—A copy of the notice of default and foreclosure sale shall be published, as provided herein, once a week during three successive calendar weeks, and the date of last publication shall be not less than four nor more than twelve days prior to the sale date. The information included in the notice of default and foreclosure sale pursuant to section 324-7(a)(4) may be omitted, in the foreclosure commissioner's discretion, from the published notice. Such publication shall be in a newspaper or newspapers having general circulation in the county or counties in which the security property being sold is located. To the extent practicable, the newspaper or newspapers chosen shall be a newspaper or newspapers, if any is available, having circulation conducive to achieving notice of foreclosure by publication. Should there be no newspaper published at least weekly which has a general circulation in one of the counties in which the security prop-

erty being sold is located, copies of the notice of default and foreclosure sale shall be posted in at least three public places in each such county at least twenty-one days prior to the date of sale.

(3) POSTING.—A copy of the notice of default and foreclosure sale shall be posted in a prominent place at or on the real property to be sold at least seven days prior to the foreclosure sale, and entry upon the premises for this purpose shall be privileged as against all persons. If the property consists of two or more noncontiguous parcels of land, a copy of the notice of default and foreclosure sale shall be posted in a prominent place on each such parcel. If the security property consists of two or more separate buildings, a copy of the notice of default and foreclosure sale shall be posted in a prominent place on each such building. Posting at or on the premises shall not be required where the foreclosure commissioner, in the commissioner's sole discretion, finds that the act of posting will likely cause a breach of the peace or that posting may result in an increased risk of vandalism or damage to the property.

PRESALE REINSTATEMENT

SEC. 324-10. (a) Except as provided in sections 324-8(b) and 324-11(c), the foreclosure commissioner shall withdraw the security property from foreclosure and cancel the foreclosure sale only if—

(1) the Secretary so directs the commissioner prior to or at the time of sale;

(2) the commissioner finds, upon application of the mortgagor at least three days prior to the date of sale, that the default or defaults upon which the foreclosure is based did not exist at the time of service of the notice of default and foreclosure sale; or

(3)(A) in the case of a foreclosure involving a monetary default, there is tendered to the foreclosure commissioner before public auction is completed the entire amount of principal and interest which would be due if payments under the mortgage had not been accelerated; (B) in the case of a foreclosure involving a nonmonetary default, the foreclosure commissioner, upon application of the mortgagor before the date of foreclosure sale, finds that such default is cured; and (C) there is tendered to the foreclosure commissioner before public auction is completed all amounts due under the mortgage agreement (excluding additional amounts which would have been due if mortgage payments had been accelerated), all amounts of expenditures secured by the mortgage and all costs of foreclosure incurred for which payment from the proceeds of foreclosure is provided in section 324-12, except that the Secretary shall have discretion to refuse to cancel a foreclosure pursuant to this clause if the current mortgagor or owner of record has on one or more previous occasions caused a foreclosure of the

1 mortgage, commenced pursuant to this subpart or otherwise, to be can-
2 celed by curing a default.

3 (b) Prior to withdrawing the security property from foreclosure in the circum-
4 stances described in subsection (a)(2) or (a)(3), the foreclosure commissioner shall
5 afford the Secretary a reasonable opportunity to demonstrate why the security
6 property should not be so withdrawn.

7 (c) In any case in which a foreclosure commenced under this subpart is can-
8 celed, the mortgage shall continue in effect as though acceleration had not oc-
9 curred.

10 (d) If the foreclosure commissioner cancels a foreclosure sale under this sub-
11 part, a new foreclosure may be subsequently commenced as provided in this
12 subpart.

13 CONDUCT OF SALE; ADJOURNMENT

14 SEC. 324-11. (a) The date of foreclosure sale set forth in the notice of default
15 and foreclosure sale shall not be prior to thirty days after the due date of the
16 earliest installment wholly unpaid or the earliest occurrence of any uncured non-
17 monetary default upon which foreclosure is based. Foreclosure sale pursuant to
18 this subpart shall be at public auction, and shall be scheduled to begin between
19 the hours of 9 o'clock ante meridian and 4 o'clock post meridian local time on a
20 day other than Sunday or a public holiday as defined by section 6103(a) of title 5,
21 United States Code, or State law. The foreclosure sale shall be held at a location
22 specified in the notice of default and foreclosure sale, which shall be a location
23 where foreclosure real estate auctions are customarily held in the county or one
24 of the counties in which the property to be sold is located, or at a courthouse
25 therein, or at or on the property to be sold. Sale of security property situated in
26 two or more counties may be held in any one of the counties in which any part of
27 the security property is situated.

28 (b) The foreclosure commissioner shall conduct the foreclosure sale in accord-
29 ance with the provisions of this subpart and in a manner fair to both the mortga-
30 gor and the Secretary. The foreclosure commissioner shall attend the foreclosure
31 sale in person, or, if there are two or more commissioners, at least one shall
32 attend the foreclosure sale. In the event that no foreclosure commissioner is a
33 natural person, the foreclosure commissioner shall cause its duly authorized em-
34 ployee to attend the foreclosure sale to act on its behalf. Written one-price sealed
35 bids shall be accepted by the foreclosure commissioner from the Secretary and
36 other persons for entry by announcement by the commissioner at the sale. The
37 Secretary and any other person may bid at the foreclosure sale, including the
38 Secretary or any other person who has submitted a written one-price bid, except
39 that the foreclosure commissioner or any relative, related business entity or em-
40 ployee of such commissioner or entity shall not be permitted to bid in any manner
41 on the security property subject to foreclosure sale. The foreclosure commissioner

1 may serve as auctioneer, or, in accordance with regulations of the Secretary, may
 2 employ an auctioneer to be paid from the commission provided for in section
 3 324-12(5).

4 (c) The foreclosure commissioner shall have discretion, prior to or at the time
 5 of sale, to adjourn or cancel the foreclosure sale if the commissioner determines,
 6 in the commissioner's sole discretion, that circumstances are not conducive to a
 7 sale which is fair to the mortgagor and the Secretary or that additional time is
 8 necessary to determine whether the security property should be withdrawn from
 9 foreclosure as provided in section 324-10. The foreclosure commissioner may
 10 adjourn a sale to a later hour the same day without the giving of further notice,
 11 or may adjourn the foreclosure sale for not less than nine nor more than twenty-
 12 four days, in which case the commissioner shall serve a notice of default and
 13 foreclosure sale revised to recite that the foreclosure sale has been adjourned to a
 14 specified date and to include any corrections the foreclosure commissioner deems
 15 appropriate. Such notice shall be served by publication, mailing and posting in
 16 accordance with section 324-9, except that publication may be made on any of
 17 three separate days prior to the revised date of foreclosure sale, and mailing may
 18 be made at any time at least seven days prior to the date to which the foreclosure
 19 sale has been adjourned.

20 FORECLOSURE COSTS

21 SEC. 324-12. The following foreclosure costs shall be paid from the sale pro-
 22 ceeds prior to satisfaction of any other claim to such sale proceeds:

23 (1) necessary advertising costs and postage incurred in giving notice
 24 pursuant to sections 324-9 and 324-11;

25 (2) mileage for posting notices and for the foreclosure commissioner's
 26 attendance at the sale at the rate provided in section 1921 of title 28,
 27 United States Code, for mileage by the most reasonable road distance;

28 (3) reasonable and necessary costs actually incurred in connection with
 29 any necessary search of title and lien records;

30 (4) necessary out-of-pocket costs incurred by the foreclosure commis-
 31 sioner to record documents; and

32 (5) a commission for the foreclosure commissioner for the conduct of the
 33 foreclosure to the extent authorized by regulations issued by the Secretary.

34 DISPOSITION OF SALE PROCEEDS

35 SEC. 324-13. Money realized from a foreclosure sale shall be made available
 36 for obligation and expenditure first to cover the costs of foreclosure provided for
 37 in section 324-12; then to pay valid tax liens or assessments prior to the mort-
 38 gage; then to pay any liens recorded prior to the recording of the mortgage which
 39 are required to be paid in conformity with the terms of sale in the notice of
 40 default and foreclosure sale; then to service charges and advancements for taxes,
 41 assessments, and property insurance premiums; then to the interest; then to the

1 principal balance secured by the mortgage (including expenditures for the neces-
 2 sary protection, preservation, and repair of the security property as authorized
 3 under the mortgage agreement and interest thereon if provided for in the mort-
 4 gage agreement); and then to late charges. Any surplus after payment of the
 5 foregoing shall be paid to holders of liens recorded after the mortgage and then to
 6 the appropriate mortgagor. If the person to whom such surplus is to be paid
 7 cannot be located, or if the surplus available is insufficient to pay all claimants
 8 and the claimants cannot agree on the allocation of the surplus, or if any person
 9 claiming an interest in the mortgage proceeds does not agree that some or all of
 10 the sale proceeds should be paid to a claimant as provided in this section, that
 11 part of the sale proceeds in question may be deposited by the foreclosure commis-
 12 sioner with an appropriate official or court authorized under law to receive dis-
 13 puted funds in such circumstances. If such a procedure for the deposit of disputed
 14 funds is not available, and the foreclosure commissioner files a bill of interpleader
 15 or is sued as a stakeholder to determine entitlement to such funds, the foreclosure
 16 commissioner's necessary costs in taking or defending such action shall be de-
 17 ductible from the disputed funds.

18 TRANSFER OF TITLE AND POSSESSION

19 SEC. 324-14. (a) The foreclosure commissioner shall deliver a deed or deeds to
 20 the purchaser or purchasers and obtain the balance of the purchase price in
 21 accordance with the terms of sale provided in the notice of default and foreclosure
 22 sale.

23 (b) The foreclosure deed or deeds shall convey all of the right, title, and inter-
 24 est in the security property covered by the deed which the Secretary as holder,
 25 the foreclosure commissioner, the mortgagor, and any other persons claiming by,
 26 through, or under them, had on the date of execution of the mortgage, together
 27 with all of the right, title, and interest thereafter acquired by any of them in such
 28 property up to the hour of sale, and no judicial proceeding shall be required
 29 ancillary or supplementary to the procedures provided in this subpart to assure
 30 the validity of the conveyance or confirmation of such conveyance.

31 (c) A purchaser at a foreclosure sale held pursuant to this subpart shall be
 32 entitled to possession upon passage of title to the mortgaged property, subject
 33 only to an interest or interests senior to that of the mortgage, and any other
 34 person remaining in possession thereafter shall be deemed a tenant at sufferance.

35 (d) There shall be no right of redemption, or right of possession based upon
 36 right of redemption, in the mortgagor or others subsequent to a foreclosure pur-
 37 suant to this subpart.

38 (e) When conveyance is made to the Secretary, a tax shall be imposed or
 39 collected with respect to the foreclosure commissioner's deed, whether as a tax
 40 upon the instrument or upon the privilege of conveying or transferring title to the
 41 property. Failure to collect or pay a tax of the type and under the circumstances

1 stated in the preceding sentence shall not be grounds for refusing to record such a
 2 deed, for failing to recognize such recordation as imparting notice or for denying
 3 the enforcement of such a deed and its provisions in any State or Federal court.

4 RECORD OF FORECLOSURE AND SALE

5 SEC. 324-15. (a) To establish a sufficient record of foreclosure and sale, the
 6 foreclosure commissioner shall include in the recitals of the deed to the purchaser
 7 or prepare an affidavit or addendum to the deed stating—

8 (1) that the mortgage was held by the Secretary;

9 (2) the particulars of the foreclosure commissioner's service of notice of
 10 default and foreclosure sale in accordance with sections 324-9 and
 11 324-11;

12 (3) that the foreclosure was conducted in accordance with the provisions
 13 of this subpart and with the terms of the notice of default and foreclosure
 14 sale;

15 (4) a correct statement of the costs of foreclosure, calculated in accord-
 16 ance with section 324-12; and

17 the name of the successful bidder and the amount of the successful
 18 bid.

19 (b) The deed executed by the foreclosure commissioner, the foreclosure com-
 20 missioner's affidavit and any other instruments submitted for recordation in rela-
 21 tion to the foreclosure of the security property under this subpart shall be accept-
 22 ed for recordation by the registrar of deeds or other appropriate official of the
 23 county or counties in which the security property is located upon tendering of
 24 payment of the usual recording fees for such instruments.

25 COMPUTATION OF TIME

26 SEC. 324-16. Periods of time provided for in this subpart shall be calculated in
 27 consecutive calendar days including the day or days on which the actions or
 28 events occur or are to occur for which the period of time is provided and includ-
 29 ing the day on which an event occurs or is to occur from which the period is to be
 30 calculated.

31 SEPARABILITY

32 SEC. 324-17. If any clause, sentence, paragraph or part of this subpart shall,
 33 for any reason, be adjudged by a court of competent jurisdiction to be invalid or
 34 invalid as applied to a class of cases, such judgment shall not affect, impair, or
 35 invalidate the remainder thereof and of this subpart, but shall be confined in its
 36 operation to the clause, sentence, paragraph, or part thereof directly involved in
 37 the controversy in which such judgment shall have been rendered.

38 REGULATIONS

39 SEC. 324-18. The Secretary is authorized to issue such regulations as may be
 40 necessary to carry out the provisions of this subpart.

Subpart 5—Rural Housing

AUTHORIZATIONS

SEC. 325-1. (a) Section 513 of the Housing Act of 1949 is amended—

(1) by striking out "not to exceed \$3,797,600,000 with respect to the fiscal year ending September 30, 1981" in subsection (a) and inserting in lieu thereof "not to exceed \$3,700,600,000 with respect to the fiscal year ending September 30, 1982";

(2) by striking out "not less than \$3,120,000,000" in subsection (a)(1) and inserting in lieu thereof "not less than \$3,170,000,000";

(3) by striking out subsection (b)(2) and inserting in lieu thereof the following:

"(2) not to exceed \$49,000,000 for loans and grants pursuant to section 504 for the fiscal year ending September 30, 1982, of which not more than \$25,000,000 shall be available for grants;"

(4) by striking out subsection (b)(3) and inserting in lieu thereof the following:

"(3) not to exceed \$24,000,000 for financial assistance pursuant to section 516 for the fiscal year ending September 30, 1982;" and

(5) by striking out "and" at the end of subsection (b)(4), by striking out the period at the end of subsection (b)(5) and inserting in lieu thereof "; and", and by adding at the end thereof the following:

"(6) not to exceed \$2,000,000 for the purposes of section 509(c) for the fiscal year ending September 30, 1982."

(b) Section 515(b)(5) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(c) Section 517(a)(1) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(d) Section 521(a)(2)(D) of such Act is amended—

(1) by striking "\$493,000,000" and inserting in lieu thereof "\$398,000,000"; and

(2) by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(e) Section 523 of such Act is amended—

(1) by striking out "September 30, 1981" each place it appears in subsection (f) and inserting in lieu thereof "September 30, 1982";

(2) by adding at the end of subsection (f) the following: "None of the funds appropriated under this subsection shall be available for the purposes of subsection (b)(1)(B)."; and

(3) by striking out "not to exceed \$2,500,000 for fiscal year 1981" in the first sentence of subsection (g) and inserting in lieu thereof "not to exceed \$1,000,000 for fiscal year 1982".

DEFINITION OF LOW INCOME

SEC. 325-2. Section 501(b)(4) of the Housing Act of 1949 is amended to read as follows:

"(4) For the purpose of this title, the term 'persons of low income' and the term 'persons and families of low-income' mean persons and families whose incomes do not exceed those levels established for any area by the Secretary with adjustments for smaller and larger families."

INTEREST SUBSIDY PROGRAM

SEC. 325-3. Section 521(a)(1)(B) of the Housing Act of 1949 is amended by striking out "shall" and inserting in lieu thereof "may".

REPORTS

SEC. 325-4. The Secretary of Agriculture shall transmit a report to the Congress not later than March 1, 1982, setting forth—

(1) various options for presenting the budget of the Farmers Home Administration and alternatives to the use of Federal Financing Bank financing for rural housing programs;

(2) workable definitions of "low income" which will target Farmers Home Administration housing assistance programs to a population substantially equivalent to the population served by the Department of Housing and Urban Development's assisted housing programs;

(3) the effect of a requirement that 30 per centum of assistance provided by the Farmers Home Administration be provided to families with incomes at 50 per centum of area median income and recommendations for contribution requirements which will achieve equity with the contribution requirements of the Department of Housing and Urban Development's assisted housing programs;

(4) recommendations for ensuring that subsidy levels for assisted families are minimized and that assisted families with similar circumstances in different regions of the country are treated equally; and

(5) the Farmers Home Administration's efforts to minimize the cost of housing subsidized under its programs and the Farmers Home Administration's use of existing lower cost housing technology.

Subpart 6—Miscellaneous

AMENDMENT TO DEREGULATION ACT

SEC. 326-1. Section 19(b)(8)(E) of the Federal Reserve Act (12 U.S.C. 461(b)(8)(E)) is amended to read as follows:

"(E) This subparagraph applies to any depository institution (other than a national bank) which was engaged in business on August 1, 1978, as a depository institution (either State or federally chartered) which (i) was not a member of the Federal Reserve System on such date, (ii) maintained its principal office outside the continental limits of the United States on such date (or held more than one-

1 half of its total deposits in offices outside the continental limits of the United
 2 States on such date), and (iii) continues to maintain its principal office, or one-half
 3 of its total deposits in offices, outside the continental limits of the United States.
 4 With respect to the deposits of such a depository institution which are held at
 5 offices located in States outside the continental limits of the United States, such a
 6 depository institution shall not be required to maintain reserves pursuant to this
 7 subsection against such deposits until the first day of the sixth calendar year
 8 which begins after the effective date of the Monetary Control Act of 1980. Such
 9 a depository institution shall maintain reserves against such deposits during the
 10 sixth calendar year which begins after such effective date in an amount equal to
 11 one-eighth of that otherwise required by paragraph (2), during the seventh such
 12 year in an amount equal to one-fourth of that otherwise required, during the
 13 eighth such year in an amount equal to three-eighths of that otherwise required,
 14 during the ninth such year in an amount equal to one-half of that otherwise
 15 required, during the tenth such year in an amount equal to five-eighths of that
 16 otherwise required, during the eleventh such year in an amount equal to three-
 17 fourths of that otherwise required, and during the twelfth such year in an amount
 18 equal to seven-eighths of that otherwise required.”

19 TITLE IV—COMMERCE, SCIENCE, AND TRANSPORTATION

20 PART A—AMTRAK

21 SHORT TITLE

22 SEC. 401-1. This part may be cited as the “Amtrak Improvement Act of
 23 1981”.

24 FINDINGS

25 SEC. 401-2. Section 101 of the Rail Passenger Service Act (45 U.S.C. 501) is
 26 amended to read as follows:

27 “SEC. 101. CONGRESSIONAL FINDINGS.

28 “(a) The Congress finds that the public convenience and necessity require that
 29 the National Railroad Passenger Corporation provide, to the extent that the Cor-
 30 poration’s budget allows, modern, cost-efficient, and energy-efficient intercity
 31 railroad passenger service between crowded urban areas and in other parts of the
 32 country; that rail passenger service can help in alleviating the overcrowding of
 33 airways, airports, and highways; and that to the maximum extent feasible travel-
 34 ers in America should have the freedom to choose the mode of transportation
 35 most convenient to their needs.

36 “(b) The Congress further finds that a greater degree of cooperation is neces-
 37 sary among railroads, the Corporation, State, regional, and local governments
 38 and the private sector, labor organizations, and suppliers of services and equip-
 39 ment to the Corporation in order to achieve the level of performance sufficient to
 40 justify expenditure of public funds.”

GOALS

SEC. 401-3. Section 102 of such Act (45 U.S.C. 501a) is amended to read as follows:

"SEC. 102. GOALS.

"The Congress hereby establishes the following goals for Amtrak:

"(1) Exercise of the Corporation's best business judgment in taking actions to minimize Federal subsidies, including increasing fares, increasing revenues from the carriage of mail and express, reducing losses on food service, improving its contracts with operating railroads, reducing management costs, and increasing employee productivity.

"(2) Maintenance of a fare policy for each route which will minimize Federal subsidies.

"(3) Encouragement of State, regional, and local Governments and the private sector to share the costs of operating rail passenger service, including the costs of operating stations and other facilities, in order to minimize Federal subsidies.

"(4) Improvement of on-time performance so that, to the maximum extent feasible, all Amtrak trains arrive at all station stops within 15 minutes of the time established in public timetables for such operation.

"(5) Implementation of schedules which provide a systemwide average speed of at least 55 miles per hour, and which can be adhered to with a degree of reliability and passenger comfort.

"(6) Encouragement of rail carriers to assist in improving intercity rail passenger service.

"(7) General improvement of Amtrak's performance through comprehensive, systematic operational programs and employee incentives."

DEFINITIONS

SEC. 401-4. Section 103 of such Act (45 U.S.C. 502) is amended—

(1) in paragraph (4), by inserting before the period at the end thereof "or pursuant to section 407 of this Act";

(2) by adding a new paragraph (8) as follows:

"(8) 'Deprived of employment' refers to the inability of an employee of the Corporation to obtain a position through the exercise of seniority, as a result of a discontinuance of intercity rail passenger service that occurs before or after the date of enactment of the Amtrak Improvement Act of 1981 despite the exercise of any seniority rights, or—in the case of a nonagreement employee—despite direct application for employment.";

(3) by redesignating paragraphs (8) through (14) as paragraphs (9) through (15), respectively; and

(4) by adding a new subsection (16) as follows:

1 “(16) ‘Year of completed service’ means each 12 months of employment with
2 the Corporation or a predecessor rail carrier during which compensation was
3 credited for purposes of the Railroad Retirement Act, as amended (45 U.S.C.
4 231 et seq.).”.

5 BASIC RAIL PASSENGER SYSTEM

6 SEC. 401-5. Title II of such Act (45 U.S.C. 201 and 202) is repealed.

7 DIRECTORS AND OFFICERS

8 SEC. 401-6. Section 303(a)(4) of such Act (45 U.S.C. 543(a)(4)) is amended
9 by adding at the end thereof the following: “At the time of their appointment, of
10 those members appointed by the President, one member shall be designated to
11 serve as a State representative and one member shall be designated to serve as a
12 commuter representative.”.

13 FINANCING OF THE CORPORATION

14 SEC. 401-7. Section 304 of such Act (45 U.S.C. 544) is amended—

15 (1) in subsection (a), by striking the second sentence;

16 (2) by amending subsection (c) to read as follows:

17 “(c)(1) Not later than February 1, 1982, and in consideration of receiving
18 further Federal financial assistance, the Corporation shall issue to the Secretary
19 a sufficient number of shares of preferred stock to equal, to the nearest whole
20 share, the amount of funds appropriated by Congress for capital acquisitions or
21 improvements under the authority of subsections (a)(2), (b)(1)(B), and (b)(1)(C) of
22 section 601 of this Act between October 30, 1970, and September 30, 1981.

23 “(2) Commencing on October 1, 1981, and in consideration of receiving further
24 Federal financial assistance, the Corporation shall issue to the Secretary within
25 30 days after the close of each quarter of the fiscal year of the United States
26 Government additional preferred stock equal, to the nearest whole share, to the
27 amount of grants paid to the Corporation under section 601 of this Act during
28 such quarter.”;

29 (3) by striking subsections (d) through (f) and inserting in lieu thereof
30 the following:

31 “(d) The Corporation is authorized to issue, in addition to the stock authorized
32 by subsection (a) of this section, nonvoting securities, bonds, debentures, notes,
33 and other certificates of indebtedness as it may determine: *Provided*, That no
34 obligation with a liquidation interest superior to the preferred stock issued to the
35 Secretary or secured by a lien on property of the Corporation shall be incurred
36 without the consent of the Secretary so long as any of the preferred stock issued
37 to the Secretary is outstanding.

38 “(e)(1) The requirement of section 45(b) of the District of Columbia Business
39 Corporation Act (D.C. Code, sec. 29-920(b)) as to the percentage of stock a
40 stockholder is required to hold in order to have the rights of inspection and
41 copying set forth in such section shall not be applicable in the case of holders of

1 the stock of the Corporation, and they may exercise such rights without regard to
2 the percentage of stock they hold.

3 "(2) Preferred stock authorized or issued under the authority of this section
4 shall be subject to the annual fee prescribed under section 29-936(e) of the Dis-
5 trict of Columbia Code, or to any other form of taxation unless otherwise specifi-
6 cally prescribed by Congress."

7 APPLICABILITY

8 SEC. 401-8. Section 306 of such Act (45 U.S.C. 546) is amended—

9 (1) by striking subsection (k);

10 (2) by redesignating subsections (l) and (m) as subsections (k) and (l),
11 respectively; and

12 (3) by adding at the end thereof the following:

13 "(m) The Corporation shall not be required to pay any additional taxes as a
14 consequence of its expenditure of funds to acquire or improve real property,
15 equipment, facilities, or right-of-way materials or structures used directly or indi-
16 rectly in the provision of rail passenger service. For purposes of this subsection,
17 additional taxes shall be deemed to be taxes or fees (1) on the acquisition, im-
18 provement, or ownership of personal property by the Corporation; and (2) on real
19 property other than taxes or fees on the acquisition of real property or on the
20 value of real property which is not attributable to improvements made by the
21 Corporation.

22 "(n) The operation of trains by or for the Corporation shall not be subject to
23 the requirement of any State or local law which specifies the minimum number of
24 crewmembers who must be employed in connection with the operation of a pas-
25 senger train."

26 SANCTIONS

27 SEC. 401-9. Section 307(a) of such Act (45 U.S.C. 547(a)) is amended by
28 adding at the end thereof the following: "Any discontinuance of routes, trains, or
29 services, or reduction in frequency of service, which is made by the Corporation
30 shall not be reviewable in any court except on petition of the Attorney General of
31 the United States."

32 REPORTS TO CONGRESS

33 SEC. 401-10. Section 308 of such Act (45 U.S.C. 548) is amended—

34 (1) in subsection (a), by striking paragraph (1) (C); and

35 (2) in subsection (c)—

36 (A) by striking "and the Commission"; and

37 (B) by striking "reports (or, in their discretion, a joint report)", and
38 inserting in lieu thereof "a report".

39 FACILITY AND SERVICE AGREEMENTS

40 SEC. 401-11. (a) Section 401(c) of such Act (45 U.S.C. 561(c)) is repealed.

41 (b) Section 402 of such Act (45 U.S.C. 562) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

STATE-SUPPORTED SERVICES

SEC. 401-12. (a)(1) Section 403 of such Act (45 U.S.C. 563) is amended by adding at the end thereof the following:

"(e) The provisions of this section apply to any agreement entered into pursuant to subsection (b) which is in existence on the day prior to the date of enactment of the Amtrak Improvement Act of 1981."

(2) Effective October 1, 1981, subsection (d) of section 403 of such Act (45 U.S.C. 563(d)) is repealed.

(b) Title IV of such Act (45 U.S.C. 561 et seq.) is amended by inserting immediately after section 403 the following:

"SEC. 403a. NEW SERVICE.

"(a) Except as otherwise provided in this Act, after the date of enactment of the Amtrak Improvement Act of 1981, all route additions shall be in accordance with the route and service criteria.

"(b)(1)(A) Any State or group of States, any regional or local agency, or any other person may submit an application to the Corporation requesting the institution of rail passenger service or the retention of a route, train, or service, or some portion of such route, train, or service, which the Corporation intends to discontinue under section 407 of this Act.

"(B) Each application by a State, agency or person for rail passenger service under this subsection shall contain—

"(i) adequate assurances by such State, agency or person that it has sufficient resources to meet its share of the cost of such service for the period such service is to be provided;

"(ii) a market analysis acceptable to the Corporation to ensure that there is adequate demand to warrant such service; and

"(iii) a statement by such State, agency or person that it agrees to pay in each year of operation of such service at least—

"(I) 20 percent in the first year of operation after the date of enactment of the Amtrak Improvement Act of 1981;

"(II) 35 percent, in the second year of operation after the date of enactment of the Amtrak Improvement Act of 1981; and

"(III) 50 percent, in the third year of operation after the date of enactment of the Amtrak Improvement Act of 1981, and each year thereafter;

of the avoidable losses of operating such service and 50 percent of the associated capital costs.

1 “(2)(A) The Corporation shall review each application submitted by a State,
2 agency, or person for the institution or retention of service under this subsection
3 to determine whether—

4 “(i) the application complies with the requirements of paragraph (1)(B)
5 of this subsection; and

6 “(ii) there is a reasonable probability that the service requested can be
7 provided with the resources available to the Corporation.

8 “(B) Any application submitted by a group of States shall be considered in the
9 same manner as an application submitted by a single State, and not on the basis
10 of whether each State that is a party to such application meets the requirements
11 of paragraph (1)(B) of this subsection.

12 “(3)(A) The Corporation may enter into an agreement with such State,
13 agency, or person for the institution or retention of such service, in accordance
14 with the funding formula set forth in paragraph (1)(B) of this subsection, if the
15 Corporation determines that such service can be provided with resources availa-
16 ble to the Corporation.

17 “(B) An agreement entered into pursuant to this subsection may by mutual
18 agreement be renewed for one or more additional terms of not more than 2 years.

19 “(C) If more than one application is made for service and all applications are
20 consistent with the requirements of this subsection, but all the services applied
21 for cannot be provided with the available resources of the Corporation, the board
22 of directors shall decide in its discretion which application or applications best
23 serve the public interest and can be provided with the available resources of the
24 Corporation.

25 “(4)(A) Any funds provided by the Corporation under an agreement with a
26 State, an agency or a person pursuant to this subsection which are allocated for
27 associated capital costs and which are not expended during the fiscal year for
28 which they are provided shall remain available until expended.

29 “(B) The board of directors shall establish the basis for determining the avoid-
30 able losses and associated capital costs of service operated under this subsection,
31 and the total revenue from such service.

32 “(5) Not more than 5 percent of all revenues generated by each particular
33 route operated under the authority of this subsection shall be dedicated to adver-
34 tising and promotion of such service on a local level.

35 “(c) The Corporation is authorized to continue to operate commuter rail pas-
36 senger service under an agreement with a State, local, or regional transportation
37 agency if the board of directors determines that the Corporation will be reim-
38 bursed by the State, local, or regional transportation agency for 100 percent of
39 the avoidable losses of operating such service, and that provision of the service by
40 the Corporation will generate funds which can be used in the provision of inter-
41 city rail passenger service. An agreement made pursuant to this section may by

1 mutual agreement be renewed for one or more additional terms of not more than
 2 two years. For purposes of this subsection, the term 'commuter rail passenger
 3 service' means shorthaul rail passenger service operated in metropolitan and sub-
 4 urban areas, whether within or across the geographical boundaries of a State
 5 usually characterized by reduced-fare, multiple-ride, and commutation tickets and
 6 by morning and evening peak period operations."

7 SERVICE CHANGES

8 SEC. 401-13. Section 404 of such Act (45 U.S.C. 564) is amended—

- 9 (1) in subsection (a), by striking the first sentence;
- 10 (2) in subsection (b), by inserting immediately before the period at the
 11 end thereof the following: ", except for discontinuances pursuant to the
 12 provisions of section 407 of this Act";
- 13 (3) in subsection (c), by striking paragraph (4); by redesignating para-
 14 graph (5) as paragraph (4); and by adding at the end thereof the following:
 15 "(5) If the Corporation determines that an amendment or amendments to the
 16 Route and Service Criteria are warranted, the Corporation is authorized to make
 17 such changes as it determines necessary and desirable to achieve the purposes of
 18 this Act."; and
- 19 (4) by striking subsections (d) through (g).

20 EMPLOYEE PROTECTION

21 SEC. 401-14. Section 405 of the Rail Passenger Service Act (45 U.S.C. 565)
 22 is amended—

- 23 (1) by striking subsection (e);
- 24 (2) by redesignating subsection (f) as subsection (e);
- 25 (3) in the third sentence of subsection (e), as redesignated by paragraph
 26 (2) of this section, by striking ", during the 2-year period beginning on the
 27 effective date of the Amtrak Reorganization Act of 1979,"; and
- 28 (4) by adding at the end thereof the following:
 29 "(f) The board of directors of the Corporation shall, within 60 days after the
 30 date of enactment of the Amtrak Improvement Act of 1981, determine (and make
 31 public notice of its determination) whether it shall use the protective arrange-
 32 ments specified in subsection (c) of this section, or the protective arrangements
 33 specified in subsection (h) of this section.
 34 "(g) If the Corporation determines that it will use the protective arrangements
 35 specified in subsection (h), the protective arrangements specified in subsection (c)
 36 shall not continue in effect.
 37 "(h)(1) Notwithstanding any other provision of this section, if the Corporation
 38 determines to use the protective arrangements established by this subsection,
 39 effective on the date of its public notice of such determination, the provisions of
 40 this subsection shall be the exclusive protection for employees of the Corporation
 41 adversely affected by a discontinuance of intercity rail passenger service, and

1 shall supersede all other employee protection provisions of Federal or State law,
 2 or any contract or agreement. All disputes involving the benefits authorized by
 3 this section shall be resolved through arbitration procedures established through
 4 agreement by the Corporation and recognized employee representatives.

5 "(2) Any employee of the Corporation deprived of employment by a discon-
 6 tinuance of service shall be entitled to receive from the Corporation—

7 "(A) a separation allowance which shall be determined as follows:

Years of Completed Service		Amount of allowance
At least	But less than	
0.....	6	\$0.
6.....	16	\$1,000 per year for each year of completed service over 5.
16.....	25	\$10,000 plus \$2,000 per year for each year of completed service over 15.
25.....		\$30,000.

8 The Corporation shall pay 50 percent of the separation allowance not later
 9 than 30 days after the employee's separation, and the remaining 50 per-
 10 cent not later than 90 days after separation. Notwithstanding any other
 11 provision of law, a separation allowance payable under this subsection
 12 within 24 months after the date of enactment of the Amtrak Improvement
 13 Act of 1981 shall be considered taxable earnings for the purposes of the
 14 Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) on the
 15 same basis as if the employee's last daily straight time rate of compensa-
 16 tion had been paid for the number of regular pay periods successive to the
 17 date of separation necessary to aggregate earnings equal to the amount of
 18 the allowance. The Corporation shall be liable for railroad unemployment
 19 taxes, and the employee shall be eligible for subsequent benefits under the
 20 Railroad Unemployment Insurance Act, as if the allowance had been so
 21 paid;

22 "(B) a moving expense benefit not to exceed \$5,000 if required to make
 23 a change in residence, prior to the expiration of 3 years from the date of
 24 the discontinuance of service, in order to retain employment with the Cor-
 25 poration or to obtain employment with another rail carrier. The following
 26 expenses shall be eligible for reimbursement:

27 "(i) the actual expenses of moving the employee's household and
 28 personal effects;

29 "(ii) the actual, necessary traveling expenses of the employee and
 30 immediate family;

31 "(iii) the closing costs involved in disposing of the employee's resi-
 32 dence and acquiring a new residence, including (I) a realtor's fee of
 33 not more than \$3,000 and (II) any loss in the sale of the employee's
 34 home for less than its fair market value; and

1 “(iv) if the employee holds an unexpired lease on a dwelling used
2 as the employee's residence, reimbursement for any loss in securing
3 the cancellation of the lease not to exceed loss attributable to that
4 portion of the term of the lease extending 2 years from the date of
5 cancellation. The moving expense benefit to which an employee may
6 be entitled under this section shall be reduced by the amount of any
7 new career training assistance paid to the employee under this sec-
8 tion;

9 “(C) reasonable expenses for training in qualified institutions for new
10 career opportunities if begun within 2 years of the discontinuance and after
11 first exhausting any Federal educational benefits available to such employ-
12 ee under any existing program. The term ‘expenses’ means actual, reason-
13 able expenses paid for room, board, tuition, fees, or educational material in
14 an amount not to exceed \$5,000; and the term ‘qualified institution’ means
15 an educational institution accredited for payment by the Veterans’ Admin-
16 istration under chapter 36 of title 38, United States Code, or a State-
17 accredited institution which has been in existence for not less than 2
18 years. The new career training assistance to which an employee may be
19 entitled under this section shall be reduced by the amount of any moving
20 expense benefit paid to the employee under this section; and

21 “(D) a continuation of medical insurance coverage for a period of not
22 more than 6 months from the date of separation, unless the employee is
23 engaged in full-time employment with respect to which group medical in-
24 surance is available.

25 “(3) Any employee who is deprived of employment by a discontinuance of
26 service shall have the first right of hire by any other rail carrier for a vacancy in
27 a class or craft in which he was employed by the Corporation or a predecessor
28 carrier for not less than 1 year, except where such vacancy is covered by (A) an
29 affirmative action plan, or a hiring plan designed to eliminate discrimination, that
30 is required by Federal or State statute, regulation, or executive order, or by the
31 order of a Federal court or agency; or (B) a permissible voluntary affirmative
32 action plan. For the purposes of this section, a rail carrier shall not be considered
33 to be hiring new employees when it recalls any of its own furloughed employees.

34 “(4) The rights afforded to employees under this section shall be coequal to the
35 rights afforded under section 8 of the Milwaukee Railroad Restructuring Act (45
36 U.S.C. 907) and section 105 of the Rock Island Transition and Employee Assist-
37 ance Act (45 U.S.C. 1004).”.

38 OPERATION WITHIN AVAILABLE RESOURCES

39 SEC. 401-15. Title IV of such Act (45 U.S.C. 561 et seq.) is amended by
40 adding at the end thereof the following:

1 **"SEC. 407. OPERATION WITHIN AVAILABLE RESOURCES.**

2 **"(a) The Corporation's annual total costs shall not exceed the funds, including**
 3 **grants made under section 601 of this Act, contributions provided by States,**
 4 **regional and local agencies and other persons, and revenues, available to the**
 5 **Corporation within the then-current fiscal year. Commencing in fiscal year 1982,**
 6 **the Corporation shall recover an amount sufficient that the ratio of its revenues,**
 7 **including contributions from States, agencies, and other persons, to total costs,**
 8 **excluding capital costs, shall be at least 50 percent.**

9 **"(b) Without regard to the requirements of section 404 of this Act, the Corpo-**
 10 **ration shall discontinue routes, trains, and services or reduce frequency of serv-**
 11 **ice, as necessary to comply with the requirements of this section. Upon the date**
 12 **of enactment of the Amtrak Improvement Act of 1981, the Corporation shall,**
 13 **prior to discontinuing a route, train, or service under this subsection, give notice**
 14 **of its intention to discontinue a route, train, or service. Such notice shall be given**
 15 **in such a manner as the Corporation determines will afford an opportunity for**
 16 **any State or group of States, or any regional or local agency or other person, to**
 17 **agree to share the cost of such route, train, or service, or some portion of such**
 18 **route, train, or service.**

19 **"(c) The Corporation shall, prior to October 1, 1983, reduce the costs of man-**
 20 **agement of the Corporation by not less than 10 percent of the administrative**
 21 **costs incurred by the Corporation during the period of twelve calendar months**
 22 **prior to June 1, 1981."**

23 **AUTHORIZATION OF APPROPRIATIONS**

24 **SEC. 401-16. Section 601(b)(1) of such Act (45 U.S.C. 601(b)(1)) is amend-**
 25 **ed—**

- 26 **(1) in subparagraph (B), by striking all after "1981," through "1982";**
 27 **(2) in subparagraph (C), by striking all after "1981," through "1982";**
 28 **(3) in subparagraph (D)—**

29 **(A) by striking ", and not to exceed \$20,000,000 for the fiscal**
 30 **year ending September 30, 1982"; and**

31 **(B) by striking "and" at the end thereof; .**

32 **(4) in subparagraph (E), by striking all after "1981" and inserting in**
 33 **lieu thereof "; and"; and**

34 **(5) by adding at the end thereof the following:**

35 **"(F) For payment of the expenses of the Corporation, including operating ex-**
 36 **penses, costs of capital acquisition or improvement, operating and capital ex-**
 37 **penses of service provided pursuant to section 403(b) and section 403a of this**
 38 **Act, payment of principal and interest on obligations guaranteed by the Secretary**
 39 **pursuant to section 602 of this Act, and labor protection, not to exceed**
 40 **\$735,000,000 for the fiscal years ending September 30, 1982, and September**
 41 **30, 1983, and \$640,000,000 for the fiscal year ending September 30, 1984."**

PRIVATE SECTOR RAIL SERVICE

SEC. 401-17. Title VIII of such Act (45 U.S.C. 641 et seq.) is amended by adding at the end thereof the following:

"SEC. 812. PRIVATE SECTOR RAIL SERVICE.

"(a) It is declared to be the intent of the Congress in this section to provide incentives to encourage any person to undertake rail passenger service.

"(b) Any service affected by this section shall be exempt from regulation by the Federal Government, with the exception of safety regulations administered by the Federal Railroad Administration.

"(c) The provisions of this section apply to any passenger rail service and to any mail, express, auto ferry or other service offered in conjunction with such rail passenger service which is undertaken after the date of enactment of the Amtrak Improvement Act of 1981."

AMENDMENTS TO THE REGIONAL RAIL REORGANIZATION ACT OF 1973

SEC. 401-18. Section 504(f) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 774(f)) is amended—

(1) in paragraph (1)—

(A) by striking "completion of the transaction required by section 206(c) of this Act," and inserting in lieu thereof "enactment of the Amtrak Improvement Act of 1981,"; and

(B) by striking "(which shall also be a date which is at least 90 days after the transaction contemplated by section 601(d) of this Act)"; and

(2) in paragraph (2), by striking the second sentence.

(b) Section 505(d)(2) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 775(d)(2)) is amended by striking the last sentence.

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 401-19. (a) Section 103(4) of the Rail Passenger Service Act (45 U.S.C. 502(4)) is amended by striking "title II and" and "under sections 404(d) and 404(e) of this Act and".

(b) Section 304 of such Act (45 U.S.C. 544) is amended—

(1) in subsection (a), by striking "section 1(3)(b) of the Interstate Commerce Act" and inserting in lieu thereof "section 10102(b) of title 49, United States Code"; and

(2) in subsection (b), by striking "section 1(3)(b) of the Interstate Commerce Act", and "section 1(3)(b) of the Interstate Commerce Act (49 U.S.C. 1(3)(b))" and inserting in lieu thereof "section 10102(b) of title 49, United States Code" in each such place.

(c) Section 305(d)(1)(B) of such Act (45 U.S.C. 545(d)(1)(B)) is amended by inserting "for" after "required".

(d) Section 306(a) of such Act (45 U.S.C. 546(a)) is amended—

1 (1) by striking "section 1(3) of the Interstate Commerce Act" and in-
 2 serting in lieu thereof "section 10102 of title 49, United States Code";
 3 and

4 (2) by striking "section 22(1), of the Interstate Commerce Act," and
 5 inserting in lieu thereof "sections 10103, 10721, 10722, 10723, and
 6 10724 of title 49, United States Code,".

7 (e) Section 401(a)(1) of such Act (45 U.S.C. 561(a)(1)) is amended by striking
 8 "section 13a(1) of the Interstate Commerce Act" and inserting in lieu thereof
 9 "section 10908 of title 49, United States Code".

10 (f) Section 404 of such Act (45 U.S.C. 564) is amended—

11 (1) in subsection (a), by striking "section 13a of the Interstate Com-
 12 merce Act" and inserting in lieu thereof "sections 10908 and 10909 of
 13 title 49, United States Code"; and

14 (2) in subsection (c)(3)—

15 (A) by striking "section 13a of the Interstate Commerce Act" and
 16 inserting in lieu thereof "sections 10908 and 10909 of title 49,
 17 United States Code";

18 (B) by striking "section 404(b)(3) of this Act" and inserting in lieu
 19 thereof "subsection (b) of this section"; and

20 (C) by striking the fourth sentence.

21 (g) Section 405(b) of such Act (45 U.S.C. 565(b)) is amended by striking "sec-
 22 tion 5(2)(f) of the Interstate Commerce Act" and inserting in lieu thereof "section
 23 11347 of title 49, United States Code".

24 (h) Section 1001(d) of such Act is amended by striking "Interstate and Foreign
 25 Commerce" and inserting in lieu thereof "Energy and Commerce".

26 (i) Section 1002(c)(2) of such Act is amended by striking "or" and inserting in
 27 lieu thereof "of".

28 (j) Section 1003(a) of such Act is amended by striking "Interstate and Foreign
 29 Commerce" and inserting in lieu thereof "Energy and Commerce".

30 LABOR-MANAGEMENT STUDY

31 SEC. 401-20. The National Railroad Passenger Corporation, representatives
 32 of labor, and the American Association of Railroads shall, within 6 months after
 33 the date of enactment of this part, conduct a study and submit a joint report to
 34 the Congress regarding their efforts to achieve greater efficiencies in manage-
 35 ment and labor practices. Such report shall include a description of efforts by the
 36 Corporation toward efficiencies in the management of the Corporation, recom-
 37 mendations for further efficiencies, and any other appropriate legislative recom-
 38 mendations.

MARKETING AND PROMOTION

2 SEC. 401-21. Section 403(b)(8) of the Rail Passenger Service (45 U.S.C.
3 563(b)(8)) is amended by striking "Not more than five" and inserting in lieu
4 thereof "At least four".

PERSONNEL STUDY

6 SEC. 401-22. Within 3 months after the date of enactment of this part, Na-
7 tional Railroad Passenger Corporation shall submit to the Congress a report on
8 actual and potential problems for the Corporation in entering into agreements
9 regarding direct employment of rail passenger operating personnel. Such report
10 shall include legislative recommendations, if the Corporation determines that
11 such recommendations are appropriate.

TRANSFER OF NORTHEAST CORRIDOR INTERCITY PASSENGER SERVICES TO

AMTRAK

14 SEC. 401-23. (a)(1) With respect to intercity rail passenger services within the
15 Northeast corridor, Amtrak may initiate negotiations with Conrail for the trans-
16 fer of such services operated by Conrail.

17 (2) A transfer agreement between Amtrak and Conrail shall specify at least—

18 (A) the service responsibilities to be transferred;

19 (B) the rail properties to be conveyed; and

20 (C) a transfer date not later than 1 year after the date of enactment of
21 this part.

22 (3) Any transfer agreement under this subsection shall be entered into not later
23 than 180 days after the date of enactment of this part.

(b)(1) Within 180 days after the date of enactment of this part, Conrail and Amtrak shall agree on terms and conditions for the transfer to Amtrak of all of Conrail's intercity rail passenger services in the Northeast corridor and the rail properties used or useful for the operation of those services. Such services and properties shall be transferred to Amtrak not later than 1 year after the date of enactment of this part.

(2) If, within 180 days after the date of enactment of this part, Conrail and Amtrak have not signed an agreement pursuant to this section, the Secretary of Transportation shall within 30 days determine which rail properties will be transferred to Amtrak and the terms and conditions under which such rail properties and the Northeast corridor rail passenger services of Conrail will be transferred to Amtrak. The transfer shall occur not later than 1 year after the date of enactment of this part.

TRANSFER OF NORTHEAST CORRIDOR INTERCITY PASSENGER EMPLOYEES TO

AMTRAK

SEC. 401-24. (a) On the date Northeast corridor intercity passenger operations are transferred to Amtrak under this part, Amtrak shall establish new positions not fewer in number than the equivalent number of full-time Conrail

1 positions devoted to the Northeast corridor intercity passenger operations in each
 2 class and craft, based on the average number of such equivalent positions in the
 3 12 months prior to the date of enactment of this part. The determination of
 4 equivalent full-time positions shall be made by agreement between Conrail and
 5 Amtrak, in consultation with recognized employee representatives, not later than
 6 60 days prior to the transfer date. Failing agreement, the Secretary shall deter-
 7 mine the number of positions, and Conrail shall make available necessary data to
 8 make such determination.

9 (b)(1) On the transfer date, Conrail shall transfer to Amtrak a sufficient
 10 number of employees in each class and craft to fill the positions created under
 11 subsection (a) of this section.

12 (2) Such employees shall be selected solely from among—

13 (A) all Conrail employees engaged on April 1, 1981, in functions direct-
 14 ly and primarily related to the provision of Northeast corridor passenger
 15 service, including any employee who would have been so engaged for ill-
 16 ness, personal leave, or similar reasons;

17 (B) in the event the requisite number of positions cannot be filled from
 18 the ranks of employees identified under subparagraph (A), other Conrail
 19 employees available and willing on a voluntary basis (and without preju-
 20 dice based on refusal) to fill such positions without change in residence in
 21 order of seniority (from most senior to most junior); and

22 (C) in the event the requisite number of positions cannot be filled from
 23 the ranks of employees identified under subparagraphs (A) and (B), other
 24 Conrail employees available to fill such positions without change of resi-
 25 dence in reverse order of seniority.

26 (c) Upon transfer of employees under this section, Conrail shall be relieved of
 27 any responsibility to provide personnel for the operation of Amtrak intercity pas-
 28 senger trains in the Northeast corridor operating over properties owned or leased
 29 by Amtrak.

30 (d) An employee transferred to Amtrak under this section, including any em-
 31 ployee who declines to accept an employment relationship with Amtrak under
 32 subsection (b)(2) (A) or (C) of this section, shall be finally separated from employ-
 33 ment with Conrail on the date of transfer to Amtrak and shall not by virtue of the
 34 transfer be deemed to be "deprived of employment" as that phrase is used in
 35 subpart 3 of the Northeast Rail Service Act of 1981.

36 DEFINITIONS RELATING TO NORTHEAST CORRIDOR PROVISIONS

37 SEC. 401-25. As used in sections 401-23 and 401-24 of this part, the term—

38 (1) "Amtrak" means the National Railroad Passenger Corporation, cre-
 39 ated by title III of the Rail Passenger Service Act; and

40 (2) "Conrail" means the Consolidated Rail Corporation, established by
 41 title III of the Regional Rail Reorganization Act of 1973.

PENALTY FOR UNTIMELY PERFORMANCE

SEC. 401-26. Section 402(e) of the Rail Passenger Service Act (49 U.S.C. 562(e)) is amended by adding at the end thereof the following:

"(4) If any intercity passenger train operated by or on behalf of the Corporation fails to arrive at station stops within 15 minutes of the time established in public timetables for such operation, because of a failure to be accorded a preference over freight trains as required by paragraph (1) of this subsection, the responsible railroad shall pay to the Corporation a penalty to be determined by the Commission."

EFFECTIVE DATE

SEC. 401-27. Except as may otherwise be provided in this part, the provisions of this part shall take effect on the date of enactment of this part.

PART B—CONRAIL

SHORT TITLE

SEC. 411. This part may be cited as the "Northeast Rail Service Act of 1981".

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SUBPART 1—GENERAL PROVISIONS

FINDINGS

SEC. 411-1. The Congress finds and declares that—

(1) the processes set in motion by the Regional Rail Reorganization Act of 1973 have failed to create a self-sustaining railroad system in the Northeast region of the United States and have cost United States taxpayers many billions of dollars over original estimates;

(2) current arrangements for the mix of freight and commuter services in the region are inadequate to meet the transportation needs of the public;

(3) there is little likelihood that Conrail can become self-sufficient in the foreseeable future;

(4) the provisions for protection of employees of bankrupt railroads contained in the Regional Rail Reorganization Act of 1973 have resulted in the payment of benefits far in excess of levels anticipated at the time of

1 enactment, have imposed an excessive fiscal burden on the Federal tax-
 2 payer, and are now an obstacle to the establishment of improved rail serv-
 3 ice and continued rail employment in the Northeast region of the United
 4 States;

5 (5) the orderly integration of Conrail's freight service into the Nation's
 6 private rail system can be successful only if adequate and equitable protec-
 7 tions are provided for railroad employees directly affected and if acquiring
 8 railroads are not required to assume Conrail's commuter operations; and

9 (6) the operation of commuter rail services by States, or political subdi-
 10 visions or instrumentalities thereof, in the absence of significant alternative
 11 privately operated commuter services, is an integral governmental function
 12 of the States, which should be assisted, but not superseded, in such activi-
 13 ties by the Federal Government.

14 PURPOSE

15 SEC. 411-2. (a) It is therefore declared to be the purpose of the Congress in
 16 this part to provide for reduction by Conrail of its operating costs by realizing the
 17 following goals:

18 (1) **NONAGREEMENT PERSONNEL.**—(A) Employees who are not subject
 19 to collective-bargaining agreements (hereinafter in this section referred to
 20 as "nonagreement personnel") shall forego wage increases and benefits in
 21 an amount proportionately equivalent to the amount foregone by agree-
 22 ment employees pursuant to paragraph 4 of this subsection, adjusted annu-
 23 ally to reflect inflation.

24 (B) The number of nonagreement personnel shall be reduced proportion-
 25 ately to any reduction in agreement employees (excluding reductions pur-
 26 suant to the termination program under section 416-1 of this part). Any
 27 reduction in nonagreement personnel or agreement employees which
 28 occurs after May 1, 1981, shall be included for purposes of this subpara-
 29 graph.

30 (2) **SUPPLIERS.**—To facilitate the orderly movement of goods in inter-
 31 state commerce, materials and services shall continue to be available to
 32 Conrail, under normal business practices, which shall include the provision
 33 of credit and normal financing arrangements.

34 (3) **SHIPPERS.**—Conrail shall maximize its opportunities to generate
 35 revenues under the provisions of this part, the Staggers Rail Act of 1980,
 36 and subtitle IV of title 49, United States Code.

37 (4) **AGREEMENT EMPLOYEES.**—(A)(i) Conrail shall enter into collective-
 38 bargaining agreements with its employees which shall provide Conrail
 39 benefits equal to \$200,000,000 a year, beginning April 1, 1981, adjusted
 40 annually to reflect inflation.

1 (ii) Agreements under this subparagraph may provide for reductions in
2 wage increase and for changes in fringe benefits common to agreement
3 employees, including vacations and holidays.

4 (iii) The benefits required under this subparagraph in the first year of
5 the agreement may be deferred, but the aggregate benefits should be no
6 less than an average of \$200,000,000 per year for each of the first three
7 1-year periods beginning April 1, 1981.

8 (iv) The amount of benefits provided under this paragraph shall be cal-
9 culated by subtracting the cost of an agreement entered into under this
10 paragraph from (I) the cost that would otherwise result from the applica-
11 tion of the national agreement reached by railroad industry and its employ-
12 ees, or (II) until such national agreement is reached, the cost which the
13 Conrail Advisory Board estimates would result from the application of
14 such a national agreement.

15 (B)(i) Conrail shall enter into collective-bargaining agreements with its
16 employees which provide for the establishment of one or more advisory
17 factfinding panels, chaired by a neutral expert in industrial relations, for
18 purposes of recommending changes in operating practices and procedures
19 which result in greater productivity to the maximum extent practicable.

20 (ii) The National Mediation Board shall appoint public members to any
21 panel established under this subparagraph, and shall perform such func-
22 tions contained in the agreement as are consistent with the duties of such
23 Board under the Railway Labor Act.

24 (iii) The factfinding panel may, before making its report to the parties,
25 provide mediation, conciliation, and other assistance to the parties.

26 (C) Any savings resulting from the provisions of paragraphs (1) through
27 (4) shall be in addition to any savings resulting from the following:

28 (i) The implementation of any crew consist agreement or fireman
29 manning agreement in effect on the date of enactment of this part.

30 (ii) The separation of employees under any other provision of law
31 or agreement.

32 (iii) Any collective-bargaining agreement signed or any procedures
33 agreed to prior to January 1, 1981.

34 (5) SUBSIDIARIES.—Conrail, by January 1, 1982, shall identify those
35 subsidiaries (other than the Conrail Equity Corporation) which did not op-
36 erate at a profit during the preceding 12-month period, and shall not later
37 than 12 months after the date of enactment of this part, seek to sell any
38 subsidiary identified as not profitable unless Conrail determines that the
39 benefits of maintaining ownership of such subsidiary outweigh the financial
40 loss resulting from such ownership.

(6) **WORKER PARTICIPATION AND SELF-MANAGEMENT DEMONSTRATION PROGRAM.**—(A) Conrail shall, within 180 days after the date of enactment of this part, enter into agreements with representatives of the various classes and crafts of employees for the establishment, on a demonstration basis, of worker participation and self-management programs at one or more facilities or locations, for purposes of fostering employee job satisfaction, job flexibility, and quality assurance. Such agreements may provide for separate or combined programs for major groups of crafts or classes such as train and engine service, shopcraft, clerical, and maintenance of way.

(B) If the agreements under this subsection so provide, collective-bargaining agreements then in force at the facility or location involved (other than any dues checkoff provision of such an agreement), shall be suspended for the duration of the demonstration program and employees covered by the program shall be represented in accordance with the worker participation agreement, notwithstanding any provision of the Railway Labor Act.

(C) Agreements under this subsection may include provisions relating to (i) the resolution of disputes under section 3 of the Railway Labor Act, (ii) the election of agreement personnel to serve in supervisory jobs, (iii) the election of agreement personnel to negotiate performance goals, and (iv) such other matters as may be agreed upon by Conrail and its agreement employees.

(D) Nothing in this subsection shall be construed to interfere with the application of rates of pay provided for in the agreements required by paragraph (4)(A) of this subsection or with the implementation of the negotiation and factfinding procedures required by paragraph (4)(B).

(7) **STATES AND LOCALITIES.**—States and localities shall make contributions to Conrail, which may take the form of exemptions from liability for any State or local tax for the period of three years from the date of enactment of this part.

(8) **MODIFICATION OF GOALS.**—The Board may increase the goals on a proportionate basis to the maximum extent practicable, if it determines that Conrail needs additional benefits in order to become profitable, and may establish productivity goals if it determines that such goals are necessary to enable Conrail to become profitable.

(b) It is further declared to be the purpose of the Congress in this part to provide for—

(1) a transfer of Conrail passenger service responsibilities, without consideration, to one or more entities whose principal purpose is the provision of such service;

1 (2) establishment of a program to reduce Conrail's train and engine
2 work force to permit Conrail to realize the benefits of existing crew consist
3 and fireman manning agreements;

4 (3) a determination on December 1, 1982, whether Conrail has been
5 profitable during the 6-month period from June 1, 1982, to November 30,
6 1982;

7 (4) disposition of the Federal ownership interest in Conrail through sale
8 of Conrail's stock or the sale of Conrail's assets for reasonable compensa-
9 tion; and

10 (5) provision of adequate and equitable labor protection for employees
11 deprived of employment by service transfers or Conrail workforce reduc-
12 tions.

13 DEFINITIONS

14 SEC. 411-3. As used in this part, unless the context otherwise requires, the
15 term—

16 (1) "acquiring railroad" means any rail carrier or other entity that ac-
17 quires property for rail use or assumes responsibility for rail freight or
18 commuter service under subpart 2 of this part, including a neutral terminal
19 company and a commuter authority;

20 (2) "Amtrak" means the National Railroad Passenger Corporation cre-
21 ated under title III of the Rail Passenger Service Act (45 U.S.C. 541 et
22 seq.);

23 (3) "Amtrak Commuter" means the Amtrak Commuter Services Corpo-
24 ration created in subpart 2 of this part;

25 (4) "Board" means the Railroad Retirement Board;

26 (5) "change in residence" means change of place of residence occasioned
27 by a change in work location to a place that is more than 30 normal high-
28 way route miles from the residence and also no less than 10 miles farther
29 from the residence than was the former work location;

30 (6) "Commission" means the Interstate Commerce Commission;

31 (7) "commuter authority" means any political subdivision, agency, au-
32 thority, corporation, or instrumentality of one or more States authorized to
33 provide commuter services in the Northeast, including the Metropolitan
34 Transportation Authority, the Connecticut Department of Transportation,
35 the Maryland Department of Transportation, the Southeastern Pennsylv-
36 ania Transportation Authority, the New Jersey Transit Corporation, the
37 Massachusetts Bay Transportation Authority, the Port Authority Trans-
38 Hudson Corporation, any successor agencies, and any entity created by
39 one or more such agencies for the purpose of operating, or contracting for
40 the operation of, commuter rail services;

(8) "commuter services" means short-haul rail passenger service in metropolitan and suburban areas, whether within or across the geographical boundaries of a State, usually characterized by reduced fare, multiple-ride and commutation tickets, and by morning and evening peak period operations;

(9) "Conrail" means the Consolidated Rail Corporation created under title III of the Regional Rail Reorganization Act of 1973 (445 U.S.C. 741 et seq.);

(10) "deprived of employment" means—

(A) with respect to a service transfer under this part, involuntary final separation from employment with Conrail after September 30, 1981, and failure to receive a firm offer of employment from an acquiring railroad (as that term is defined in section 414-9 of this part), Amtrak Commuter, or a commuter authority under subpart 4 of this part, despite the exercise of seniority (or, in the case of nonagreement employee, by written application); or

(B) the inability of an employee after September 30, 1981, to obtain a position with Conrail through exercise of seniority (or, in the case of a nonagreement employee, by written application), other than as a result of a seasonal furlough, and the resignation of such employee from Conrail with relinquishment of all seniority rights:

Provided, That an employee who receives a termination allowance under section 413-1 of this part shall not be deemed to have been deprived of employment;

(11) "employee", used without a modifier, means any person having an employment relationship with Conrail on April 1, 1981, who has maintained that relationship through the first day of the month in which this part is enacted, including any person necessarily absent due to illness, but does not include any person who (A) was employed as a temporary employee for the purpose of completing a specific project or projects; (B) resigns, retires on full disability or otherwise, or is discharged for cause prior to the date of service transfer; or (C) has served, within the 24-month period immediately prior to being deprived of employment, as chairman or chief executive officer, president and chief operating officer, a vice president, secretary or treasurer, or member of a board of directors of Conrail;

(12) "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth;

(13) "intercity rail passenger service" means rail passenger service other than commuter service;

1 (14) "Northeast corridor" means the States of Massachusetts, Rhode
2 Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware,
3 Maryland, and the District of Columbia;

4 (15) "rail carrier" means a common carrier engaged in interstate or for-
5 eign commerce by rail subject to subtitle IV of title 49, United States
6 Code;

7 (16) "rail properties" means assets or rights owned, leased, or other-
8 wise controlled by a railroad which are used or useful in rail transportation
9 service;

10 (17) "Secretary" means the Secretary of Transportation or the repre-
11 sentative authorized by the Secretary to carry out the responsibilities of
12 the Secretary under this part;

13 (18) "special court" means the judicial panel established under section
14 209 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 719);

15 (19) "transfer date" means the relevant date on which rail properties
16 and service obligations of Conrail or (in the case of commuter service) its
17 successor are transferred to an acquiring railroad, including a commuter
18 authority, under the authority of subpart 2 of this part;

19 (20) "transferred employee" means an employee of Conrail who obtains
20 employment with an acquiring railroad under subpart 4 of this part; and

21 (21) "year of completed service" means each 12 months of employment
22 with Conrail or a predecessor rail carrier during which compensation was
23 credited for purposes of the Railroad Retirement Act, as amended (45
24 U.S.C. 231 et seq.).

25 SUBPART 2—TRANSFER OF RAIL SERVICE RESPONSIBILITIES

26 CHAPTER I—TRANSFER OF CONRAIL COMMUTER SERVICES

27 END OF CONRAIL OBLIGATION

28 SEC. 412-1. Notwithstanding any other provision of law or contract, Conrail
29 shall be relieved of any legal obligation to operate commuter service 1 year after
30 the date of enactment of this part.

31 ESTABLISHMENT OF AMTRAK COMMUTER

32 SEC. 412-2. (a) There shall be established within 120 days after the date of
33 enactment of this part a wholly owned subsidiary of Amtrak to be known as the
34 Amtrak Commuter Services Corporation.

35 (b)(1) Amtrak Commuter shall not be an agency or instrumentality of the Fed-
36 eral Government. Amtrak Commuter shall be subject to the provisions of this
37 subtitle, and to the extent not inconsistent with this subtitle, to the District of
38 Columbia Business Corporation Act.

39 (2) Amtrak Commuter shall be deemed to be a contract operator of commuter
40 service on behalf of the commuter authorities that contract with Amtrak Com-
41 muter for the operation of commuter service under this part. Amtrak Commuter

1 shall have no common carrier obligation to operate either passenger or freight
2 service.

3 (c)(1) Amtrak Commuter shall be deemed, with respect to its rail commuter
4 service functions, a rail carrier subject to those Federal laws governing the rights
5 of employees in the railroad industry, including the Railway Labor Act, the Fed-
6 eral Employers Liability Act, the Railroad Retirement Act, the Railroad Unem-
7 ployment Insurance Act, and the Federal railroad safety laws.

8 (2) Amtrak Commuter shall not be subject to any State or other law relating to
9 the transportation of passengers by railroad insofar as such laws related to rates,
10 routes, or service, including any modification or discontinuance thereof.

11 (3) Amtrak Commuter shall be exempt from the payment of taxes to the same
12 extent as Amtrak is exempt under section 306(n) of the Rail Passenger Service
13 Act.

14 (4) The provisions of section 10 of the Clayton Act (15 U.S.C. 20) shall not
15 apply to transactions between Amtrak Commuter and Amtrak.

16 (5) The Board of Directors of Amtrak shall be the incorporators of Amtrak
17 Commuter and shall take whatever steps are necessary to establish Amtrak
18 Commuter, including filing articles of incorporation.

19 DIRECTORS AND OFFICERS

20 SEC. 412-3. (a)(1) Amtrak Commuter shall have a Board of Directors consist-
21 ing of seven individuals, as follows:

22 (A) The President of Amtrak Commuter, selected in accordance with
23 the provisions of paragraph (2)(B) of this subsection.

24 (B) One member who is selected by commuter authorities to serve on
25 the Board of Directors of Amtrak in accordance with section 303(a)(1) of
26 the Rail Passenger Service Act.

27 (C) Two members from commuter authorities (in addition to that
28 member described in subparagraph (B)) selected by commuter authorities
29 for which Amtrak Commuter operates commuter service pursuant to this
30 subpart.

31 (D) Three members selected by the Board of Directors of Amtrak.

32 (2)(A) Except as provided in subparagraph (B) of this paragraph, members of
33 the Board of Directors of Amtrak Commuter shall serve terms of 2 years, and
34 any vacancy in the membership of the Board shall be filled in the same manner as
35 in the case of the original selection.

36 (B)(i) The first President of Amtrak Commuter shall be appointed by the Sec-
37 retary, and thereafter the President shall be selected by the outgoing President,
38 and the other members of the Board.

39 (ii) The term of office of the President of Amtrak Commuter shall be 3 years,
40 and no individual may serve more than two terms.

41 (C) The Board shall elect one of its members annually to serve as Chairman.

1 (D) Each member of the Board shall receive compensation and reimbursement
2 in accordance with section 303(a)(5) of the Rail Passenger Service Act.

3 (b) The provisions of section 303 (b) and (d) of the Rail Passenger Service Act
4 shall apply to Amtrak Commuter.

5 OPERATION OF COMMUTER SERVICE; GENERAL POWERS

6 SEC. 412-4. (a)(1) If requested by a commuter authority, Amtrak Commuter
7 shall operate commuter service for such commuter authority upon such terms and
8 conditions as Amtrak Commuter and the commuter authority may agree, includ-
9 ing terms and conditions with respect to an appropriate costing methodology for
10 compensation to Amtrak Commuter for the costs of operating commuter service.

11 (2)(A) If Amtrak Commuter and the commuter authority are unable to agree
12 upon terms and conditions for the operation of services, either party may petition
13 the Commission to establish just and reasonable terms and conditions, and the
14 Commission may order that commuter service be operated on the terms and
15 conditions it establishes.

16 (B) In establishing a costing methodology under this paragraph for compensa-
17 tion to Amtrak Commuter for the costs of operating commuter service, the Com-
18 mission (i) shall consider all relevant factors which apply to compensation for
19 costs on fair and equitable basis, including section 402(a) of the Rail Planning
20 Service Act and the standards promulgated by the Rail Services Planning Office
21 under section 205(d)(6) of the Regional Rail Reorganization Act of 1973, and (ii)
22 shall not permit cross subsidization between intercity and commuter rail services.

23 (3) Any determination by the Commission under paragraph (2) of this subsec-
24 tion shall be effective on the date of such determination, and any agreement of
25 the parties under this section shall be effective on the date specified in such
26 agreement. Any such determination or agreement shall not apply to any compen-
27 sation paid to Amtrak prior to the date of such determination or the date so
28 specified, as the case may be, for the costs described in paragraph (2) of this
29 subsection.

30 (4) Nothing in this section shall preclude Conrail, Amtrak Commuter and com-
31 muter authority from entering into an agreement, after the determination of the
32 Commission or their initial agreement under this section, with respect to the
33 costs described in paragraph (2) of this subsection.

34 (5) Any determination by the Commission under this section shall be final and
35 shall not be reviewable in any court.

36 (6) If a commuter authority fails to pay Amtrak Commuter within 90 days of
37 the rendering of service for operating commuter service, Amtrak Commuter may
38 cease operating such service.

39 (7) The Commission shall have the same powers to implement this subsection
40 as are available to the Commission under subtitle IV of title 49, United States
41 Code.

1 (b)(1) Amtrak Commuter is authorized to own, manage, operate, or contract
 2 for the operation of commuter service; to conduct research and development re-
 3 lated to its mission; and to acquire by construction, purchase, or gift, or to con-
 4 tract for the use of, physical facilities, equipment, and devices necessary to com-
 5 muter service operations.

6 (2) Amtrak Commuter shall, to the extent consistent with this part and the
 7 agreements with the commuter authorities, directly operate and control all as-
 8 pects of its commuter service.

9 (c) To carry out its functions and purposes, Amtrak Commuter shall have the
 10 usual powers conferred upon a stock corporation by the District of Columbia
 11 Business Corporation Act.

12 (d) Amtrak Commuter is authorized to issue common stock to Amtrak.

13 NORTHEAST CORRIDOR COORDINATION

14 SEC. 412-5. (a) The Board of Directors of Amtrak Commuter shall develop
 15 and recommend to Amtrak—

16 (1) policies which ensure equitable access to the Northeast corridor,
 17 taking into account the need for equitable access by commuter and inter-
 18 city services and the requirements of section 402(e) of the Rail Passenger
 19 Service Act; and

20 (2) equitable policies for the Northeast Corridor with respect to dis-
 21 patching, public information, maintenance of equipment and facilities,
 22 major capital facility investments, and harmonization of equipment acquisi-
 23 tions, fares, tariffs, and schedules.

24 (b) The Board of Directors of Amtrak Commuter may recommend to the Presi-
 25 dent and Board of Directors of Amtrak such actions as are necessary to resolve
 26 differences of opinions regarding operations (among or between Amtrak, Amtrak
 27 Commuter, other railroads, commuter authorities, and other State, local and re-
 28 gional agencies responsible for the provision of commuter rail, rapid rail, or rail
 29 freight services), with respect to all matters except those conferred on the Com-
 30 mission in section 402(a) of the Rail Passenger Service Act.

31 CONCERTED ECONOMIC ACTION

32 SEC. 412-6. (a) Any person engaging in concerted economic action over dis-
 33 putes with Amtrak Commuter or any commuter authority shall not be entitled to
 34 engage in any strike against, or otherwise to induce any employee of Conrail,
 35 where an effect thereof is to interfere with rail freight services provided by Con-
 36 rail.

37 (b) Any person engaging in concerted economic action over disputes arising out
 38 of freight operations provided by Conrail shall not be entitled to engage in any
 39 strike against, or otherwise to induce any employee of, Amtrak Commuter or any
 40 commuter authority, where an effect thereof is to interfere with rail passenger
 41 services.

NOTIFICATION

SEC. 412-7. Not later than 90 days after the date of enactment of this part, each commuter authority shall notify the Secretary and Conrail whether it intends to operate its own commuter service or to contract with Amtrak Commuter for the operation of such service.

TRANSFER

SEC. 412-8. (a)(1) A commuter authority or, with respect to commuter service operated outside the Northeast Corridor, a State, local, or regional transportation authority, may initiate negotiations with Conrail for the transfer of commuter service operated by Conrail.

(2) A transfer agreement between such an authority and Conrail shall specify at least—

(A) the service responsibilities to be transferred;

(B) the rail properties to be conveyed; and

(C) a transfer date not later than 1 year after the date of enactment of this part.

(3) Any transfer agreement under this subsection shall be entered into not later than 180 days after the date of enactment of this part.

(b) Within 180 days after the date of enactment of this part, Conrail and Amtrak Commuter shall agree on terms and conditions for the transfer to Amtrak Commuter of all of Conrail's commuter services in the Northeast Corridor, except for commuter service to be transferred directly to a commuter authority under subsection (a) of this section, and the rail properties used or useful for the operation of those commuter services. Such services and properties shall be transferred to Amtrak Commuter not later than 1 year after the date of enactment of this part.

(c) If, within 180 days after the date of enactment of this part, Conrail and Amtrak Commuter have not signed an agreement pursuant to subsection (b) of this section, the Secretary shall within 30 days determine which rail properties will be transferred to Amtrak Commuter and the terms and conditions under which such rail properties and the Northeast Corridor commuter services of Conrail will be transferred to Amtrak Commuter. The transfer shall occur not later than 1 year after the date of enactment of this part.

(d) Following the transfer of commuter services and properties to Amtrak Commuter, and upon the request of the commuter authority for which the service is provided by Amtrak Commuter, Amtrak Commuter and the commuter authority shall agree upon terms and conditions for the transfer to the commuter authority of the commuter service operated for such commuter authority and the rail properties used or useful in the operation of such commuter service.

(e) If Amtrak Commuter and a commuter authority do not sign an agreement pursuant to subsection (d) of this section, Amtrak Commuter or the commuter

1 authority may appeal to the Secretary. Upon appeal under this subsection by
2 Amtrak Commuter or a commuter authority, the Secretary shall determine which
3 rail properties are to be transferred and the terms and conditions of such transfer.

4 (f) A commuter authority assuming commuter service responsibilities under
5 this subpart shall be subject to the Federal Employers Liability Act, the Railroad
6 Retirement Act, the Railroad Unemployment Insurance Act, and the Federal
7 railroad safety laws.

8 REGULATORY APPROVAL

9 SEC. 412-9. (a) Transfers of properties and assumptions of service responsibil-
10 ities pursuant to agreements negotiated under section 412-8 of this chapter, or
11 pursuant to a determination made by the Secretary under section 412-8 (c) or (e)
12 of this chapter, shall not be subject to the provisions of subtitle IV of title 49,
13 United States Code.

14 (b) Transfers of properties and assumptions of service responsibilities pursuant
15 to any agreement under section 412-8(b) of this chapter, or pursuant to a deter-
16 mination of the Secretary under section 412-8(c) of this chapter, if effected
17 within 4 years of the date of enactment of this part, shall not be subject to
18 subtitle IV of title 49, United States Code.

19 AUTHORIZATION FOR APPROPRIATIONS

20 SEC. 412-10. There are authorized to be appropriated to the Secretary in the
21 fiscal year beginning October 1, 1981, not to exceed \$50,000,000, to facilitate
22 the transfer of rail commuter services from Conrail to other operators. The Sec-
23 retary shall by regulation prescribe standards for the obligation of such funds, and
24 shall ensure that distribution of such funds is equitably made among Amtrak
25 Commuter and the commuter authorities or other entities that contract with
26 Amtrak Commuter for the operation of commuter service under this subpart.
27 Amounts appropriated under this section are authorized to remain available until
28 October 1, 1986.

29 CHAPTER II—TRANSFER OF FREIGHT SERVICE RESPONSIBILITIES

30 TRANSFER AGREEMENTS

31 SEC. 412-11. (a) The Secretary, in consultation with Conrail, shall initiate
32 discussions and negotiations under section 5 of the Department of Transportation
33 Act (49 U.S.C. 1654) for the transfer of Conrail freight rail properties and serv-
34 ice responsibilities, specifically including freight terminal operations in the North-
35 east corridor, to financially responsible persons, including financially responsible
36 rail carriers, hereafter referred to as "acquiring railroads" as defined in section
37 411-3 of this part.

38 (b) As a part of the process set forth in subsection (a), the Secretary shall
39 consult with rail carriers, representatives of employees of Conrail and other rail
40 carriers that may be affected, appropriate State and local government officials,
41 shippers, consumer representatives, and potential purchasers or operators other

1 than rail carriers. The Secretary shall hold conferences in developing plans for
 2 the sale of Conrail and persons attending or represented at such conferences shall
 3 not be liable under the antitrust laws of the United States with respect to any
 4 discussion at such conference, or with respect to any agreements reached at such
 5 conferences.

6 (c) Any agreement for the transfer of Conrail rail properties and service re-
 7 sponsibilities (hereinafter "freight transfer agreements") shall specify the rail
 8 properties and the service responsibilities to be transferred to the acquiring rail-
 9 road, the price to be paid for rail properties transferred, and shall include such
 10 other terms as the Secretary, consulting with Conrail, and the acquiring railroad
 11 consider appropriate.

12 (d) Not later than 1 year after the transfer agreements are implemented pursu-
 13 ant to section 412-14 of this chapter, the Secretary shall provide for the forma-
 14 tion by rail carriers of one or more terminal companies, to be operated as private
 15 corporations without Federal operating subsidy, to provide switching and termi-
 16 nal services in the Northeast Corridor without preference to the traffic of any rail
 17 carrier. Notwithstanding the provisions of the preceding sentence, the Secretary
 18 shall not be required to provide for the formation of such terminal companies if he
 19 certifies in writing to the Congress that, in his judgment, individual acquiring
 20 railroads are capable of assuring adequate freight terminal operations in the
 21 Northeast Corridor.

22 PROFITABILITY DETERMINATION

23 SEC. 412-12. (a) It is the intent of the Congress that the Secretary shall, to
 24 the extent practicable in light of Conrail's financial performance, make every
 25 effort to transfer the Conrail rail system to responsible private sector ownership
 26 as a single entity.

27 (b) Except as provided in section 412-17 of this chapter, the Secretary may
 28 propose the sale of Conrail as an entity after June 1, 1982. The Secretary may
 29 not propose the transfer of individual Conrail lines to separate purchasers until
 30 August 1, 1983, if the Conrail Advisory Board has made an affirmative finding
 31 under subsection (e)(1) of this section. If a negative finding is made under subsec-
 32 tion (e)(2) of this section, such transfers may take place on or after December 1,
 33 1982.

34 (c) Prior to December 1, 1982, the Conrail Advisory Board shall periodically
 35 review the performance of Conrail to determine whether Conrail is meeting the
 36 goals set forth in section 411-2 of this part and report its findings to the Con-
 37 gress.

38 (d)(1) As soon as possible after financial results are available for the period
 39 June 1, 1982 through November 30, 1982, the Conrail Advisory Board shall
 40 determine whether Conrail has become profitable and requires no further Federal
 41 financial assistance beyond amounts authorized by this part and available for

1 obligation under appropriations acts enacted prior to the date such determination
2 is made.

3 (2) As used in this section, "profitable" refers to the generation of net income
4 in accordance with ICC accounting principles: *Provided, however,* That there
5 shall be excluded from any determination of whether Conrail is profitable the
6 following:

7 (A) Payments made by Conrail for any labor protection obligations to
8 the extent Conrail has not received full reimbursement therefor from the
9 United States;

10 (B) The cost of any labor severance program;

11 (C) Any payments made by Conrail with respect to its 7.5 percent Con-
12 vertible Debentures due January 1, 2011, and Series A Preferred Stock;
13 and

14 (D) Net costs to Conrail attributable to passenger operations:

15 *And provided further,* That in any such determination of profitability there shall
16 be included all amounts received by Conrail from any States, counties, municipal-
17 ities or political subdivisions thereof.

18 (e)(1) If the Conrail Advisory Board determines that Conrail has become prof-
19 itable, then any proposal for the transfer of Conrail lines that is proposed by the
20 Secretary shall provide for the transfer of the Conrail system as a whole until
21 August 1, 1983.

22 (2) If the Conrail Advisory Board determines that Conrail has not become
23 profitable, then the Secretary shall provide for the transfer of Conrail properties
24 and service responsibilities, under one or more transfer agreements, subject to the
25 procedures and requirements set forth in this subpart.

26 (f) The Conrail Advisory Board shall be composed of the—

27 (1) Secretary of the Treasury;

28 (2) Comptroller General of the United States;

29 (3) Secretary of Transportation;

30 (4) Chairman of the United States Railway Association; and

31 (5) Chairman of the Board of Directors of Conrail.

32 The action of a majority of the Conrail Advisory Board shall constitute the action
33 of the Board.

34 (g) As used in this section—

35 (1) "net income" refers to net income as determined under the Commis-
36 sion's uniform system of accounts for rail carriers, subject to the adjust-
37 ments provided under this section; and

38 (2) "transfer of the Conrail system as an entity" refers to—

39 (A) sale of Conrail stock; or

40 (B) sale of substantially all Conrail rail properties in a single trans-
41 action.

CREDITS FOR TRANSFER EXPENSES

1

2 **SEC. 412-13.** (a) All reasonable expenses which are incurred in negotiations
3 for the purchase of a rail line by a rail carrier who subsequently purchases such
4 line in accordance with the provisions of this chapter shall be credited against the
5 total purchase price for such line, if such purchaser entered into such negotiations
6 in good faith within 6 months after the date of enactment of this part.

7 (b) Expenses for labor protection for a maximum of a 12-month period incurred
8 by a purchaser of a rail line in accordance with the provisions of this chapter as a
9 result of protective conditions imposed by the Secretary pursuant to section
10 414-7 of this part, shall be credited against the total purchase price for such line,
11 if such purchaser entered into such negotiations in good faith within 6 months
12 after the date of enactment of this part.

13

CONSOLIDATION OF AGREEMENTS

14 **SEC. 412-14.** (a) The Secretary shall ensure that freight transfer agreements
15 entered into under the authority of this chapter provide for the continuation of the
16 optimum level of self-sustaining rail service, consistent with the needs of the
17 service area, the long-term viability of acquiring railroads operating in the private
18 sector, and the preservation and enhancement of transportation competition.

19 (b) The freight transfer agreements entered into under this chapter shall in-
20 clude as a common term a transfer date not later than 36 months after the date of
21 enactment of this part.

22 (c) The Secretary shall consolidate, for purposes of approval and review, all
23 freight transfer agreements. If the Secretary acts to grant preliminary or final
24 approval to the freight transfer agreements, the Secretary shall include in his
25 determination a listing of those rail properties not specified in such agreements
26 for transfer, with respect to which rail services are to be discontinued on the
27 transfer date.

28

PUBLIC COMMENT AND CONGRESSIONAL NOTIFICATION

29 **SEC. 412-15.** (a) Subject to the limitations of section 412-12 of this chapter, if
30 the Secretary grants preliminary approval to the transfer agreements, the Secre-
31 tary shall publish a summary of the agreements, together with a proposed deter-
32 mination of approval, in the Federal Register, requesting public comment. The
33 period for comment shall be not less than 60 days. The Secretary shall then
34 transmit the transfer agreements and any proposed modifications of the transfer
35 agreements to the Attorney General. The Attorney General shall, within 10 days
36 of receipt of such transmittal, advise the Secretary as to whether any transfer
37 agreement or combination of agreements would create or maintain a situation
38 inconsistent with the antitrust laws, and the Secretary shall give due considera-
39 tion to any such advice that may be rendered. The transmittal to the Attorney
40 General shall contain such information as the Attorney General may require in
41 order to advise the Secretary as to whether the transfer agreements under con-

1 sideration would create or maintain a situation inconsistent with the antitrust
2 laws.

3 (b) The Secretary shall also transmit the transfer agreements and any proposed
4 modifications of the transfer agreements to the Commission on the same date that
5 the Secretary transmits them to the Attorney General. The Commission shall,
6 within 10 days of receipt of such transmittal, advise the Secretary as to the effect
7 of any transfer agreement or combination of agreements on the adequacy of
8 transportation to the public and whether any transfer agreement or combination
9 of agreements would have an adverse effect on other rail carriers or competition
10 among rail carriers.

11 (c) After consideration of comments received, and any advice rendered by the
12 Attorney General and the Commission, but no later than 90 days after the close
13 of public comment, the Secretary may grant final approval to the transfer agree-
14 ments. With the consent of the acquiring railroad, the Secretary may modify a
15 transfer agreement prior to granting such final approval. Final approval of a
16 transfer agreement by the Secretary and the implementation of such agreement
17 shall not be subject to judicial review.

18 (d) If the Secretary grants final approval to the freight transfer agreements,
19 the Secretary shall, within 10 days of such approval, transmit a copy of the
20 agreement to each House of Congress, together with the Secretary's determina-
21 tion of final approval. The Secretary shall deliver the transfer agreements to both
22 Houses of Congress and to the Committee on Energy and Commerce of the
23 House of Representatives and the Committee on Commerce, Science, and Trans-
24 portation of the Senate. The transfer agreements shall be deemed approved at the
25 end of 120 calendar days unless both the House of Representatives and the
26 Senate pass a resolution during such period stating that they do not favor the
27 transfer agreements.

28 (e) On the same date that the Secretary submits a copy of the transfer agree-
29 ments to each House of Congress, the Secretary shall also submit a copy of such
30 agreement to the Attorney General and the Commission. Within 30 days after
31 the date of receipt of such agreement, the Attorney General and the Commission
32 shall submit reports to the Congress setting forth their views on the matters
33 outlined in subsections (a) and (b) of this section.

34 **PERFORMANCE UNDER AGREEMENTS; EFFECT**

35 **SEC. 412-16.** (a) If both Houses of Congress have not acted to disapprove the
36 transfer agreements within the period specified by section 412-15(d) of this chap-
37 ter, rail properties shall be conveyed and service responsibilities of Conrail shall
38 be transferred in accordance with the transfer agreements. Such transfers shall
39 not be subject to the provisions of subtitle IV of title 49, United States Code, or,
40 with respect to the issuance and sale of securities to the United States or Conrail
41 for the purpose of financing such transfers, to the registration and prospectus

1 delivery requirements of the Securities Act of 1933, or to the provisions of the
2 laws of any State with respect to the issuance and sale of securities.

3 (b) Notwithstanding any other provision of law, but subject to section 412-17
4 of this chapter, on the date rail properties and service responsibilities are trans-
5 ferred under the transfer agreements—

6 (1) the acquiring railroad shall be deemed a rail carrier subject to subti-
7 tle IV of title 49, United States Code, and shall be deemed qualified there-
8 under to provide the service responsibilities assumed; and

9 (2) Conrail shall be deemed to have discontinued rail service over any
10 line of railroad conveyed under the agreements and all other Conrail rail
11 properties; and, notwithstanding any provision of Federal or State law,
12 shall be relieved of any contractual or other obligation to provide such
13 service.

14 LIGHT DENSITY RAIL SERVICE

15 SEC. 412-17. (a) As a part of each transfer negotiation authorized and direct-
16 ed by section 412-11 of this chapter, the Secretary shall promote the inclusion of
17 those additional Conrail lines that connect with, and only with, the line or lines
18 that are the subject of particular transfer negotiations (hereafter "associated
19 branch lines"), and which are financially viable.

20 (b) The Secretary may, at any time after the date of enactment of this part,
21 request Conrail to determine whether any particular branch line is necessary to
22 achieve profitability by Conrail, as such term is defined in section 412-12 of this
23 chapter. Within 30 days after the date of which such request is made, Conrail
24 shall make and submit such determination to the Secretary.

25 (c) At any time after the date of enactment of this part, the Secretary may
26 enter negotiations for the transfer of—

27 (1) any rail lines which are the subject of an abandonment proceeding
28 pending before the Commission;

29 (2) rail properties which are located in the States of Rhode Island and
30 Connecticut; and

31 (3) branch lines which carried less than 3,000,000 gross ton miles of
32 traffic per mile in the preceding calendar year and which have been identi-
33 fied by Conrail as not necessary for the achievement of profitability, pursu-
34 ant to the provisions of subsection (b) of this section.

35 The Secretary may transfer any such lines in accordance with the terms of an
36 agreement entered into by the Secretary under this subsection, except that no
37 branch line identified in paragraph (3) of this subsection may be transferred
38 before the expiration of the time period specified in subsection (b). Any transfer in
39 accordance with this subsection shall not be subject to congressional review, but
40 shall take effect on the date of such transfer by the Secretary.

1 (d) In the event that a transfer agreement granted final approval by the Secre-
 2 tary under section 412-15 of this chapter does not provide for the continuation of
 3 rail service on an associated branch line, or other Conrail line not designated for
 4 transfer, that an affected State or shipper concludes is essential, that State or
 5 shipper, or any combination of such States and shippers, may immediately enter
 6 negotiations with the Secretary for the transfer of identified associated branch
 7 lines or other Conrail line not designated for transfer without rail-common carrier
 8 status under the requirements of subtitle IV of title 49, United States Code, to an
 9 entity designated by the State, shipper, or combination thereof, for continued
 10 operation free of the common carrier obligations and other requirements of subti-
 11 tle IV of title 49, United States Code. Conrail shall convey an associated branch
 12 line or other Conrail line not designated for transfer in accordance with the terms
 13 of an agreement entered into by the Secretary under this subsection.

14 (e)(1) The Secretary may transfer lines in accordance with the provisions of
 15 this section for nominal consideration, if justified by the public benefit associated
 16 with continued rail service.

17 (2) The provision, by an entity other than a rail carrier, of rail service resulting
 18 from a transfer completed under the authority of this section shall not be subject
 19 to regulation under subtitle IV of title 49, United States Code.

20 ABANDONMENTS AND DISPOSITION OF PROPERTY

21 SEC. 412-18. (a) Any agreement authorized under this section or section
 22 412-11 of this chapter shall provide that net proceeds of liquidation (the net of
 23 costs of disposition and labor protection, if any) for transferred or leased property
 24 which is abandoned within 5 years after the transfer date shall be paid to Conrail
 25 or its successors in interest.

26 (b) With respect to all transfers and sales of rail properties pursuant to the
 27 provisions of this part, application for abandonment of service over the lines
 28 associated with such transfers and sales shall not be commenced for at least 1
 29 year after the date of any such transfer or sale.

30 OTHER TRANSACTIONS

31 SEC. 412-19. (a)(1) The Secretary shall, by regulation, prescribe standards
 32 and procedures for the disposition of Conrail rail properties with respect to which
 33 service has been discontinued under this chapter. Such regulations shall accord
 34 preference to financially responsible persons, including a financially responsible
 35 class III rail carrier (but not a class I or II rail carrier), who seek to acquire such
 36 rail properties for continued rail use without Federal operating subsidy.

37 (2) For purposes of State law governing the reverter of interests in real prop-
 38 erty and any deeds or other instrument conveying such interests, rail properties
 39 with respect to which service has been discontinued by Conrail under this chapter
 40 shall be deemed to have been in continuous rail use if, within 2 years after the

1 transfer date, such properties are again devoted to a use qualifying for the con-
2 tinuation of the interest claimed.

3 (b) Following the expiration of 2 years after the transfer date, and consistent
4 with its obligations to provide for the satisfaction of valid claims, Conrail may,
5 without further approval by any person (other than its Board of Directors), dis-
6 pose of its remaining assets and seek dissolution under the laws of the State in
7 which it is incorporated.

8 AUTHORIZATION FOR APPROPRIATIONS

9 SEC. 412-20. There are authorized to be appropriated for the purchase of
10 series A preferred stock under section 216 of the Regional Rail Reorganization
11 Act of 1973 in order to maintain essential rail services during the transfer proc-
12 ess provided for by this chapter \$1,000,000 for fiscal year 1982. Such sums may
13 remain available until expended.

14 SUBPART 3—PROTECTION FOR CONRAIL EMPLOYEES

15 WORKFORCE REDUCTION PROGRAM

16 SEC. 413-1. (a) Conrail may terminate the employment of certain employees,
17 in accordance with this section, upon the payment of an allowance of \$200 for
18 each month of active service with Conrail or with a railroad in reorganization,
19 but in no event may any such termination allowance exceed \$25,000.

20 (b) Within 90 days after the date of enactment of this part, Conrail shall
21 determine, for each location, the number of employees that Conrail needs to
22 separate under subsection (a) of this section.

23 (c)(1) Within 90 days after the date of enactment of this part, Conrail shall
24 notify its employees of their rights and responsibilities under this section.

25 (2) Within 90 days after the date of enactment of this part, Conrail shall notify
26 each train and engine service employee eligible to be separated under paragraph
27 (3) of this subsection that such employee may be entitled to receive a separation
28 payment under this section if such employee files a written request to be separat-
29 ed. Such notice may be revised from time to time.

30 (3) If the number of employees who request to be separated pursuant to para-
31 graph (2) of this subsection is greater, in engine service at any location, than the
32 number of excess firemen at the location, and in train service at the location than
33 the number of excess second and third brakemen, as determined by Conrail,
34 Conrail shall separate the employees described in paragraph (2) of this subsection
35 in order of seniority beginning with the most senior employee, until the excess
36 firemen and second and third brakemen positions at the location, as determined
37 by Conrail, have been eliminated.

38 (d) If the number of employees who are separated pursuant to subsection (c)(3)
39 is less at any location than the number of excess firemen and second and third
40 brakemen in freight service at such location, as determined by Conrail, Conrail
41 may, after 210 days after the date of enactment of this part, designate for separa-

1 tion employees in engine service or train service respectively in inverse order or
 2 seniority, beginning with the most junior employee in active service at such loca-
 3 tion until the excess firemen, and second and third brakemen in freight service, at
 4 that location have been eliminated. An employee designated under this paragraph
 5 may choose (1) to furlough himself voluntarily, in which case the junior employee
 6 protected under the fireman manning or crew consist agreements or any other
 7 agreement or law, in the same craft or class at such location, may be separated
 8 instead and receive the separation allowance; or (2) to exercise his seniority to
 9 another location, in which case Conrail may separate, under the provisions of this
 10 paragraph, the junior protected employee in active service at the location to
 11 which seniority ultimately is exercised.

12 (e)(1) Conrail shall refrain from filling one fireman (helper) position for each
 13 employee in engine service separated in accordance with this section.

14 (2) Conrail shall have the right to refrain from filling one brakeman position in
 15 excess of one conductor and one brakeman on one crew in freight service for each
 16 employee in train service who is separated in accordance with this section.

17 (3) Positions permitted not to be filled under this subsection shall not be filled
 18 in different types of freight service actually operated at or from the location in a
 19 sequence to be agreed upon between Conrail and the general chairman represent-
 20 ing classes or crafts of employees having jurisdiction over the positions to be not
 21 filled. If no such agreement is reached, Conrail may designate the position to be
 22 not filled.

23 (4) Notwithstanding paragraphs (1) and (2) of this subsection, Conrail shall
 24 retain all rights it has under any provision of law or agreement to refrain from
 25 filling any position of employment.

26 (f) Conrail and representatives of the various classes and crafts of employees to
 27 be separated may agree on procedures to implement this section, but the absence
 28 of such agreement shall not interfere with implementation of the separations
 29 authorized by this section.

30 (g) Conrail shall have the right to assign, allocate, reassign, reallocate, and
 31 consolidate work formerly performed on the rail properties acquired pursuant to
 32 the provisions of this part from a railroad in reorganization to any location, facili-
 33 ty, or position on its system if it does not remove such work from coverage of a
 34 collective-bargaining agreement and does not infringe upon the existing classifi-
 35 cation of work rights of any craft or class of employees at the location or facility
 36 to which such work is assigned, allocated, reassigned, reallocated, or consoli-
 37 dated.

38 SEPARATION ALLOWANCE

39 SEC. 413-2. (a) Any employee who is deprived of employment shall be eligible
 40 for a separation allowance in addition to any wages or vacation pay otherwise
 41 due to the employee as a result of services rendered.

- 1 (b) The amount of the separation allowance shall be determined as follows:

Years of completed service		Amount of allowances
At least	But less than	
0	6	\$0
6	16	\$1,000 for each year of completed service over 5.
16	25	\$10,000 plus \$2,000 for each year of completed service over 15.
25		\$30,000.

- 2 (c) Conrail shall pay 50 percent of the separation allowance not later than 30
3 days after the employee's separation, and the remaining 50 percent not later than
4 90 days after separation.

- 5 (d) Notwithstanding any other provision of law, the separation allowance pro-
6 vided by this section shall be considered taxable earnings for purposes of the
7 Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) on the same basis
8 as if the employee's last daily compensation had been paid for the number of
9 regular pay periods successive to the date of separation necessary to aggregate
10 earnings equal to the amount of the allowance. Conrail shall be liable for railroad
11 unemployment taxes, and the employee shall be eligible for subsequent benefits
12 under the Railroad Unemployment Insurance Act, as if the allowance had been
13 so paid.

14 PREFERENTIAL HIRING

- 15 SEC. 413-3. (a) Any employee who is deprived of employment shall have the
16 first right of hire by any other rail carrier for a vacancy in a class or craft, or for
17 a nonagreement employee a nonagreement vacancy for which he is qualified, in
18 which he was employed by Conrail or a predecessor carrier for not less than 1
19 year, except where such a vacancy is covered by (1) an affirmative action plan, or
20 a hiring plan designed to eliminate discrimination, that is required by Federal or
21 State statute, regulation, or Executive order, or by the order of a Federal court
22 or agency; or (2) a permissible voluntary affirmative action plan. For purposes of
23 this section, a rail carrier shall not be considered to be hiring new employees
24 when it recalls any of its own furloughed employees.

- 25 (b) The rights afforded to employees under this section shall be no less than to
26 the rights afforded under section 8 of the Milwaukee Railroad Restructuring Act
27 (45 U.S.C. 907) and section 105 of the Rock Island Transition and Employee
28 Assistance Act (45 U.S.C. 1004).

29 CENTRAL REGISTER OF RAILROAD EMPLOYMENT

- 30 SEC. 413-4. (a) The Board shall prepare and maintain a register of persons
31 separated from railroad employment after at least 1 year of completed service
32 with a rail carrier who have declared their current availability for employment in
33 the railroad industry. The register shall be subdivided by class and craft or job

1 position of prior employment and shall be updated periodically to reflect current
2 availability.

3 (b) Each entry in the register shall include, or provide access to, basic informa-
4 tion concerning the individual's experience and qualifications.

5 (c) The Board shall place at the top of the register those former railroad em-
6 ployees entitled to priority under applicable provisions of law, including this part.

7 (d) As soon as is practicable, but not later than 60 days after the transfer date,
8 Conrail shall provide to the Board the names of its former employees who elect
9 to appear on the register and who have not been offered employment with acquir-
10 ing railroads.

11 (e) Each rail carrier shall timely file with the Board a notice of vacancy with
12 respect to any position for which the railroad intends to accept applications from
13 persons other than current employees of that carrier.

14 (f) The Board shall, through distribution of copies of the central register (or
15 portions thereof) to rail carriers and employee representatives and through publi-
16 cation of employment information derived from vacancy notices filed with the
17 Board, promote the placement of former railroad employees possessing requisite
18 skills and experience in appropriate positions with other rail carriers.

19 (g) In addition to its responsibilities under subsections (a)-(f) of this section, the
20 Board shall facilitate the filing of employment applications with respect to cur-
21 rent vacancies in the industry by former railroad employees entitled to priority
22 under applicable provisions of law, including this part.

23 (h) The provisions of this section shall cease to be effective on the expiration of
24 5 years from the date of enactment of this part.

25 MOVING EXPENSES

26 SEC. 413-5. (a) Any employee who is deprived of employment and is required
27 to make a change of residence, prior to the expiration of 3 years from the transfer
28 date, in order to obtain employment with another rail carrier, shall be eligible for
29 a moving expense benefit under this section. The Board is authorized to pay or
30 reimburse verifiable expenses. Application for the benefit shall be made within 60
31 days after the date on which the employee vacates the former residence.

32 (b) The following expenses are eligible for reimbursement:

33 (1) the actual expenses of moving the employee's household and person-
34 al effects;

35 (2) the actual, necessary traveling expenses of the employee and imme-
36 diate family;

37 (3) the closing costs involved in disposing of the employee's residence
38 and acquiring a new residence, including (A) a realtor's fee of not more
39 than \$3,000; and (B) any loss in the sale of the employee's home for less
40 than its fair market value; and

1 (4) if the employee holds an unexpired lease on a dwelling used as the
 2 employee's residence, reimbursement for any loss in securing the cancella-
 3 tion of the lease, not to exceed loss attributable to that portion of the term
 4 of the lease extending 2 years from the date of cancellation.

5 (c) In no event shall the total moving expense benefit paid to any employee
 6 exceed \$5,000.

7 (d) The moving expense benefit for which an employee may be eligible under
 8 this section shall be reduced by the amount of any new career training assistance
 9 paid by the Board to the employee under section 413-6 of this subpart.

10 NEW CAREER TRAINING ASSISTANCE

11 SEC. 413-6. (a) An employee who is deprived of employment may receive
 12 from the Board reasonable expenses for training in qualified institutions for new
 13 career opportunities.

14 (b) To be eligible for assistance under this section, an employee—

15 (1) must first exhaust any Federal educational benefits available to such
 16 employee under any existing program; and

17 (2) must begin the course of training within 2 years following the date
 18 of separation from Conrail.

19 (c) Reasonable expenses for assistance under this section are to be determined
 20 by the Board on the basis of an application therefor filed by an employee with the
 21 Board.

22 (d) No assistance may be provided under this section after the expiration of 4
 23 years from the transfer date.

24 (e) As used in this section—

25 (1) the term "expenses" means actual, reasonable expenses paid for
 26 room, board, tuition, fees, or educational material in an amount not to
 27 exceed \$5,000; and

28 (2) the term "qualified institution" means an educational institution
 29 accredited for payment by the Veterans' Administration under chapter 36
 30 of title 38, United States Code, or a State-accredited institution which has
 31 been in existence for not less than 2 years.

32 (f) The new career training assistance for which an employee may be eligible
 33 under this section shall be reduced by the amount of any moving expense benefit
 34 paid by the Board to the employee under section 413-5 of this subpart.

35 MEDICAL INSURANCE

36 SEC. 413-7. (a) Any employee deprived of employment shall be entitled to
 37 continuation of medical insurance coverage for a period of not more than 6
 38 months from the date of separation. The Board shall fund the premium amount of
 39 such coverage.

40 (b) Medical insurance coverage under this section shall not be available to an
 41 employee during any period the employee is engaged in full-time employment

1 with respect to which group medical insurance coverage is available. For pur-
 2 poses of administering this provision, the Board may require the employee peri-
 3 odically to provide a certificate of employment status and eligibility for coverage
 4 under this section.

5 COMMUTER EMPLOYEES

6 SEC. 413-8. (a) An employee of Conrail who is transferred to Amtrak Com-
 7 muter under subpart 4 of this part who, within 3 years of the date of such
 8 transfer, is unable through the exercise of seniority to obtain a position as a result
 9 of a reduction in force occasioned by a transfer of commuter service responsibility
 10 to a commuter authority under subpart 2 of this part, and who has not received a
 11 firm offer of employment from the commuter authority on the transfer date from
 12 Amtrak Commuter, shall be considered an "employee deprived of employment"
 13 eligible for benefits under this subpart.

14 (b) The separation allowance to which an employee is entitled under subsection
 15 (a) of this section (incorporating section 413-2 of this subpart) shall be paid from
 16 funds authorized and appropriated under section 413-11 of this subpart. For
 17 purposes of determining the "years of completed service" of an employee de-
 18 scribed in subsection (a) of this section, there shall be included any period of
 19 employment with Amtrak Commuter during which compensation was credited for
 20 purposes of the Railroad Retirement Act, as amended (45 U.S.C. 231 et seq.).

21 (c) Any Conrail employee who is transferred to Amtrak Commuter or a com-
 22 muter authority and who is separated because of a collective-bargaining agree-
 23 ment under section 414-2 of this part shall be considered an "employee deprived
 24 of employment" eligible for benefits under this subpart.

25 (d) The separation allowance to which any employee is entitled under subsec-
 26 tion (c) of this section (incorporating section 413-2 of this subpart) shall be paid
 27 from funds authorized and appropriated under section 413-11 of this subpart.

28 AUTHORITY OF THE BOARD AND THE SECRETARY

29 SEC. 413-9. (a) The Board may prescribe such regulations as may be neces-
 30 sary to carry out its duties under this part, including appropriate requirements to
 31 effect the hiring of persons entitled to priority under law.

32 (b) In carrying out its duties under this part, the Board may exercise such
 33 powers, duties, and remedies provided in subsections (a), (b), and (d) of section 12
 34 of the Railroad Unemployment Insurance Act (45 U.S.C. 362 (a), (b), and (d)) as
 35 are not inconsistent with the provisions of this part.

36 (c) The Secretary shall transfer to the Board, and the Board is authorized to
 37 allocate to Conrail and Amtrak, as required, funds appropriated to carry out this
 38 part.

39 (d) The Secretary is authorized to assist the Board in carrying out its responsi-
 40 bilities under this part.

RELATIONSHIP TO OTHER LAWS; REPEALS

SEC. 413-10. (a)(1) Sections 504(a), 504(b), 505, 506, 507, 508, and 509 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 771 et seq.), are repealed effective October 1, 1981: *Provided*, That benefits accrued as of October 1, 1981, as a result of events that occurred wholly prior to October 1, 1981, shall be disbursed, and any dispute or controversy regarding those benefits shall be determined under the terms of the law in effect on September 30, 1981, and the authorization contained in section 509 of such Act shall remain available for these purposes.

(2) Effective October 1, 1981, the items in the section analysis of the Regional Rail Reorganization Act of 1973 relating to sections 505, 506, 507, 508, and 509 are repealed.

(b)(1) The provisions for employee protection contained in subpart 4 of this part, and, in the case of Conrail employees, in this subpart and subpart 4 of this part, shall be the exclusive protections for employees adversely affected by transfer agreements authorized by this part, superseding on October 1, 1981, any other employee protection provisions of Federal or State law, or any applicable contract or agreement: *Provided*, That nothing in this section shall be construed to affect the applicability of the Railroad Retirement Act (45 U.S.C. 231 et seq.) or the Railroad Unemployment Insurance Act, as amended (45 U.S.C. 351 et seq.).

(2) Any employee who accepts assistance or claims any right or benefit under this subpart or subpart 4 of this part shall be deemed to have waived any employee protection otherwise available to such employee with respect to an employment relationship with Conrail or any transfer of properties or service obligations under this part under any Federal or State law, or any applicable contract or agreement.

(c) Section 11 of the Milwaukee Railroad Restructuring Act (45 U.S.C. 910) and section 107 of the Rock Island Transition and Employee Assistance Act (45 U.S.C. 1006) (relating to maintenance of certain employee lists) are repealed.

(d) Section 216(b)(3) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726(b)(3)) and section 509(b)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 829(b)(1)) are repealed.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 413-11. (a) There are authorized to be appropriated to the Secretary to carry out this subpart not to exceed \$1,000,000.

(b) There are authorized to be appropriated to the Board for administrative expenses incurred as a result of responsibilities under this part not to exceed \$1,500,000.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, nothing in this section shall be construed to authorize the appropriation of funds for use in any fiscal year prior to fiscal year 1982.

(d) Amounts appropriated under this section are authorized to remain available until expended.

SUBPART 4—TERMS OF LABOR ASSUMPTION

CHAPTER 1—PASSENGER EMPLOYEES

IMPLEMENTING AGREEMENTS

SEC. 414-1. (a) Within 210 days after the date of enactment of this part, Conrail, commuter authorities that intend to operate commuter service, and representatives of the various crafts or classes or employees of Conrail to be transferred to the commuter authorities shall enter into an implementing agreement in accordance with subsection (c) of this section.

(b) Within 210 days after the date of enactment of this part, Conrail, Amtrak Commuter, and representatives of the various crafts or classes or employees of Conrail to be transferred to Amtrak Commuter shall enter into an implementing agreement in accordance with subsection (c) of this section.

(c) The implementing agreements required by subsections (a) and (b) of this section shall—

(1) determine the number of employees to be transferred to Amtrak Commuter or the commuter authority, as applicable;

(2) identify the specific employees of Conrail to whom Amtrak Commuter or the commuter authority offers employment;

(3) determine the procedure by which such employees may elect to accept employment with Amtrak Commuter or the commuter authority;

(4) determine the procedure for acceptance of such employees into the employment of Amtrak Commuter or the commuter authority;

(5) determine the procedure for determining the seniority of such employees in their respective crafts or classes in the system of Amtrak Commuter or the commuter authority, which shall, to the extent possible, preserve their prior passenger seniority rights; and

(6) ensure that all such employees are transferred to Amtrak Commuter or the commuter authority not later than 1 year after the date of enactment of this part.

(d)(1) If no agreement with respect to the matters described in subsection (c) is reached within 210 days after the date of enactment of this part, the parties to the negotiations shall, within an additional 10 days, select a neutral referee. If the parties are unable to agree upon the selection of such a referee, the National Mediation Board shall immediately appoint a referee.

(2) The referee shall commence hearings on the matters described in subsection (c) not later than 10 days after the date he is selected or appointed, and shall

1 render a decision within 30 days after the date of commencement of such hear-
 2 ings. All parties may participate in the hearings, but the referee shall have the
 3 only vote.

4 (3) The referee shall resolve and decide all matters in dispute with respect to
 5 the negotiation of the implementing agreement or agreements. The referee's deci-
 6 sion shall be final and binding on the parties, and shall constitute the implement-
 7 ing agreement or agreements between the parties.

8 (e) If Amtrak Commuter transfers commuter services and properties to a com-
 9 muter authority pursuant to section 412-8(d) of this part, Amtrak Commuter, the
 10 commuter authority, and representatives of the various crafts or classes of em-
 11 ployees to be transferred to the commuter authority shall enter into an imple-
 12 menting agreement in accordance with subsection (c) of this section. If no agree-
 13 ment is reached by the date services and properties are transferred, the dispute
 14 shall be resolved by a neutral referee in accordance with subsection (d) of this
 15 section.

16 COMMUTER SERVICE COLLECTIVE-BARGAINING AGREEMENTS

17 SEC. 414-2. (a) Prior to the date Amtrak Commuter or a commuter authority
 18 commences operation of commuter service previously operated by Conrail,
 19 Amtrak Commuter or a commuter authority, as applicable, and the representa-
 20 tives of the various classes or crafts of employees to be transferred to Amtrak
 21 Commuter or a commuter authority pursuant to the provisions of this part shall
 22 enter into new collective-bargaining agreements with respect to rates of pay,
 23 rules, and working conditions. The collective-bargaining agreements between
 24 Conrail and the representatives of the various classes and crafts of employees to
 25 be transferred shall apply until the new agreements are entered into.

26 (b) If new collective-bargaining agreements are not entered into by the date
 27 specified in subsection (a), any party to the negotiations relating to such agree-
 28 ments or a Governor of any State through which the service that is the subject of
 29 the dispute is operated may request the President to establish an emergency
 30 board to investigate and report on such dispute in accordance with this section.
 31 Upon such a request, the President shall immediately establish an emergency
 32 board.

33 (c) The emergency board shall conduct a public hearing on the dispute at
 34 which parties to the dispute may appear and provide testimony setting forth the
 35 reasons for their failure to enter into a new collective-bargaining agreement. The
 36 hearings shall be concluded within 40 days after the date the emergency board is
 37 established, and the parties to the dispute shall, within 20 days after the conclu-
 38 sion of the hearing, submit to the emergency board final offers for settlement of
 39 the dispute.

1 (d) Within 30 days after it has received all final offers for settlement of the
2 dispute, the emergency board shall recommend to the President the offer which it
3 considers most reasonable.

4 (e) During the period beginning on the date the emergency board is established
5 under this section and ending 30 days after the board makes its recommendation
6 to the President, no change, except by agreement, shall be made by the parties in
7 the conditions out of which the dispute arose.

8 (f) If the emergency board selects a final offer submitted by a carrier and the
9 employees of such carrier engage in any work stoppage arising out of the dispute,
10 such employees shall not be eligible during the period of such work stoppage for
11 benefits under the Railroad Unemployment Insurance Act.

12 (g) If the emergency board selects a final offer submitted by the employees and
13 the carrier refuses to accept the final offer submitted by the employees and the
14 employees of such carrier engage in any work stoppage arising out of the dispute,
15 the carrier shall not participate in any benefits of any agreement between carriers
16 which is designed to provide benefits to such carriers during a work stoppage.

17 (h) For purposes of this section, "representatives of various crafts or classes of
18 employees" shall be limited to a council of three representatives selected by
19 crafts or classes of Conrail employees. In the event that such crafts or classes are
20 unable to agree on such representatives, the National Mediation Board shall ap-
21 point a council of three representatives within 10 days of being requested to
22 make such determination.

23 (i) If Amtrak Commuter transfers commuter services and properties to a com-
24 muter authority pursuant to section 412-8(d) of this part, the commuter authority
25 and representatives of the various classes of crafts of employees to be transferred
26 shall enter into new collective-bargaining agreements prior to the date services
27 and properties are transferred. If no agreement is reached by such date, the
28 emergency board procedures set forth in this section shall apply. The collective-
29 bargaining agreement between Amtrak Commuter and the representatives of the
30 various classes of crafts of employees to be transferred shall apply until the new
31 collective-bargaining agreement is entered into.

32 CHAPTER II—FREIGHT EMPLOYEES

33 LABOR TRANSFER AGREEMENTS

34 SEC. 414-3. (a) An acquiring railroad and recognized employee representa-
35 tives shall enter into an agreement for the purpose of facilitating the orderly
36 transfer of employees on terms fair and equitable to affected employees of Conrail
37 and employees of acquiring railroads.

38 (b) In the event a labor transfer agreement has not been executed at least 30
39 days prior to the transfer date, then sections 414-4, 414-5, 414-6, and 414-7 of
40 this chapter shall govern the rights and responsibilities of affected employees and
41 the acquiring railroad incident to the service transfer.

1 (c) The mandatory provisions of sections 414-4, 414-5, 414-6, and 414-7 of
 2 this chapter shall not apply to any acquiring railroad, or to any employee, whose
 3 rights and responsibilities are defined in an agreement entered into pursuant to
 4 subsection (a) of this section.

5 (d) This section shall not be construed to prohibit acquiring railroads and rec-
 6 ognized employee representatives from (1) entering into agreements covering two
 7 or more acquiring railroads; or (2) modifying the terms of an agreement following
 8 a particular transfer date through the collective-bargaining process of the Rail-
 9 way Labor Act; nor shall the failure to reach agreement under this section be
 10 deemed an event authorizing any strike or job action.

11 SELECTION OF EMPLOYEES

12 SEC. 414-4. (a)(1) In preparation for assumption of rail service responsibilities
 13 under this part, an acquiring railroad shall determine the probable number of
 14 positions, by class and craft, necessary to provide service over each line segment
 15 selected for transfer under this part. The acquiring railroad shall further deter-
 16 mine the probable number of its own existing positions in each class or craft, if
 17 any, that would be eliminated as a result of consolidation or coordination of
 18 service incident to a transaction under this part. The acquiring railroad shall then
 19 determine the number of new positions to be created in connection with assump-
 20 tion of rail service responsibility on a line segment by subtracting from the prob-
 21 able number of positions necessary to provide service, the probable number of
 22 existing positions to be abolished that are currently occupied by employees of the
 23 acquiring railroad who are available to fill positions on the transferred line seg-
 24 ment without being required to make a change in residence.

25 (2) The acquiring railroad shall provide notification of the determinations re-
 26 quired by this subsection to recognized employee representatives as soon as prac-
 27 ticable, but not later than 60 days prior to the transfer date.

28 (b)(1) With respect to each line segment selected for transfer under this part,
 29 the acquiring railroad shall make preliminary inquiry concerning availability for
 30 employment of all Conrail employees involved in the provision of service on the
 31 line segment. The acquiring railroad shall make final offers of employment to a
 32 sufficient number of such employees selected in order of seniority in each relevant
 33 class and craft, as may be required to fill the new positions determined to be
 34 necessary under subsection (a) of this section. If requested, Conrail shall assist an
 35 acquiring railroad in making the preliminary inquiries and offers of employment
 36 required by this section.

37 (2) In the event the acquiring railroad is unable to fill the necessary number of
 38 new positions related to the provision of service on a particular line segment from
 39 the ranks of Conrail employees who are available for service on the line segment
 40 without change of residence, the acquiring railroad shall make offers of employ-
 41 ment:

1 (A) first, to Conrail employees whose present reporting points are not
2 more than 30 miles from the new reporting point; and

3 (B) second, to Conrail employees whose current reporting points are
4 more than 30 miles distant, exhausting the rolls of potential offerees at
5 closer existing points before offers are made at more remote points.

6 Offers made under subparagraphs (A) and (B) of this paragraph shall be made in
7 order of seniority by class and craft to employees who have not theretofore re-
8 ceived offers of employment from an acquiring railroad.

9 (3) Any Conrail employee who is offered and accepts employment under para-
10 graph (2) that necessitates a change in residence shall be entitled to a moving
11 expense benefit under section 413-5 of this part, but shall not be deemed to have
12 been deprived of employment in any other respect.

13 COLLECTIVE-BARGAINING AGREEMENTS

14 SEC. 414-5. (a) A Conrail employee accepting employment with an acquiring
15 railroad shall be subject to the coverage of all contracts, schedules and agree-
16 ments negotiated under the Railway Labor Act and in effect between the acquir-
17 ing railroad and its employees concerning rates of pay, rules, working conditions,
18 and fringe benefits, and shall be bound by, and entitled to benefits under, provi-
19 sions of such contract, schedules, and agreements in the same manner and to the
20 same extent as other employees of the acquiring railroad working in the same
21 class and craft. Where the acquiring railroad has no such contracts, schedules
22 and agreements, the rates of pay, rules, working conditions, and fringe benefits
23 shall be prescribed by the acquiring railroad pending negotiations under the Rail-
24 way Labor Act.

25 (b) An acquiring railroad shall not be required to take over or assume any
26 contract, schedule or agreement in effect between Conrail and its employees.

27 (c) This section shall not be construed to prohibit an acquiring railroad and
28 recognized employee representatives from entering into such implementing
29 agreements as may be necessary and appropriate to facilitate an orderly transfer
30 of rail service responsibilities under this part.

31 SENIORITY RIGHTS

32 SEC. 414-6. A Conrail employee who is offered and accepts employment with
33 an acquiring railroad shall have the same date of seniority on the acquiring rail-
34 road as the employee enjoyed with Conrail, in the class and craft employed by
35 the acquiring railroad unless, by agreement between the acquiring railroad and
36 recognized employee representatives, it is determined that a particular line seg-
37 ment including the transferred employee's former seniority district shall be in-
38 cluded in (1) an existing seniority district of the acquiring railroad; or (2) a newly
39 defined seniority district including both new and existing positions. In the event
40 such an agreement is entered into, the agreement shall define the seniority rights
41 of transferred employees.

LABOR PROTECTION OBLIGATIONS OF ACQUIRING RAILROADS

SEC. 414-7. In the event recognized employee representatives and an acquiring railroad are unable to reach agreement under section 414-3 of this chapter, the Secretary shall, after consultation with the parties, impose protective conditions for transferred employees, and employees of the acquiring railroad who may be significantly affected by a service transfer under this part, that are substantially equivalent to those imposed by the agreement of March 4, 1980, between parties involved in Midwest rail restructuring (the "Miami accords") notwithstanding the provisions of section 414-5 of this chapter. The determination of the Secretary under this section shall not be subject to chapters 5 and 7 of title 49, United States Code, and shall be subject to judicial review only as provided in section 416-1 of this part.

ARBITRATION OF DISPUTES

SEC. 414-8. Any dispute or claim arising from the application to any employee, other than a nonagreement employee, of (1) sections 414-4, 414-5, or 414-6 of this chapter; or (2) protective conditions imposed under section 414-7 of this chapter, shall be subject to adjustment under section 3 of the Railway Labor Act (45 U.S.C. 153): *Provided*, That nothing in this subpart shall be construed to prohibit an acquiring railroad and recognized employee representatives from entering into agreements interpreting or providing for the application of any provision of this subpart.

DEFINITION

SEC. 414-9. As used in this subpart, "acquiring railroad" means (1) any class I or class II rail carrier (including any entity that attains such status on the transfer date) that acquires property for rail use or assumes responsibility for service under subpart 2 of this part; and (2) any terminal company established under the authority of subsection 412-11(c) of this part, regardless of its classification.

SUBPART 5—TRANSFER OF FUNCTIONS OF THE UNITED STATES RAILWAY ASSOCIATION

DEFINITIONS

SEC. 415-1. Section 102 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 702) is amended by striking "and" after paragraph (18), by redesignating paragraph (19) as paragraph (20), and by inserting a new paragraph (19) to read as follows:

"(19) 'successor authority' means the Secretary with respect to certain functions of the Association and its Finance Committee, other than the conduct of litigation under sections 303(c) and 306 and the duties under section 308 of this Act, as such functions are assumed and carried out by the Secretary in accordance with section 201(1) of this Act; and".

FORMATION AND STRUCTURE

SEC. 415-2. Section 201 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 711) is amended by adding at the end thereof the following:

"(1)(1) No later than January 1, 1982—

"(A) the Secretary shall assume and carry out as successor authority to the Association all functions, powers, and duties that are assigned to the Association and to its Finance Committee under this Act and any appropriations Acts: *Provided, however,* That the transfer of authority shall not limit the authority of the Association to carry out the litigation functions under sections 303(c) and 306 of this Act, including related administrative functions, and the functions under section 308 of this Act. Any litigation associated with the functions, powers, and duties assumed by the Secretary under this subsection shall be the responsibility of the Attorney General; and

"(B) the Association shall transfer to the Secretary, or as otherwise designated by the Secretary, the Conrail securities held by the Association and property, including intellectual property such as computer programs of the Association or its rights to property subsequently owed to the Association by contractors or others, which are primarily related to and support the conduct of the functions which the Association transfers to the Secretary. To the extent that property is needed to support both the Association's functions and the functions transferred to the Secretary, the Secretary and the Board of Directors of the Association shall reach agreement on joint use of such property.

"(2) Pursuant to agreement between the Board of Directors of the Association and the Secretary, specific functions, powers, and duties may be transferred to the Secretary from time to time prior to the mandatory transfer date. Upon the assumption of specific functions, powers, and duties by the Secretary, the Association shall transfer to the Secretary all property, authorizations, and unobligated balances of appropriations, allocations, reimbursables, and funds which support the conduct of such functions, as identified by agreement between the Secretary, and the Board of Directors of the Association.

"(3) The Secretary shall adopt, until repromulgation under the authority of the Department of Transportation, those regulations of the Association which the Secretary designates by notice in the Federal Register as necessary for the assumption of the Secretary's new responsibilities under this subsection.

"(4) The Secretary shall, upon assumption of all functions, powers and duties referred to in paragraph (1), assume the financial obligations of the Association issued under sections 210, 211, and 306 of this Act.

"(5) All contracts (other than employment contracts) and loans of the Association associated with the functions being transferred to the Secretary which are

1 in effect at the time of the transfer of authority shall continue in effect according
 2 to their terms until modified, terminated, superseded, set aside, or revoked by the
 3 Secretary or any other authorized official pursuant to the power granted by this
 4 subsection, by the terms of the document, a court of competent jurisdiction, or by
 5 operation of law.

6 "(6) The Secretary is authorized, subject to the civil service appointment and
 7 classification laws, to select, appoint, employ, and fix the compensation of such
 8 officers and employees as are necessary to carry out the Secretary's functions,
 9 powers, and duties under this subsection."

10 AUTHORIZATION FOR APPROPRIATIONS

11 SEC. 415-3. Section 214 of the Regional Rail Reorganization Act of 1973 (45
 12 U.S.C. 724) is amended—

13 (1) in subsection (a), by inserting immediately after the first sentence the
 14 following: "In addition, there are authorized to be appropriated, in fiscal
 15 year 1982 and thereafter, to the Secretary for purposes of preparing the
 16 reports and exercising other functions to be performed by him under this
 17 Act such sums as are necessary, not to exceed \$2,500,000, to remain
 18 available until expended."; and

19 (2) in subsection (c), by inserting immediately after the first sentence the
 20 following: "There are authorized to be appropriated to the Association for
 21 purposes of carrying out its administrative expenses under this Act such
 22 sums as are necessary, not to exceed \$15,000,000 for the fiscal year
 23 ending September 30, 1982, and not to exceed \$4,000,000 for the fiscal
 24 year ending September 30, 1983."

25 SUCCESSOR AUTHORITY TO THE UNITED STATES RAILWAY ASSOCIATION

26 SEC. 415-4. Sections 202 (except paragraphs (4) and (5) of subsection (a), and
 27 subsections (c), (d), (f), and (g) of section 202), 210, 212, and 216, sections 301
 28 through 307, section 504, and section 601 of the Regional Rail Reorganization
 29 Act of 1973 are amended by inserting—

30 (1) "or successor authority" immediately after "the Association" or "Fi-
 31 nance Committee", wherever either appears; and

32 (2) "or successor authority's" immediately after "Association's" wher-
 33 ever it appears.

34 TECHNICAL AMENDMENTS

35 SEC. 415-5. The heading of title II of the Regional Rail Reorganization Act
 36 of 1973 and the item in the section analysis relating to title II of such Act are
 37 each amended to read as follows:

**"TITLE II—UNITED STATES RAILWAY ASSOCIATION AND
SUCCESSOR AUTHORITY"**

DEPARTMENT OF TRANSPORTATION ACT

SEC. 415-6. Section 4 of the Department of Transportation Act (49 U.S.C. 1653) is amended by adding at the end thereof the following:

"(j) The Secretary shall, no later than January 1, 1982, assume and carry out, as successor authority to the United States Railway Association, all functions, powers, and duties except the litigation activities and the duties under section 308 assigned to the Association under the Regional Rail Reorganization Act of 1973 and any appropriation Acts. The Secretary's assumption of such functions, powers, and duties shall be carried out in accordance with section 201(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 711(1))."

UNITED STATES RAILWAY ASSOCIATION REPORTS

SEC. 415-7. (a) Title III of the Regional Rail Reorganization Act of 1973 is amended by adding at the end thereof the following:

"UNITED STATES RAILWAY ASSOCIATION REPORTS

"SEC. 308. (a)(1) The Association shall prepare and submit to Congress periodic reports on the progress of the Secretary in carrying out the provisions of titles II, III, and IV of this Act.

"(2) This report shall also include an evaluation of the performance of the Corporation in order to keep the Congress informed as to matters which may affect the quality of rail services in the Northeast and which may affect the security of Federal funds invested in the Corporation.

"(b)(1) The Association shall prepare and submit to Congress a final report on the transfer agreements which the Secretary is required to transmit to Congress under section 412-15(d) of the Northeast Rail Service Act of 1981. The report shall be submitted on the same date as the Secretary's transmittal of such agreements to Congress.

"(2) The report shall include an evaluation of the effect of the transfer agreements on rail service in the Northeast, railroad employees, the economy of the region, other rail carriers in the Northeast and elsewhere, and any other matter which the Association considers appropriate. The report shall also include recommendations with respect to approval, disapproval, or modification of the transfer agreements."

SUBPART 6—MISCELLANEOUS PROVISIONS

JUDICIAL REVIEW

SEC. 416-1. (a) Notwithstanding any other provision of law, the special court shall have original and exclusive jurisdiction over any civil action—

(1) for injunctive, declaratory, or other relief relating to the enforcement, operation, execution, or interpretation of the provisions of this part,

1 or administrative action taken thereunder to the extent such action is sub-
2 ject to judicial review;

3 (2) challenging the constitutionality of any provision of this part;

4 (3) to obtain, inspect, copy, or review any document in the possession or
5 control of the Secretary, Conrail, or Amtrak that would be discoverable in
6 litigation under this part; or

7 (4) seeking judgment upon any claim against the United States founded
8 upon the Constitution and resulting from the operation of the processes of
9 this part.

10 (b) A judgment of the special court in any action referred to in this section
11 shall be reviewable only upon petition for a writ of certiorari to the Supreme
12 Court of the United States, except that any order or judgment enjoining the
13 enforcement, or declaring or determining the unconstitutionality or invalidity, of
14 any provision of this part shall be reviewable by direct appeal to the Supreme
15 Court of the United States. Such review is exclusive and any petition or appeal
16 shall be filed not more than 20 days after entry of such order or judgment.

17 (c) Administrative action under this part which is subject to review shall be
18 upheld unless such action is found to be unlawful under standards established for
19 review of informal agency action under paragraphs (2) (A), (B), (C), and (D) of
20 section 706 of title 5, United States Code: *Provided*, That the requirements of
21 this part shall constitute the exclusive procedures required by law for such ad-
22 ministrative action.

23

TECHNICAL AMENDMENTS

24 SEC. 416-2. (a) Section 303(c) of the Regional Rail Reorganization Act of
25 1973 (45 U.S.C. 743(c)) is amended by striking the following wherever they
26 appear: "securities," "securities and"; "at least one share of series B preferred
27 stock and"; "other securities of the Corporation or"; and "securities or".

28 (b) For the purpose of computing the amount for which certificates of value
29 shall be redeemable under section 306 of the Regional Rail Reorganization Act
30 of 1973 (45 U.S.C. 746), the series B preferred stock and the common stock
31 conveyed to the Secretary under section 416-7 of this part shall be deemed to be
32 without fair market value unless in a proceeding brought under section 416-1(4)
33 of this part the special court shall have determined that such securities had a
34 value and shall have entered a judgment against the United States for that value.
35 In such an event, the securities shall for purposes of section 306 of the Regional
36 Rail Reorganization Act of 1973 (45 U.S.C. 746) be deemed to have that value
37 found by the special court.

38

REHABILITATION ASSISTANCE

39 SEC. 416-3. (a) Section 501(8) of the Railroad Revitalization and Regulatory
40 Reform Act of 1976 (45 U.S.C. 821(8)) is amended to read as follows:

“(8) ‘restructuring’ means (A) any activity (including a consolidation, coordination, merger or abandonment) which (i) involves rehabilitation, or improvement of a facility or the transfer of a facility, and (ii) improves the long-term profitability of any railroad freight system through the achievement of higher average traffic densities or improved asset utilization; or (B) the transfer from the Corporation to any railroad or financially responsible person (as defined in section 10910(a)(1) of title 49, United States Code) for common carrier rail service of ownership or operating rights on any rail line owned or operated by the Corporation where the Secretary determines that such acquisition will provide needed transportation benefits, and that such line will not require further Federal subsidy;”.

(b) Section 505(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825(a)(1)) is amended by inserting immediately after “railroad” the following: “(or any financially responsible person, as defined in section 10910(a)(1) of title 49, United States Code, who acquires from the Corporation for common carrier rail service any rail line owned by the Corporation on the date of enactment of the Northeast Rail Service Act of 1981)”.

(c) Section 505(b)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825(b)(2)) is amended by amending clause (C) to read as follows: “(C) the public benefits, including any significant railroad restructuring, to be realized from the project to be financed in relation to the public costs of such financing and whether the proposed project will return public benefits sufficient to justify such public costs or, where the application relates to a rail line owned or operated by the Corporation immediately prior to its acquisition by a railroad or financially responsible person (as defined in section 10910(a)(1) of title 49, United States Code) for common carrier rail service, whether the financial assistance applied for under this section will further the public interest in transferring rail lines from the Corporation to the private sector, and avoid the need for any further Federal subsidy.”.

(d) Section 509(b) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 829(b)) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following:

“(3) Not more than 50 percent of the funds received by the Secretary from amounts appropriated under subsection (a) of this section shall be reserved to provide rehabilitation and improvement assistance for facilities transferred from the Corporation after the date of enactment of the Northeast Rail Service Act of 1981.”.

(e) Section 509(b)(4) of the Railroad Revitalization and Regulatory Reform Act of 1976, as redesignated by subsection (d) of this section, is amended by striking “and (2)” and inserting in lieu thereof “, (2) and (3)”.

TRANSFER TAXES AND FEES; RECORDATION

SEC. 416-4. (a)(1) All transfers or conveyances of any interest in rail property (whether real, personal, or mixed) which are made under this part shall be exempt from any taxes, imposts, or levies now or hereby imposed, by the United States or by any State or any political subdivision of a State, on or in connection with such transfers or conveyances or on the recording of deeds, bills of sale, liens, encumbrances, easements, or other instruments evidencing, effectuating, or incident to any such transfers or conveyances, whether imposed on the transferor or on the transferee. Such transferors and transferees shall be entitled to record any such deeds, bills of sale, liens, encumbrances, easements, or other instruments and to record the release or removal of any preexisting liens or encumbrances of record with respect to properties so transferred or conveyed, upon payment of any appropriate and generally applicable charges to compensate for the cost of the service performed.

(2) This section shall not apply to Federal income tax laws.

(b) Transfer of designated real property (including any interest in real property) authorized by subpart 2 of this part shall have the same effect for purposes of rights and priorities with respect to such property as recordation on the transfer date of appropriate deeds, or other appropriate instruments, in offices appointed under State law for such recordation: *Provided, however,* That acquiring railroads shall proffer such deeds or other instruments for recordation within 36 months after the transfer date as a condition of preserving such rights and priorities beyond the expiration of that period. Conrail shall cooperate in effecting the timely preparation, execution, and proffering for recordation of such deeds and other instruments.

APPLICABILITY OF OTHER LAWS

SEC. 416-5. The provisions of the Administrative Procedure Act (including the Government in the Sunshine Act, the Federal Advisory Committee Act, and the Freedom of Information Act), section 102(2)(C) of the National Environmental Policy Act of 1969, the National Historic Preservation Act of 1966, and section 4(f) of the Department of Transportation Act of 1966 are inapplicable to actions taken in negotiating, approving, or implementing service transfers under subpart 2 of this part.

TRANSFER OF SECURITIES

SEC. 416-6. (a) The clerk of the special court shall convey to the Secretary within 10 days after the date of enactment of this part the series B preferred stock and the common stock of Conrail which are then on deposit with the special court pursuant to section 303 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 743).

(b) The Secretary is authorized to hold and to exercise all rights that pertain to the Conrail securities conveyed under subsection (a) of this section, and any other

1 securities of Conrail that have been or may be conveyed to the Secretary under
2 any agreement or pursuant to the terms of subpart 5 of this part or the terms of
3 any other law.

4 SATISFACTION OF CLAIMS

5 SEC. 416-7. No distribution of the assets of Conrail shall be made with respect
6 to any claims of the United States, including the securities issued pursuant to
7 section 216 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726),
8 until all other valid claims against Conrail have been satisfied, or provision has
9 been made for satisfying such claims.

10 REGULATIONS

11 SEC. 416-8. The Secretary may issue such regulations as may be necessary to
12 implement the provisions of this part.

13 REHABILITATION AND IMPROVEMENT FINANCING

14 SEC. 416-9. Section 505(b)(2) of the Railroad Revitalization and Regulatory
15 Reform Act of 1976 (45 U.S.C. 825(b)(2)) is amended—

16 (1) in the third sentence, by striking "When making" and all that fol-
17 lows to "(C)" and inserting in lieu thereof the following: "When making
18 such a determination, the Secretary shall evaluate and consider in the fol-
19 lowing order of priority (A) the availability of funds from other sources at
20 a cost which is reasonable under principles of prudent railroad financial
21 management in light of the railroad's projected rate of return for the pro-
22 ject to be financed and the railroad's rate of return on total capital (repre-
23 sented by the ratio which such carrier's net income, including interest on a
24 long-term debt, bore to the sum of average shareholder's equity, long-term
25 debt, and accumulated deferred income tax for fiscal year 1975) as deter-
26 mined in accordance with the uniform system of accounts promulgated by
27 the Commission, (B) the interest of the public in supplementing such other
28 funds as may be available in order to increase the total amount of funds
29 available for railroad financing, and"; and

30 (2) by adding at the end thereof the following: "Finally, the Secretary
31 shall assign the highest priority to those meritorious applications of carri-
32 ers operating under section 77 of the Bankruptcy Act unable to generate
33 such funds in the private sector.".

34 NORTHEAST CORRIDOR FREIGHT COSTS

35 SEC. 416-10. (a) Within 120 days after the date of enactment of this part, the
36 Commission shall determine an appropriate costing methodology for compensa-
37 tion to Amtrak with respect to the provision of freight services over Amtrak's
38 tracks, rights-of-ways, and other facilities, unless Conrail and Amtrak have
39 agreed on such a methodology by such date.

1 (b) Any determination by the Commission under subsection (a) of this section
2 shall be effective on the date of such determination, and any agreement of parties
3 under this section shall be effective on the dates specified in such agreement.

4 (c) Any such determination or agreement shall not apply to any compensation
5 paid to Amtrak prior to the date of such determination or date so specified, as the
6 case may be, for related costs described in subsection (a) of this section.

7 (d) Nothing in this section shall preclude Conrail or other railroads and Amtrak
8 from entering into agreements, after the determination of the Commission or their
9 initial agreement under this section, with respect to costs described in subsection
10 (a) of this section.

11 (e) Any determination by the Commission under this section shall be final and
12 shall not be reviewable in any court.

13 (f) The Commission shall have the same powers to implement this section as
14 are available to the Commission under subtitle IV of title 49, United States
15 Code.

16 RECAPITALIZATION

17 SEC. 416-11. If the Secretary determines that recapitalization of Conrail
18 would advance the purposes of this part, he is authorized to prepare a plan of
19 recapitalization of Conrail and to direct Conrail to effect the recapitalization ac-
20 cording to the plan. Conrail shall, notwithstanding any other provision of law,
21 effect such a recapitalization within 90 days. A plan of recapitalization under this
22 section shall not adversely affect any financial interest of any creditor of Conrail
23 other than the United States.

24 ORGANIZATION AND STRUCTURE OF CONRAIL

25 SEC. 416-12. (a) Section 301(j) of the Regional Rail Reorganization Act of
26 1973 (45 U.S.C. 741(j)) is amended to read as follows:

27 "(j) SIGNAL SYSTEMS.—If, within 2 years after the date of enactment of the
28 Northeast Rail Service Act of 1981, the Corporation applies for the permission of
29 the Secretary to substitute manual block signal systems for automatic block
30 signal systems on lines on which less than 20,000,000 gross tons of freight are
31 carried annually, such application shall be acted upon by the Secretary within the
32 90-day period beginning on the date it is submitted to the Secretary."

33 (b) Trackage rights granted under the final system plan to a profitable railroad
34 in the region (as that term is defined in section 102(15) of the Regional Rail
35 Reorganization Act of 1973) that received a loan under section 211(a) of such
36 Act shall be transferred to any successor carrier to that railroad.

37 SEPARABILITY

38 SEC. 416-13. If any provision of this part or the application thereof to any
39 person or circumstances is held invalid, the remainder of this part and the appli-
40 cation of such provision to other persons or circumstances shall not be affected
41 thereby.

PART C—OTHER TRANSPORTATION PROGRAMS

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

SEC. 421. Of the funds authorized to be appropriated pursuant to section 704(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976, not more than \$215,000,000 is authorized to be appropriated for fiscal year 1982 and not more than \$185,000,000 is authorized to be appropriated for fiscal year 1983.

RAIL SERVICE ASSISTANCE

SEC. 422. (a) Notwithstanding any other provision of law, the total amount authorized to be appropriated to the Department of Transportation for necessary expenses for rail service assistance authorized by section 5 of the Department of Transportation Act, as amended, shall not exceed \$40,000,000 for the fiscal year ending September 30, 1982; \$44,000,000 for the fiscal year ending September 30, 1983; and \$48,000,000 for the fiscal year ending September 30, 1984.

(b) Notwithstanding any other provision of law, the total amount authorized to be appropriated to the Department of Transportation for the Minority Business Resource Center as authorized by title IX of Public Law 94-210, as amended, shall not exceed \$5,000,000 for the fiscal year ending September 30, 1982; \$5,500,000 for the fiscal year ending September 30, 1983; and \$6,000,000 for the fiscal year ending September 30, 1984.

RAILROAD RESEARCH AND DEVELOPMENT

SEC. 423. Notwithstanding any other provision of law, the total amount authorized to be appropriated to the Department of Transportation for railroad research and development shall not exceed \$40,000,000 for the fiscal year ending September 30, 1982; \$44,000,000 for the fiscal year ending September 30, 1983; and \$48,000,000 for the fiscal year ending September 30, 1984.

INTERSTATE COMMERCE COMMISSION

SEC. 424. Notwithstanding any other provision of law, the total amount authorized to be appropriated for necessary expenses of the Interstate Commerce Commission shall not exceed \$77,900,000 for the fiscal year ending September 30, 1982; \$80,400,000 for the fiscal year ending September 30, 1983; and \$80,400,000 for the fiscal year ending September 30, 1984.

AIRPORT AND AIRWAY DEVELOPMENT

SEC. 425. Notwithstanding any other provision of law, the total amount of grants which the Department of Transportation is authorized to make from the Airport and Airway Trust Fund for airport development and airport planning and for grants under section 104(e) of the Airport Safety and Noise Abatement Act of 1979, shall not exceed an aggregate amount of \$450,000,000 for the fiscal year 1981; \$900,000,000 for the fiscal year 1981 and 1982; \$1,350,000,000 for the fiscal year 1981, 1982, and 1983; and \$1,800,000,000 for fiscal years 1981, 1982, 1983, and 1984.

MARITIME ADMINISTRATION

SEC. 426. (a) There are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce for the fiscal year 1982, as follows:

(1) For payment of obligations incurred for operating-differential subsidy, not to exceed \$417,148,000;

(2) For expenses necessary for research and development activities, not to exceed \$12,910,000;

(3) For expenses necessary for operations and training activities, not to exceed \$72,479,000, including not to exceed—

(A) \$8,005,000 for reserve fleet expenses;

(B) \$31,265,000 for maritime education and training expenses, including not to exceed \$19,205,000 for maritime training at the Merchant Marine Academy maintained under section 1303 of the Merchant Marine Act, 1936, as amended, \$10,180,000 for financial assistance to State maritime academies assisted under section 1304 of such Act, and \$1,880,000 for expenses necessary for additional training provided under section 1305 of such Act; and

(C) \$33,209,000 for other operations and training expenses.

(b) There are authorized to be appropriated for fiscal year 1982, in addition to the amounts authorized by subsection (a) of this section, such additional supplemental amounts for activities for which appropriations are authorized under subsection (a) of this section, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

TRANSPORTATION RESEARCH AND SPECIAL PROGRAMS

SEC. 427. Notwithstanding any other provision of law, the total amount authorized to be appropriated to the Department of Transportation for expenses necessary to discharge the functions of the Research and Special Programs Administration shall not exceed \$30,047,000 for the fiscal year ending September 30, 1982; \$32,300,000 for the fiscal year ending September 30, 1983; and \$32,300,000 for the fiscal year ending September 30, 1984.

PART D—HIGHWAY SAFETY PROGRAM

SHORT TITLE

SEC. 431. This part may be cited as the "Highway Safety Act of 1981".

AUTHORIZATION FOR APPROPRIATIONS

SEC. 432. (a) The authorizations contained in paragraphs (1), (2), (4), (5), (9), and (10) of section 202 of the Highway Safety Act of 1978 for the fiscal year ending September 30, 1982, are hereby repealed. The following sums are hereby authorized to be appropriated.

(1) For carrying out section 402 of title 23, United States Code (relating to highway safety programs), by the National Highway Traffic Safety Administra-

tion, out of the Highway Trust Fund, \$77,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.

(2) For carrying out section 403 of title 23, United States Code (relating to highway safety research and development), by the National Highway Traffic Safety Administration, out of the Highway Trust Fund, \$31,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.

(3) For carrying out sections 307(a) and 403 of title 23, United States Code (relating to highway safety research and development), by the Federal Highway Administration, out of the Highway Trust Fund, \$10,000,000 for the first year ending September 30, 1982, and \$13,000,000 per fiscal year for each of the fiscal years ending September 30, 1983, and September 30, 1984.

(b) The unobligated balance of contract authority established in paragraphs (1) and (10) of section 202 of the Highway Safety Act of 1978 shall lapse September 30, 1981.

HIGHWAY SAFETY PROGRAMS

SEC. 433. (a) Section 402(a) of title 23, United States Code, is amended to read as follows:

"(a) Each State shall have a highway safety program designed to reduce traffic deaths and injuries by identifying its highway safety problems, by adopting measures to reduce its highway safety problems, and by evaluating the effectiveness of such measures. As part of its highway safety program, each State shall achieve uniformity in the collection of traffic accident and other data related to highway safety, and uniformity in laws and practices that affect interstate motorists. In its highway safety program, each State shall include programs which the Secretary determines to be effective in reducing deaths and injuries, such as alcohol safety, emergency medical services, police traffic services, the collection of traffic accident data, bicycle safety, and pedestrian safety. Each State shall conduct its program in accordance with guidelines developed by the Secretary in cooperation with the States, their political subdivisions, appropriate Federal departments and agencies, and such other public and private organizations as the Secretary deems appropriate. The Secretary shall limit the use of sums authorized to be appropriated under this section to the purposes specified in this subsection."

(b) Section 402(b)(1) of title 23, United States Code, is amended—

(1) in subparagraph (A), by inserting ", or a State agency designated by law," immediately after "Governor of the State";

(2) in subparagraph (B), by inserting ", or the State agency designated by law," immediately after "Governor", and by striking "uniform standards" and inserting in lieu thereof "guidelines"; and

(3) by striking subparagraphs (D) through (G).

1 **HIGHWAY SAFETY PROGRAM REQUIREMENTS**

2 **SEC. 434.** Subsections (h) and (j) of section 402 of title 23, United States
3 Code, are hereby repealed.

4 **SCHOOL BUS DRIVER TRAINING**

5 **SEC. 435.** (a) Section 406 of title 23, United States Code, is hereby repealed.

6 (b) The analysis of chapter 4 of title 23, United States Code, is amended by
7 deleting

"406. School bus driver training."

8 and inserting in lieu thereof

"406. Repealed."

9 **INNOVATIVE PROJECT GRANTS**

10 **SEC. 436.** (a) Section 407 of title 23, United States Code, is hereby repealed.

11 (b) The analysis of chapter 4 of title 23, United States Code, is amended by
12 deleting

"407. Innovative project grants."

13 and inserting in lieu thereof

"407. Repealed."

14 **NATIONAL MAXIMUM SPEED LIMIT**

15 **SEC. 437.** (a) Section 154 of title 23, United States Code, is amended—

16 (1) by amending subsection (f) to read as follows:

17 "(f) If the data submitted by a State pursuant to subsection (e) of this section
18 show that the percentage of motor vehicles exceeding 55 miles per hour is great-
19 er than 50 percent, the Secretary shall reduce the State's apportionment of Fed-
20 eral-aid highway funds under each of sections 104(b)(1), 104(b)(2), and 104(b)(6)
21 of this title in an aggregate amount of up to 5 percent of the amount to the
22 apportioned for the following fiscal year."; and

23 (2) by striking subsection (i).

24 **LIMITATIONS ON VEHICLES**

25 **SEC. 438.** Section 127 of title 23, United States Code, is amended by adding
26 the following new paragraph at the end thereof:

27 "Notwithstanding any limitation relating to vehicle widths contained in this
28 section, a State may permit trucks or combinations thereof having a width up to
29 102 inches to operate over interstate highways with traffic lanes designed to be
30 of a width of 12 feet or more under special permit authority if the State under-
31 takes and implements the results of traffic engineering studies at locations where
32 such vehicles will operate. Such studies shall consider remedial responses re-
33 quired to enhance safety such as the need for advisory speed and other signing,
34 reduced speed limits, and warning of potential hazards due to high winds. States
35 shall issue such special permit authority for a period of 1 year and only upon a
36 finding that such width is necessary for fuel efficient movement of freight and
37 that the granting of such permit will not negatively impact highway safety."

PART E—COMMUNICATIONS

SUBPART 1—FEDERAL COMMUNICATIONS COMMISSION

AUTHORIZATION OF APPROPRIATIONS

SEC. 441-1. (a) Section 4 of the Communications Act of 1934 is amended by adding at the end thereof the following new subsection:

“(p) There are authorized to be appropriated, to carry out the functions of the Commission, \$76,900,000 for the fiscal year ending September 30, 1982, \$76,900,000 for the fiscal year ending September 30, 1983, and \$76,900,000 for the fiscal year ending September 30, 1984, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs for each fiscal year.”.

(b) The Communications Act of 1934 is further amended by inserting after section 5 a new section:

“CHARGES

“SEC. 6. (a) The Commission shall assess charges for the services listed in this subsection at the rates listed or at such modified rates as it shall establish pursuant to the provisions of subsection (b) of this section.

“Schedule of Charges:		Private radio services:	
Marine coast stations—new, modifications, renewals.			\$50.
Operational fixed microwave stations—new, modifications, renewals.			50.
Aviation (ground stations)—new, modifications, renewals.			25.
Land (mobile radio)—new, modifications, renewals.			25.
Equipment approval services:		Type certification:	
Receivers (except TV receivers).....			150.
All others (including TV receivers).....			* 500.
Type acceptance:			
Approval of subscription TV systems			1,500.
All others			250.
Type approval:			
Ship (radio telegraph) automatic alarm systems			5,000.
Broadcast equipment required to be approved under FCC rules.			2,500.
Ship and lifeboat transmitters.....			2,500.
All others			1,000.
Cable television services:		Cable television relay service:	
Construction permit			250.
Renewals			50.
Petitions for special relief—waivers			500.
Broadcast services:		Commercial TV stations (new and major change) construction permit:	
Application fee			1,000.
Hearing charge			5,000.
Grant fee			3 1/2 annual fee.
Commercial radio stations—new and major change construction permits:			
Application fee			500.
Hearing charge			5,000.

Grant fee	3½ annual fee.
Directional antenna license fee	300.
Translators and low power TV stations—new and major change construction permits:	Application fee:
Top 150 markets	200.
Remaining markets	100.
Hearing charge	1,000.
Grant fee	100.
Annual fee—commercial TV stations:	
Top 20 markets	7,500.
21–40 market	6,750.
41–60 market	6,000.
61–80 market	5,250.
81–100 market	4,500.
101–120 market	3,750.
121–140 market	3,000.
141–160 market	2,250.
161–180 market	1,500.
181–balance	750.
Annual fee—commercial radio stations:	
Class B and C—FM, greater than 5000W—AM ..	1,000.
Class A—FM, 1000W to 5000W—AM	500.
Less than 1000W—AM	150.
Annual fee—low power TV stations	100.
Subscription TV stations—application fee	2,500.
Station assignment and transfer fees:	
Application fee—TV stations	1,000.
Application fee—radio stations	500.
Hearing charges	5,000.
Common carrier services:	Domestic public land mobile radio stations (base, dispatch, control, and repeater stations):
Initial construction permits, assignments, transfers.	250.
Renewals and modifications	25.
Air-ground station initial construction permits, renewals, and modifications.	25.
Cellular systems:	
Initial construction permits, assignments, transfers.	1,000.
Annual fee per mobile unit	3.
Rural radio service (central office, interoffice or relay facilities):	
Initial construction permits, assignments, transfers.	100.
Renewals and modifications	25.
Local television or point-to-point microwave radio service—initial construction permits, renewals (assignments, transfers, and modifications).	150.
International fixed public radio service—public and control stations:	
Initial construction permits, assignments, transfers.	500.
Renewals and modifications	350.
Satellite services:	Commercial transmit/receive Earth stations:
Initial construction permit, assignments, transfers.	1,500.
Renewals and modifications	500.
Receive-only Earth stations:	
License	250.
Renewals	50.
Application for authority to construct and launch satellites.	2,000.
Application for a satellite license	20,000.

Multipoint distribution service:

Initial construction permits, assignments, transfers. 1,500.

Renewals..... 100.

Section 214 applications—

Applications for overseas cable construction .. 5 per nautical route mile.

All other formal filings 1,500.

Tariff filings:

Filing charge 300.

Special permission filing..... 250.

Telephone equipment registration..... 170.

Digital termination service..... 150.

1 The Schedule of Charges established under this subsection shall be implemented
2 not later than 180 days after the date of enactment of this subsection.

3 “(b)(1) The Commission may on an annual basis increase or decrease the
4 amounts of the charges established in subsection (a). Increases or decreases shall
5 apply on a pro rata basis to all categories of charges and shall be in the same
6 proportion as the cumulative charges in the Commission's total budget appropri-
7 ations for the preceding 2 fiscal years.

8 “(2) Increases or decreases made pursuant to this subsection shall be adopted
9 as a part of the Commission's rules and regulations.

10 “(3) Increases or decreases made pursuant to this subsection shall not be sub-
11 ject to judicial review.

12 “(c) The Commission shall prescribe appropriate rules and regulations to carry
13 out the provisions of this section.

14 “(d) The Commission is authorized to prescribe by regulation an additional
15 charge which may be assessed as a penalty for late payment of charges required
16 by subsection (a). Such penalty shall not exceed 25 percent of the amount of the
17 charge which was late.

18 “(e)(1) The charges established in this section shall not be applicable to any
19 governmental body.

20 “(2) The Commission is authorized to waive or delay payment of any fee
21 established in this section if it determines that the public interest would be served
22 by such action.

23 “(f) Moneys received from charges established pursuant to this section shall be
24 placed in the general fund of the Treasury to reimburse the United States for
25 amounts appropriated for use by the Commission in carrying out its functions
26 under this Act.

27 “(g) The authority to collect the charges established under this section shall be
28 concurrent with the authorization of appropriations under subsection (p) of section

29 4.

1 “(h) The total amount of fees collected under this subsection in any fiscal year
2 shall not exceed 50 percent of the sums appropriated pursuant to the authoriza-
3 tion of appropriations contained in section 4(p).”.

4 MANAGING DIRECTOR; ANNUAL REPORT

5 SEC. 441-2. Section 5 of the Communications Act of 1934 is amended by
6 adding at the end thereof the following:

7 “(f) The Commission shall have a Managing Director who shall be appointed
8 by the Chairman subject to the approval of the Commission. The Managing Di-
9 rector, under the supervision and direction of the Chairman, shall perform such
10 administrative and executive functions as the Chairman shall delegate. The Man-
11 aging Director shall be compensated at the rate existing for persons employed at
12 level V of the Executive Schedule.

13 “(g) The Commission shall submit an annual report to the Congress not later
14 than January 31 of each year. Such report shall—

15 “(1) list the specific goals, objectives, and priorities of the Commission
16 which shall be projected over 12, 24, and 36 month periods;

17 “(2) describe in detail the programs which are or shall be established to
18 meet or carry out the goals, objectives, and priorities;

19 “(3) provide an evaluation of actions taken during the preceding year
20 with regard to fulfilling the functions of the Commission; and

21 “(4) contain recommendations for legislative action required to enable
22 the Commission to meet its objectives.”.

23 SUBPART 2—NATIONAL TELECOMMUNICATIONS AND 24 INFORMATION ADMINISTRATION

25 AUTHORIZATIONS

26 SEC. 442-1. There is authorized to be appropriated for the administration of
27 the National Telecommunications and Information Administration \$16,500,000,
28 together with such sums as may be necessary for increases resulting from adjust-
29 ments in salary, pay, retirement, other employee benefits required by law, and
30 other nondiscretionary costs, for fiscal year 1982.

31 SUBPART 2—INTERNATIONAL TELECOMMUNICATIONS

32 SHORT TITLE

33 SEC. 443-1. This subpart may be cited as the “International Telecommunica-
34 tions and Information Coordination Act of 1981”.

35 FINDINGS AND PURPOSE

36 SEC. 443-2. (a) The Congress finds that—

37 (1) the United States telecommunications and information industries
38 make an important contribution to international commerce and are vital to
39 the economy of the United States;

40 (2) although many governments of the world have recognized the strate-
41 gic importance of their telecommunications and information industries and

1 have developed policies to promote those industries, and the United States
 2 has no coordinate^d international telecommunications and information poli-
 3 cies;

4 (3) the authority and responsibility to develop such policies is divided
 5 among Federal agencies on a conflicting and often confusing basis; and

6 (4) the United States must have an effective mechanism for the develop-
 7 ment of telecommunications and information policies. The mechanism must
 8 coordinate within the Federal Government and between the Federal Gov-
 9 ernment and the private sector.

10 (b) The Congress declares that it is the policy of the United States—

11 (1) to maintain and promote a viable, strong, and technologically com-
 12 petitive domestic telecommunications industry;

13 (2) to encourage and assist the open and fair provision of telecommuni-
 14 cations and information goods and services in international commerce;

15 (3) to ensure the preservation and enhancement of the principles of the
 16 free flow of telecommunications services and information throughout the
 17 world;

18 (4) to ensure the equitable treatment of United States and foreign enter-
 19 prises in all international markets of telecommunications and information
 20 goods and services; and

21 (5) to ensure the effective coordination and representation of United
 22 States interests in international forums.

23 ESTABLISHMENT OF THE TASK FORCE

24 SEC. 443-3. (a) There is established in the executive branch, for a period of 3
 25 years, an International Telecommunications and Information Task Force (herein-
 26 after in this subpart referred to as the "Task Force"). The Task Force shall be
 27 the principal coordinating body for the development of United States telecommu-
 28 nications and information policies.

29 (b) The membership of the Task Force shall consist of—

30 (1) the Secretary of Commerce, the Secretary of State, the Secretary of
 31 Defense, the Attorney General, the United States Trade Representative,
 32 the Chairman of the Federal Communications Commission (to serve as an
 33 ex officio member), and the Director of the International Communications
 34 Agency; and

35 (2) the members of the Task Force designated in paragraph (1) may ap-
 36 point a representative to serve in their place. The representative shall be
 37 an official of a rank no lower than that of Assistant Secretary or its statu-
 38 tory equivalent. In the case of the Federal Communications Commission,
 39 the Chairman may designate another Commissioner and the Director of
 40 the International Communications Agency may designate the Deputy Di-
 41 rector of that agency. In the event that the Secretary of Commerce desig-

1 nates a representative, it shall be the Assistant Secretary for Communica-
2 tions and Information.

3 (c) the Chairman of the Task Force shall be the Secretary of Commerce and
4 the Vice Chairman shall be the Secretary of State.

5 (d) Whenever the Task Force considers matters that affect the interests of
6 Federal agencies not represented on the Task Force, the Chairman may invite
7 the heads of such agencies to designate representatives to participate in the rele-
8 vant deliberations of the Task Force.

9 (e) Members of the Task Force shall serve without additional compensation,
10 but shall be reimbursed for actual and necessary expenses, including travel ex-
11 penses, incurred by them in carrying out the duties of the Task Force.

12 (f) The President may, at any time during the 6-month period preceding the
13 expiration of the term of authority of the Task Force, extend the existence of the
14 Task Force for a period of not more than 3 years. Any extension shall be made
15 by Executive order. If the President chooses not to extend the Task Force, he
16 shall, by Executive order, assign the responsibilities and authorities of the Task
17 Force to one department or agency.

18 (g) For the purposes of this section, unless the context otherwise requires, the
19 term—

20 (1) "information" means knowledge or intelligence represented by any
21 form of writing, signs, signals, pictures, sound, or other symbols; and

22 (2) "information policy" means policy relating to movement of informa-
23 tion across national boundaries, by means of telecommunications or by
24 other means.

25 POWERS OF THE TASK FORCE

26 SEC. 443-4. (a) The Task Force shall develop consistent and comprehensive
27 United States international telecommunications and information policies and shall
28 advise the President with respect to those policies. In order to avoid duplicative
29 and conflicting policies among Federal agencies, and to assure the greatest possi-
30 ble cooperation among such agencies, the Task Force shall—

31 (1) coordinate the policies of all Federal agencies involving international
32 telecommunications and information; and

33 (2) review all significant policy determinations of Federal agencies, and
34 all proposed statements of United States policy by such agencies, relating
35 to international telecommunications and information, and approve, disap-
36 prove, or modify any such policy, determination, or proposed statement
37 where necessary.

38 (b) The provisions of subsection (a)(2) shall not apply to any action or determi-
39 nation of an independent regulatory agency made pursuant to the rulemaking or
40 adjudicatory procedures set forth in section 553, 554, 556, or 557 of title 5,

1 United States Code, or pursuant to comparable statutory rulemaking or adjudica-
2 tory procedures.

3 (c) The Task Force shall make recommendations and reports to the President
4 and the Congress on a regular basis.

5 TRANSFER OF FUNCTIONS

6 SEC. 443-4. (a) All functions vested in the Secretary of State by section
7 5-201 of Executive Order 12046 of March 27, 1978, to the extent that they
8 relate to the determination of policies and positions, are transferred to the Task
9 Force.

10 (b) All functions vested in the Secretary of Commerce by section 2-404 of
11 Executive Order 12046 of March 27, 1978, to the extent that they relate to the
12 determination and coordination of plans and policies, and, to the extent its provi-
13 sions relate to international telecommunications and information, by section
14 2-501 of Executive Order 12046 of March 27, 1978, are transferred to the Task
15 Force.

16 (c) All functions vested in the Director of the International Communications
17 Agency by section 6 of Executive Order 12048 of March 27, 1978, to the extent
18 that its provisions relate to responsibility for advising the President, are trans-
19 ferred to the Task Force.

20 ADMINISTRATIVE POWERS

21 SEC. 443-5. (a) For the purpose of carrying out its functions under this sub-
22 part, the Task Force may—

23 (1) utilize those services, personnel, and facilities of the Department of
24 State, the Department of Commerce, the International Communications
25 Agency, and the United States Trade Representative, that are used for
26 international telecommunications and information activities;

27 (2) utilize, with their consent, the services, personnel, and facilities of
28 any other Federal agency; and

29 (3) accept voluntary and uncompensated services, notwithstanding the
30 provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b)).

31 (b) The Secretary of Commerce and the Secretary of State shall designate such
32 employees as are necessary to serve as staff to the Task Force. The Secretary of
33 Commerce shall designate a director for the staff of the Task Force.

34 ADVISORY COMMITTEE

35 SEC. 443-6. (a) The Task Force shall establish an Advisory Committee on
36 International Telecommunications and Information (hereinafter in this subpart
37 referred to as the "Committee") to provide overall policy guidance to the Task
38 Force with respect to the functions of the Task Force. The Committee shall be
39 composed of not more than 30 individuals and shall include representatives of
40 labor, manufacturers of telecommunications, information, data processing equip-
41 ment, other affected manufacturers, providers of telecommunications, informa-

1 tion, and data processing services, other affected service industries, financial in-
 2 stitutions, journalists, broadcasters, consumer interests, the legal profession,
 3 users of telecommunications services and equipment, and small business.

4 (b) The members of the Committee shall designate a Chairman and a Vice
 5 Chairman, who shall preside at meetings in the absence of the Chairman.

6 (c) The Committee shall meet at the call of the Chairman to provide policy
 7 advice, technical advice and information, and advice on other factors relevant to
 8 the activities of the Task Force. A meeting of the Committee shall be held at
 9 least once each calendar quarter.

10 (d) The Task Force shall, before approving under this subpart any statement of
 11 new United States policy relating to international telecommunications and infor-
 12 mation, consult with the Committee for the purpose of obtaining the views of the
 13 Committee on the effect of the proposed submission on the social and economic
 14 interests of the United States.

15 (e) The Task Force shall make available to the Committee such staff, informa-
 16 tion, personnel, and administrative services and assistance as may reasonably be
 17 required to carry out the activities of the Committee.

18 (f) The Task Force shall adopt procedures for consulting with and obtaining
 19 information and advice from the Committee on a continuing and timely basis.
 20 Such consultation shall include the provision of information to the Committee as
 21 to (1) significant issues and developments, and (2) overall objectives and positions
 22 of the United States with respect to the development of telecommunications and
 23 information policies. The Task Force shall not be bound by the advice or recom-
 24 mendations of the Committee but the Task Force shall inform the Committee of
 25 failures to accept such advice or recommendations. The Task Force shall submit
 26 an annual report to the appropriate committees of the Congress on consultations
 27 with the Committee, issues involved in such consultations, and the reasons for
 28 not accepting any advice or recommendations of the Committee.

29 SUBPART 4—PUBLIC TELECOMMUNICATIONS

30 SHORT TITLE

31 SEC. 444-1. This subpart may be cited as the "Public Telecommunications
 32 Act of 1981".

33 CORPORATION FOR PUBLIC BROADCASTING

34 SEC. 444-2. (a) Section 396(a) of the Communications Act of 1934 is amended
 35 to read as follows:

36 "SUBPART C—CORPORATION FOR PUBLIC BROADCASTING

37 "DECLARATION OF POLICY

38 "SEC. 396. (a) The Congress hereby finds and declares that—

39 "(1) it is in the public interest to encourage the growth and develop-
 40 ment of public audio and video programs, however delivered. Such pro-

grams may include those that may promote instructional, educational, informational, and cultural ends;

"(2) expansion and development of diversified audio and video programs depend on freedom, imagination, and initiative on both local and national levels;

"(3) the encouragement and support of public audio and video programs, while matters of importance for private and local development, are also of appropriate and important concern to the Federal Government;

"(4) it furthers the general welfare to encourage public audio and video program services which will be responsive to the interests of people both in particular localities and throughout the United States, and which will constitute an expression of diversity and excellence;

"(5) it is necessary and appropriate for the Federal Government to complement, assist, and support a national policy that will most effectively make public audio and video programs available to all citizens of the United States; and

"(6) the Corporation for Public Broadcasting created pursuant to the Public Broadcasting Act of 1967, as amended, is the appropriate entity to facilitate the development of public audio and video programs, and to afford maximum protection from extraneous interference and control of public telecommunications entities and systems."

(b) Subsection (c) of section 396 of such Act is amended to read as follows:

"BOARD OF DIRECTORS

"(c)(1) The Corporation for Public Broadcasting shall have a Board of Directors (hereinafter in this section referred to as the 'Board'), consisting of the President of the Corporation and eight members appointed by the President, by and with the advice and consent of the Senate. No more than five members of the Board appointed by the President may be members of the same political party. The President of the Corporation shall serve as the Chairman of the Board.

"(2) The eight members of the Board appointed by the President (A) shall be selected from among citizens of the United States (not regular full-time employees of the United States) who are eminent in such fields as education, cultural and civic affairs, or the arts, including radio and television; and (B) shall be selected so as to provide as nearly as practicable a broad representation of various regions of the country, various professions and occupations, and various kinds of talent and experience appropriate to the functions and responsibilities of the Corporation.

"(3) The members of the initial Board of Directors shall serve as incorporators and shall take whatever actions are necessary to establish the Corporation under the District of Columbia Nonprofit Corporation Act.

1 “(4) The term of office of each member of the Board appointed by the Presi-
2 dent shall be five years; except that any member appointed to fill a vacancy
3 occurring prior to the expiration of the term for which his predecessor was ap-
4 pointed shall be appointed for the remainder of such term.

5 “(5) Any vacancy in the Board shall not affect its power, but shall be filled in
6 the manner consistent with this Act.

7 “(6) Members of the Board shall attend not less than 50 percent of all duly
8 convened meetings of the Board in any one calendar year. A member who fails to
9 meet the requirement of the preceding sentence shall forfeit membership and the
10 President shall appoint a new member to fill such vacancy not later than thirty
11 days after such vacancy is determined by the Chairman of the Board.

12 “(7) Meetings of the Board shall be held in Washington, District of Colum-
13 bia.”.

14 (c) Subsection (d) of section 396 of such Act is amended to read as follows:

15 “Election of the Vice Chairman; Compensation

16 “(d)(1) Members of the Board shall annually elect one or more of their mem-
17 bers as a Vice Chairman or Vice Chairmen.

18 “(2) The members of the Board shall not, by reason of such membership, be
19 deemed to be officers or employees of the United States. They shall, while at-
20 tending meetings of the Board or while engaged in duties related to such meet-
21 ings or other activities of the Board pursuant to this subpart, be entitled to
22 receive compensation at the rate of \$150 per day including traveltime. Such
23 compensation shall be paid only when such meetings or activities of the Board
24 take place outside the Board member's State of residence. No Board member
25 shall receive compensation of more than \$10,000 in any one fiscal year. While
26 away from their homes or regular places of business, Board members shall be
27 allowed travel and actual, reasonable, and necessary expenses.”.

28 (d) Subsection (e)(1) of section 396 of such Act is amended by—

29 (1) striking “the Chairman and any” and substituting “a”; and

30 (2) inserting “for services rendered” after “Corporation” the sixth time
31 such word appears.

32 (e) Subsection (g) of section 396 of such Act is amended to read as follows:

33 “Purposes and Activities of Corporation

34 “(g)(1) In order to achieve the objectives and to carry out the purposes of this
35 subpart, as set out in subsection (a), the Corporation is authorized to—

36 “(A) facilitate by the most cost-effective and efficient means possible the
37 availability to all the people of the United States of public audio and video
38 programs of high quality, diversity, creativity, excellence, and innovation,
39 which are obtained from diverse sources, and made available through
40 public telecommunications entities or through other entities on a noncom-
41 mercial, nonprofit, or sustaining basis. The Corporation shall carry out the

objectives of this subpart with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature; and

"(B) carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the public telecommunications entities and systems from interference with, or control of, program content or other activities.

"(2) In order to carry out the purposes set forth in subsection (a), the Corporation is authorized to—

"(A) obtain grants from and make contracts with individuals and with private, State, and Federal agencies, organizations, and institutions;

"(B) contract with or make grants to public telecommunications entities, and independent producers and production entities, for the production or acquisition of public audio and video programs to be made available for use by public telecommunications entities or other entities on a noncommercial, nonprofit, or sustaining basis;

"(C) establish and maintain, or contribute to, a library and archives of public audio and video programs and related materials and develop public awareness of, and disseminate information about, public audio and video programs by various means, including the publication of a journal;

"(D) hire or accept the voluntary services of consultants, experts, advisory boards, and panels to aid the Corporation in carrying out the purposes of this subpart, and the purposes set forth in subsection (a);

"(E) conduct (directly or through grants or contracts) research, demonstrations, or training in matters related to public television or radio broadcasting and the use of nonbroadcast communications technologies for the dissemination of noncommercial educational and cultural television or radio programs; and

"(F) take such other actions as may be necessary to accomplish the purposes of this subpart and the purposes set forth in subsection (a).

Nothing contained in this paragraph shall be construed to commit the Federal Government to provide any sums for the payment of any obligation of the Corporation which exceeds amounts provided in advance in appropriation Acts.

"(3) To carry out the foregoing purposes and engage in the foregoing activities, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1001), except that the Corporation is prohibited from—

"(A) owning or operating any television or radio broadcast station, system, or network, community antenna television system, interconnection system or facility, program production facility, or any public telecommunications entity, system, or network; and

1 “(B) producing audio and video programs or scheduling their electronic
2 dissemination to the public via broadcast or cable technologies.

3 “(4) All meetings of the Board of Directors of the Corporation, including any
4 committee of the Board, shall be open to the public under such terms, conditions,
5 and exceptions as are set forth in subsection (k)(4).”.

6 (f) Paragraph (2) of subsection (h) of section 396 of such Act is amended to
7 read as follows:

8 “(2) Subject to such terms and conditions as may be established by public
9 telecommunications entities receiving space satellite interconnection facilities or
10 services purchased or arranged for in whole or in part with funds made available
11 pursuant to this Act, other public telecommunications entities shall have reason-
12 able access to such facilities or services for the distribution of public audio and
13 video programs to public telecommunications entities. Any remaining capacity
14 shall be made available to other persons for the transmission of public audio and
15 video programs at a charge or charges comparable to the charge or charges, if
16 any, imposed upon a public telecommunications entity for the distribution of
17 public audio and video programs to public telecommunications entities. No such
18 person shall be denied such access whenever sufficient capacity is available.”.

19 (g) Subsection (k) of section 396 of such Act is amended to read as follows:

20 “Financing Open Meetings and Financial Records

21 “(k)(1)(A) There are authorized to be appropriated for operations of the Corpo-
22 ration pursuant to this subpart \$110,000,000 for the fiscal year 1984,
23 \$100,000,000 for the fiscal year 1985, and \$100,000,000 for the fiscal year
24 1986.

25 “(B) Funds appropriated under this subsection shall remain available until ex-
26 pended.

27 “(2)(A) The funds authorized to be appropriated by this subsection shall be
28 used by the Corporation, in a prudent and financially responsible manner, solely
29 for its grants, contracts, and administrative costs, except that the Corporation
30 may not use any funds appropriated under this subpart for purposes of conducting
31 any reception, or providing any other entertainment, for any officer or employee
32 of the Federal Government or any State or local government.

33 “(B) Funds appropriated and made available under this subsection shall be
34 disbursed by the Secretary of the Treasury on a quarterly basis, in such amounts
35 as the Corporation certifies to the Secretary will be necessary to meet its finan-
36 cial obligations in the succeeding quarter. The Secretary may disburse such funds
37 in any fiscal year only to the extent that the total amount of non-Federal finan-
38 cial support received by public broadcasting entities during the preceding fiscal
39 year is equal to two times the amount to be disbursed by the Secretary.

1 “(3)(A) The Corporation shall reserve for distribution among the licensees and
2 permittees of public television and radio stations not less than 80 percent of such
3 funds in each fiscal year.

4 “(B)(i) The Corporation shall establish an annual budget of its Federal approp-
5 riations according to which it shall make grants and contracts for production of
6 public audio and video programs by independent producers and production enti-
7 ties and public telecommunications entities, for acquisition of such programs by
8 public telecommunications entities, for distribution of funds among public tele-
9 communications entities, for engineering and program-related research, and for
10 promotion of training and other projects designed to increase and enhance the
11 role of minorities and women in public telecommunications.

12 “(ii) All funds contained in the annual budget of the Federal appropriations
13 established by the Corporation under clause (i) shall be distributed to entities
14 outside the Corporation and shall not be used for the general administrative costs
15 of the Corporation, the salaries or related expenses of Corporation personnel and
16 members of the Board, or for expenses of consultants and advisers to the Corpo-
17 ration.

18 “(iii) During each of the fiscal years 1981, 1982, 1983, 1984, 1985, and 1986
19 the annual budget established by the Corporation under clause (i) shall consist of
20 not less than 95 percent of the funds made available by the Secretary of the
21 Treasury to the Corporation pursuant to paragraph (2)(A).

22 “(C) In fiscal years 1981, 1982, 1983, 1984, 1985, and 1986, the Corporation
23 may expend an amount equal to not more than 5 percent of the funds made
24 available by the Secretary of the Treasury during such fiscal year pursuant to
25 paragraph (2)(A) for those activities authorized under subsection (g)(2) which are
26 not among those grant activities described in subparagraph (b).

27 “(4) Funds may not be distributed pursuant to this subsection to the Public
28 Broadcasting Service or National Public Radio (or any successor organization),
29 or to the licensee or permittee of any public broadcast station, unless the govern-
30 ing body of any such organization, any committee of such governing body, or any
31 advisory body of any such organization, holds open meetings preceded by reason-
32 able notice to the public. All persons shall be permitted to attend any meeting of
33 the Board, or of any such committee or body, and no person shall be required, as
34 a condition to attendance at any such meeting, to register such person's name or
35 to provide any other information. Nothing contained in this paragraph shall be
36 construed to prevent any such board, committee, or body from holding closed
37 sessions to consider matters relating to individual employees, proprietary infor-
38 mation, litigation, and other matters requiring the confidential advice of counsel,
39 commercial or financial information obtained from a person on a privileged or
40 confidential basis, or the purchase of property or services whenever the prema-
41 ture exposure of such purchase would compromise the business interests of any

1 such organization. If any such meeting is closed pursuant to the provisions of this
2 paragraph, the organization involved shall thereafter (within a reasonable period
3 of time) make available to the public a written statement containing an explana-
4 tion of the reasons for closing the meeting.

5 "(5) Funds may not be distributed pursuant to this subsection to any public
6 telecommunications entity that does not maintain for public examination copies of
7 the annual financial and audit reports, or other information regarding finances,
8 submitted to the Corporation pursuant to subsection (1)(3)(B).

9 "(6)(A) The Corporation, in consultation with public television and radio li-
10 censees, shall review annually the percentage of funds reserved pursuant to para-
11 graph (3)(A), and the criteria and conditions regarding the division and distribu-
12 tion of such funds among public television and radio stations.

13 "(B) The funds reserved for public broadcast stations pursuant to paragraph
14 (3)(A) shall be divided into two portions, one to be distributed among radio sta-
15 tions and one to be distributed among television stations. Except as provided in
16 paragraph (8), the Corporation shall make a basic program grant from the portion
17 reserved for television stations to each licensee and permittee of a public televi-
18 sion station that is on the air. The balance of the portion reserved for television
19 stations and the total portion reserved for radio stations shall be distributed to
20 licensees and permittees of such stations in accordance with eligibility criteria
21 that promote the public interest in public audio and video programs, and on the
22 basis of a formula designed to—

23 "(i) provide for the programing needs and requirements of stations in
24 relation to the communities and audiences such stations undertake to
25 serve;

26 "(ii) except as provided in paragraph (8), assure that each eligible li-
27 censee and permittee of a public radio station receives a basic program
28 grant; and

29 "(iii) maintain existing and stimulate new sources of financial support
30 for stations providing incentives for increases in such support.

31 "(7) The funds distributed pursuant to paragraph (3)(A) may be used at the
32 discretion of the recipient for purposes related primarily to the production or
33 acquisition of public audio or video programs.

34 "(8) Funds distributed pursuant to this subpart to any public telecommunica-
35 tions entity which during any fiscal year has filed or was required to file a return
36 with the Internal Revenue Service declaring unrelated business income related to
37 station operations under sections 501, 511, and 512 of the Internal Revenue
38 Code, shall refund to the Corporation an amount equal to the amount of unrelat-
39 ed business income tax paid as stated in such filed return."

40 (h) Subparagraph (A) of subsection (1)(1) is amended by inserting "except that
41 such requirement shall not preclude shared auditing arrangements between any

1 public telecommunications entity and its licensee where that licensee is a public
2 or private institution" after "United States".

3 (i) Subparagraph (B) of subsection (1)(3) of section 369 of such Act is amended
4 by—

- 5 (1) striking "an annual" and substituting "a biannual" in clause (ii); and
- 6 (2) striking "annually" and substituting "biannually" in clause (iii).

7 **DEFINITION**

8 **SEC. 444-3.** Section 397 of the Communications Act of 1934 is amended by—

- 9 (1) striking paragraph (9);
- 10 (2) redesignating paragraph (10) as paragraph (9);
- 11 (3) inserting after paragraph (9) (as redesignated by paragraph (2) of this
12 subsection) the following:

13 "(10) The term 'public audio and video programs' means programs licensed,
14 distributed, and disseminated on a noncommercial, nonprofit, or sustaining
15 basis.";

16 (4)(A) inserting ", a public broadcasting entity" after "station" in sub-
17 paragraph (A) of paragraph (12); and

18 (B) inserting "directly or indirectly" after "services" in subparagraph
19 (A) of paragraph (12), and

20 (5) striking "Health, Education, and Welfare" and substituting "Health
21 and Human Services" in paragraph (15).

22 **INFORMATION REQUIREMENT**

23 **SEC. 444-4.** Section 398(b)(3) of the Communications Act of 1934 is amended
24 by—

25 (1) striking "any information which the Corporation may require to sat-
26 isfy itself that such" and substituting "such information as will demon-
27 strate that the" in subparagraph (A);

28 (2) striking "requirements" and substituting "provisions" in subpara-
29 graph (A);

30 (3) striking the last sentence in subparagraph (A) and substituting: "The
31 Secretary shall instruct the corporation as to the type of information that
32 the Corporation shall require that is probative of the issue of compliance
33 with equal opportunity standards.";

34 (4) striking "is not satisfied that any such person is" and substituting
35 "has reason to believe that any such person is not" in subparagraph (B);

36 (5) striking "in employment" the first time it appears in subparagraph
37 (B); and

38 (6) striking the last sentence of subparagraph (B).

39 **PROHIBITION**

40 **SEC. 444-5.** Section 399 of the Communications Act of 1934 is amended by—

(1) striking “; RECORDINGS OF CERTAIN PROGRAMS” in the heading thereof; and

(2) inserting “that receives a basic grant pursuant to this Act” after “station” in subsection (a).

REPEAL

SEC. 444-6. Section 399(b) of the Communications Act of 1934 is repealed.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 444-7. Section 391 of the Communications Act of 1934 is amended by inserting “and \$16,000,000 for the fiscal year 1982, \$11,000,000 for the fiscal year 1983, and \$7,000,000 for the fiscal year 1984,” after “1981,”.

EFFECTIVE DATE

SEC. 444-8. (a) Except as provided in subsection (b) the amendments made by this subpart shall take effect October 1, 1983.

(b) The amendments made by paragraph (4) of section 444-3, and sections 444-4, 444-5, 444-6, 444-7, and 444-9 shall take effect on the date of enactment of this subpart.

(c) any term of a member of the Board of Directors of the Corporation for Public Broadcasting that shall be expired on the effective date of subsections (a), (c) and (d) of section 444-2 of this subpart shall not be filled, and all other such expired terms occurring subsequent to enactment shall not be filled until the number of members of the Board appointed by the President has been reduced to less than eight. No member shall be eligible to serve in excess of two consecutive terms of five years each.

STUDY

SEC. 444-9. The Federal Communications Commission shall conduct a study of existing rules and regulations regarding on-air sponsorship identification by public television and radio licensees. The purpose of such study shall be to enable the Federal Communications Commission to allow such licensees to engage in activities that will not unduly restrict the ability of such licensees to give on-air credit to supporters of station programs and operations.

SUBTITLE 5—RADIO DEREGULATION

SHORT TITLE

SEC. 445-1. This subtitle may be cited as the “Radio Deregulation Act of 1981”.

RADIO LICENSE TERMS

SEC. 445-2. (a) Section 307(d) of the Communications Act of 1934 is amended by striking the first two sentences and substituting the following: “The term of any license granted on or after the effective date of the Radio Deregulation Act of 1981 for the operation of a radio broadcasting station shall be for an indefinite period of time. No license for the operation of a television broadcasting station shall be for a longer term than three years. No license granted for the operation

1 of any other class of station shall be for a longer term than five years. Any
 2 license granted may be revoked as hereinafter provided. Upon the expiration of
 3 any license, a renewal of such license may be granted, upon application thereof,
 4 from time to time for a term of not to exceed three years in the case of a
 5 television broadcast station, and not to exceed five years for any other class of
 6 station, if the Commission finds that the public interest, convenience, and necessi-
 7 ty would be served thereby.”.

8 (b) Section 307 of such Act is further amended by adding at the end thereof
 9 the following new subsection:

10 “(f)(1) Any party in interest may file with the Commission a petition to revoke
 11 a radio broadcasting license issued under subsection (a). A petition to revoke
 12 shall—

13 “(A) be filed within sixty days after the petitioner has knowledge of the
 14 allegations for which the petition is filed;

15 “(B) be served upon the Commission and the licensee; and

16 “(C) contain specific allegations of fact sufficient to show that the peti-
 17 tioner is a party in interest and to establish a prima facie case that the
 18 licensee has violated or is in violation of subsection (a) of section 312.

19 “(2) Allegations of fact shall be supported by affidavit of a person or persons
 20 with personal knowledge thereof. The licensee shall have the opportunity to file a
 21 written reply with the Commission and the petitioner not later than thirty days
 22 after receipt of the petition.

23 “(3)(A) If the Commission finds after a review of the petition filed under this
 24 subsection and the licensee’s response thereto, if any, that there are no substan-
 25 tial and material questions of fact, it shall deny the petition to revoke.

26 “(B) If the Commission finds that there is a substantial and material question
 27 of fact presented in the petition to revoke, it shall expeditiously hold a hearing on
 28 the record and shall within sixty days after such hearing either revoke such
 29 license, issue a cease and desist order or deny such petition.”.

30 COMPARATIVE LICENSING PROCEDURE

31 SEC. 445-3. Section 309 of the Communications Act of 1934 is amended by
 32 adding at the end thereof the following new subsection:

33 “(i) In any case where there is more than one applicant qualified in accordance
 34 with subsection (b) of section 308 for any frequency that becomes available in the
 35 radio broadcast service, the Commission may, in its discretion grant an applica-
 36 tion based on a system of random selection. The Commission shall establish
 37 procedures for random selection not later than one hundred and eighty days after
 38 the date of enactment of the Radio Deregulation Act of 1981, which procedure
 39 shall apply to any application filed with the Commission on or after the date of
 40 enactment of this subsection.”.

RADIO DEREGULATION

SEC. 445-4. Title III of the Communications Act of 1934 is amended by inserting at the end thereof the following new section:

"RADIO DEREGULATION

"SEC. 331. (a) Subject to any other applicable Federal law, the Commission is prohibited from requiring, by rule, regulation, or otherwise, radio broadcast station licensees to—

"(1) provide news, public affairs, locally produced, or any other programs;

"(2) adhere to a particular programing format;

"(3) maintain program logs;

"(4) ascertain the problems, needs, and interests of its service area; and

"(5) restrict the length or frequency of commerical announcements.

"(b) The Commission shall report annually to the Congress on its progress in reviewing all other rules, regulations, and policies directly or indirectly applicable to radio broadcast licensees and its elimination of those that are not necessary.

"(c) Not later than three years after the date of enactment of the Radio Deregulation Act of 1981, the Commission shall report to the Congress—

"(1) on the extent to which the Commission has promoted, where technologically feasible, the development of competitive, new and diverse sources of radio programing;

"(2) the effect of the Radio Deregulation Act of 1981 on the availability to the public of diverse radio programing; and

"(3) any recommendations for further statutory changes."

SUBPART 6—TELEVISION LICENSING

SHORT TITLE

SEC. 446-1. This subpart may be cited as the "Television Licensing and Renewal Act of 1981".

SEC. 446-2. Section 307(d) of the Communications Act of 1934 (47 U.S.C. 307(d)) is amended by—

(1) inserting "television" after "operation of a";

(2) striking "three years" the first place it appears and substituting "five years";

(3) striking "three years" the last place it appears and substituting "five years"; and

(4) inserting "television" after "in the case of" the first place it appears therein.

LICENSING PROCEDURE; RENEWAL PROCEDURE

SEC. 446-3. Section 309 of the Communications Act of 1934 (47 U.S.C. 309) is amended by adding at the end thereof the following new subsections:

1 “(j) In any case where there is more than one applicant qualified in accordance
2 with subsection (b) of section 308 for any initial license or construction permit for
3 a television broadcast facility, the Commission may, in its discretion, grant an
4 application based on a system of random selection. The Commission shall estab-
5 lish procedures for random selection not later than one hundred eighty days after
6 the date of enactment of this subsection, which procedure shall apply to any
7 application filed with the Commission on or after the date of enactment of this
8 subsection.

9 “(k) In any case in which a television broadcast station licensee submits an
10 application to the Commission for renewal of a license, the Commission shall
11 grant the application if it finds that—

12 “(1) the licensee, during the preceding term of its license, substantially
13 met the problems, needs, and interests of the residents of its service area
14 in its program service; and

15 “(2) the operation of the station has been free of any serious violation of
16 this Act or the regulations promulgated thereunder.

17 “(l) In acting upon any application for the renewal of any television broadcast
18 station license which is filed by a licensee with the Commission under section
19 308, the Commission shall not have authority to consider the application of any
20 other person for the facilities for which renewal is sought. The provisions of this
21 subsection shall not apply to any application of any other person filed prior to
22 March 3, 1981.”.

23 SUBPART 7—AMATEUR RADIO

24 SHORT TITLE

25 SEC. 447-1. This subtitle may be cited as the “Amateur Radio Service and
26 Private Land Mobile Services Act of 1981”.

27 ELECTRONIC EQUIPMENT

28 SEC. 447-2. (a) Section 302 of the Communications Act of 1934 (47 U.S.C.
29 302) is amended by—

30 (1) inserting “(1)” immediately after “governing” in the first sentence of
31 subsection (a);

32 (2) striking out the period at the end of the first sentence of subsection
33 (a) and substituting “, and (2) establishing minimum performance standards
34 for audio and visual electronic equipment to reduce their susceptibility to
35 interference from radio frequency energy.”; and

36 (3) striking out “shipment, or use of such devices” in the second sen-
37 tence and substituting “or shipment of such devices and electronic equip-
38 ment or the use of such devices”.

39 (b) Subsection (b) of such section is amended by striking out “ship, or use
40 devices” and substituting “or ship devices and electronic equipment or use de-
41 vices”.

1 (c) Subsection (c) of such section is amended by—

2 (1) inserting "or electronic equipment" immediately after "devices"
3 wherever such term appears in the first sentence;

4 (2) inserting "and electronic equipment" immediately after "devices" in
5 the second sentence; and

6 (3) striking out "the common objective of reducing interference to radio
7 reception," in the second sentence and substituting "the objectives of re-
8 ducing interference to radio reception and to electronic equipment,".

9 (d) The heading for section 302 of such Act is amended to read as follows:

10 "INTERFERENCE WITH RADIO COMMUNICATIONS AND ELECTRONIC
11 EQUIPMENT".

12 APPLICABILITY

13 SEC. 447-3. Any minimum standard established by the Federal Communica-
14 tions Commission under section 302(a)(2) of the Communications Act of 1934, as
15 amended by section 447-2 of this Act, shall not apply to any audio or visual
16 electronic equipment manufactured before the date of the enactment of this Act.

17 AMATEUR STATION TRANSMITTAL

18 SEC. 447-4. Section 605 of the Communications Act of 1934 (47 U.S.C. 605)
19 is amended by striking out the last sentence thereof and substituting the follow-
20 ing: "This section shall not apply to the receiving, divulging, publishing, or utiliz-
21 ing the contents of any radio communication which is transmitted by any amateur
22 station, or by any station for the use of the general public, or which refers to
23 ships, aircraft, vehicles, or persons in distress.".

24 LICENSES

25 SEC. 447-5. Subsection (d) of section 307 of the 1934 Act is amended by
26 striking the first five sentences and substituting the following: "No license grant-
27 ed for the operation of a broadcasting station shall be for a longer term than three
28 years and no license so granted for any other class of station shall be for a longer
29 term than five years, or ten for licenses in the Amateur or Personal (Citizens)
30 Radio Services, and any license granted may be revoked as hereinafter provided.
31 Upon the expiration of any license, upon application therefor, a renewal of such
32 license may be granted from time to time for a term of not to exceed three years
33 in the case of broadcasting licenses, not to exceed ten years in the case of Ama-
34 teur or Personal (Citizens) Radio Service licenses, and not to exceed five years in
35 the case of other licenses, if the Commission finds that public interest, conven-
36 ience, and necessity would be served thereby.".

37 PRIVATE LAND MOBILE SERVICES

38 SEC. 447-6. Part I of title III of the Communications Act of 1934 is amended
39 by adding at the end thereof the following new section:

1 "PRIVATE LAND MOBILE SERVICES

2 "SEC. 332. (a) In managing the spectrum to be made available for use by the
3 private land mobile services the commission shall consider and make findings,
4 consistent with section 1, as to—

5 "(1) whether present and proposed use of various allocated bands by
6 these and other services promotes safety of life and property, provides
7 services to large numbers of the public and promotes competition;

8 "(2) the existence of interservice sharing opportunities between these
9 and other services; and

10 "(3) actions which will improve the efficiency of spectrum use and
11 reduce the regulatory burden on spectrum users which are based upon
12 sound engineering principles, user operational requirements, marketplace
13 demands, desirable social impacts and appropriate legal considerations.

14 Nothing in this paragraph shall be construed to authorize the Commission to
15 employ auctions or similar economic methods.

16 "(b) The Commission, for the purpose of facilitating the expeditious granting of
17 licenses, may delegate to non-Federal Government coordinating committees the
18 function of coordinating the assignment of frequencies above 30 megahertz to
19 stations in the private land mobile services."

20 Sec. 447-7. Section 4(f) of the Communications Act of 1934 is amended by
21 adding at the end thereof the following new paragraph:

22 "(4)(A) For purposes of monitoring any violation of any provision of this Act,
23 and of any regulation made by the Commission pursuant to this Act, relating to
24 amateur station transmissions, the Commission, without regard to part III of title
25 5, United States Code, may (i) recruit and train any individual licensed by the
26 Commission to operate an amateur station; and (ii) accept and employ voluntary
27 and uncompensated services of such individual. For purposes of recruiting and
28 training such individual, the Commission, without regard to part III of title 5,
29 United States Code, may accept and employ voluntary and uncompensated serv-
30 ices of any amateur station operator organization.

31 "(B) For purposes of monitoring any violation of any provision of this Act, and
32 of any regulation made by the Commission pursuant to this Act, relating to
33 transmissions of any citizens band radio service station, the Commission, without
34 regard to part III of title 5, United States Code, may (i) recruit and train any
35 individual licensed by the Commission to operate a citizens band radio service
36 station; and (ii) accept and employ voluntary and uncompensated services of such
37 individual. For purposes of recruiting and training such individual, the Commis-
38 sion, without regard to part III of title 5, United States Code, may accept and
39 employ voluntary and uncompensated services of any citizens band radio service
40 station operator organization.

1 “(C) For purposes of preparing or administering examinations for amateur sta-
 2 tion operator licenses, the Commission, without regard to part III of title 5,
 3 United States Code, may accept and employ voluntary and uncompensated serv-
 4 ices of any individual who is licensed by the Commission to operate an amateur
 5 station.

6 “(D) Any person who provides voluntary and uncompensated services under
 7 this paragraph shall not be considered, by reason of having provided such serv-
 8 ices, a Federal employee for any purpose.”.

9

DEFINITION

10 SEC. 447-8. Section 3 of the Communications Act of 1934 is amended by
 11 adding at the end thereof the following new paragraph:

12 “(gg) ‘Private Land Mobile Services’ are those which provide a regularly inter-
 13 acting group of base, mobile, portable and associated control and relay stations,
 14 whether individually, or mutiply licensed, intended to provide private one-way or
 15 two-way land mobile radio communications over a designated area of oper-
 16 ations.”.

17 SUBPART E—INTERNATIONAL RECORD CARRIERS

18

REPEAL

19 SEC. 448-1. Section 222 of the Communications Act of 1934 is repealed.

20 TITLE V—COMMITTEE ON ENERGY AND NATURAL RESOURCES

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1 SUBTITLE A—ADVISORY COUNCIL ON HISTORIC PRESERVATION

2 FISCAL YEAR 1981

3 SEC. 501. Notwithstanding any other provision of law, for Advisory Council
4 on Historic Preservation programs during the fiscal year ending on September
5 30, 1981, there is not authorized to be appropriated, and there may not be
6 obligated budget authority, in excess of \$1,590,000 nor shall outlays be in excess
7 of \$1,598,000.

8 FISCAL YEARS 1982, 1983, AND 1984

9 SEC. 502. Notwithstanding any other provision of law, there is not authorized
10 to be appropriated for programs of the Advisory Council on Historic Preservation

1 in excess of \$1,768,000 for the fiscal year ending on September 30, 1982, in
 2 excess of \$1,820,000 for the fiscal year ending on September 30, 1983, and in
 3 excess of \$1,896,000 for the fiscal year ending on September 30, 1984.

4 SUBTITLE B—DEPARTMENT OF AGRICULTURE

5 PART 1—FOREST SERVICE

6 FISCAL YEAR 1981

7 SEC. 511. Notwithstanding any other provision of law, there is not authorized
 8 to be appropriated to the Secretary of Agriculture during the fiscal year ending
 9 on September 30, 1981, nor may there be obligated budget authority, in excess
 10 of \$1,381,564,000 nor shall outlays be in excess of \$1,298,813,000, for the
 11 Forest Service programs wholly or partially within the jurisdiction of the Com-
 12 mittee on Energy and Natural Resources.

13 FISCAL YEARS 1982, 1983, AND 1984

14 SEC. 512. Notwithstanding any other provision of law, there is not authorized
 15 to be appropriated to the Secretary of Agriculture for Forest Service programs
 16 wholly or partially within the jurisdiction of the Committee on Energy and Natu-
 17 ral Resources in excess of \$1,320,878,000 for the fiscal year ending on Septem-
 18 ber 30, 1982, in excess of \$1,324,202,000 for the fiscal year ending on Septem-
 19 ber 30, 1983, and in excess of \$1,324,717,000 for the fiscal year ending on
 20 September 30, 1984.

21 DEFINITION

22 SEC. 513. For the purposes of this subtitle, the term—

23 (1) "Forest Service programs wholly or partially within the jurisdiction
 24 of the Committee on Energy and Natural Resources" means—

25 (A) Forest Management, Protection, and Utilization programs pur-
 26 suant to section 14(i) of Public Law 94-588 (16 U.S.C. 472a(i)), sec-
 27 tion 7 of the Act of June 20, 1958, relating to the work of the
 28 Forest Service (16 U.S.C. 579c), the Act of March 4, 1913, relating
 29 to appropriations for the Department of Agriculture (16 U.S.C. 501),
 30 the Act of August 11, 1916, relating to appropriations for the De-
 31 partment of Agriculture (16 U.S.C. 490), section 711 of title 18,
 32 United States Code, section 3 of the Act of May 23, 1952, relating to
 33 Smoky Bear (31 U.S.C. 488a), sections 1 through 4 of Public Law
 34 93-318 (33 U.S.C. 488b(3)-(6)), and Public Law 96-487;

35 (B) Youth Conservation Corps;

36 (C) Timber salvage sales;

37 (D) Rangeland improvements;

38 (E) Other general appropriations;

39 (F) Forest Service permanent appropriations pursuant to Public
 40 Law 95-313, Public Law 95-495, Public Law 96-487, Public Law
 41 96-514, the Act of June 12, 1960, relating to multiple use of Na-

tional Forests (Public Law 86-517), the Public Rangelands Improvement Act of 1978 (Public Law 95-514), Public Law 90-583 (43 U.S.C. 1241-1243), Public Law 95-224 (41 U.S.C. 506), Public Law 93-378 (16 U.S.C. 1601-1614), Public Law 95-307 (16 U.S.C. 1641-1647), Public Law 95-313 (16 U.S.C. 2101-2109), section 31 of the Act of July 22, 1937, relating to the Farmers Home Corporation (7 U.S.C. 1010-1012), section 703 of the Act of September 21, 1944, relating to agricultural conservation (7 U.S.C. 2250), the Act of July 23, 1955, relating to multiple use (30 U.S.C. 611-614), the Act of July 31, 1947, relating to disposal of materials on public lands (30 U.S.C. 601-604), the Act of March 3, 1905, relating to supplemental appropriations (33 Stat. 1257; 31 U.S.C. 665), the Act of May 23, 1908, relating to appropriations for the Department of Agriculture (35 Stat. 259; 31 U.S.C. 534), the Act of June 24, 1954, relating to certain public lands in Oregon (68 Stat. 271; 43 U.S.C. 1181(h)-1181(j)), Reorganization Plan Numbered 2 of 1953 (67 Stat. 633), and section 520 of the Revised Statutes; and

(G) Construction and operation of recreational facilities.

PART 2—BIOMASS ENERGY AND ALCOHOL FUELS

FISCAL YEAR 1981

SEC. 516. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of Agriculture during the fiscal year ending on September 30, 1981, nor may there be obligated budget authority, in excess of \$10,000,000 nor shall outlays be in excess of \$23,000,000, for biomass energy and alcohol fuels programs partially within the jurisdiction of the Committee on Energy and Natural Resources.

FISCAL YEARS 1982, 1983, AND 1984

SEC. 517. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of Agriculture, nor may there be obligated budget authority, for biomass energy and alcohol fuels programs partially within the jurisdiction of the Committee on Energy and Natural Resources during the fiscal years ending on September 30, 1982, on September 30, 1983, and on September 30, 1984.

DEFINITION

SEC. 518. For the purposes of this subtitle, the term—

(1) "Biomass energy and alcohol fuels programs partially within the jurisdiction of the Committee on Energy and Natural Resources" means programs pursuant to title II of the Energy Security Act (Public Law 96-294).

1 CONFORMING AMENDMENT

2 SEC. 519. Amend section 204(a)(1) of the Energy Security Act (Public Law
3 96-294) by striking "\$600,000,000" and inserting in lieu thereof
4 "\$20,000,000".

5 SUBTITLE C—DEPARTMENT OF DEFENSE

6 FISCAL YEAR 1981

7 SEC. 521. Notwithstanding any other provision of law, there is not authorized
8 to be appropriated to the Secretary of Defense during the fiscal year ending on
9 September 30, 1981, nor may there be obligated budget authority, in excess of
10 \$5,000,000 nor shall outlays be in excess of \$5,000,000, for special recreation
11 user fees programs of the Corps of Engineers.

12 FISCAL YEARS 1982, 1983, AND 1984

13 SEC. 522. Notwithstanding any other provision of law, there is not authorized
14 to be appropriated to the Secretary of Defense for special recreation user fees
15 programs of the Corps of Engineers in excess of \$5,200,000 for the fiscal year
16 ending on September 30, 1982, in excess of \$6,000,000 for the fiscal year ending
17 on September 30, 1983, and in excess of \$6,000,000 for the fiscal year ending on
18 September 30, 1984.

19 SUBTITLE D—DEPARTMENT OF ENERGY

20 PART 1—RECONCILIATION

21 FISCAL YEAR 1981

22 SEC. 531. Notwithstanding any other provision of law, there is not authorized
23 to be appropriated to the Secretary of Energy during the fiscal year ending on
24 September 30, 1981, nor may there be obligated budget authority, in excess of
25 \$8,762,069,000 nor shall outlays be in excess of \$8,523,293,000, for programs
26 of the Department of Energy except for atomic energy defense activities.

27 FISCAL YEARS 1982, 1983, AND 1984

28 SEC. 532. Funds are hereby authorized to be appropriated to the Secretary of
29 Energy for programs of the Department of Energy, other than atomic energy
30 defense activities, not to exceed \$5,880,615,000 for the fiscal year ending on
31 September 30, 1982, not to exceed \$5,684,111,000 for the fiscal year ending on
32 September 30, 1983, and not to exceed \$5,767,767,000 for the fiscal year ending
33 on September 30, 1984: *Provided, however,* That such funds include funds au-
34 thorized pursuant to part 2 of subtitle.

35 CONFORMING AMENDMENTS

36 SEC. 533. BIOMASS ENERGY AND ALCOHOL FUELS.— Amend section 204(a)
37 of the Energy Security Act (Public Law 96-294) by—

38 (a) striking out paragraphs (2) and (3) and inserting in lieu thereof the
39 following: "and (2) \$5,000,000 shall be available to the Secretary of
40 Energy to carry out activities under subtitle A."; and

1 (b) striking out "\$1,450,000,000" and inserting in lieu thereof
2 "\$25,000,000".

3 **PART 2—AUTHORIZATION FOR FISCAL YEARS 1982, 1983, AND 1984**

4 **SHORT TITLE**

5 **SEC. 534-1.** This part may be cited as the "Department of Energy Authoriza-
6 tion Act for Fiscal Year 1982—Civilian Applications".

7 **SUBPART A—FISCAL YEAR 1982 AUTHORIZATIONS**

8 **OPERATING EXPENSES**

9 **SEC. 534-11. (a)** Funds are hereby authorized to be appropriated for fiscal
10 year 1982 in accordance with section 660 of the Department of Energy Organi-
11 zation Act for operating expenses for the civilian programs of the Department of
12 Energy for the following appropriations accounts:

13 (1) Energy and Water Development:

14 (A) General science and research activities, \$439,160,000.

15 (B) Energy supply, research and development activities,
16 \$2,176,332,000.

17 (C) Uranium supply and enrichment activities, \$89,992,000, in addition
18 to revenues received from the enrichment of uranium as authorized by sec-
19 tion 111(h) of Public Law 95-91.

20 (D) Departmental administration, \$223,968,000.

21 (E) Power marketing administration:

22 (i) Alaska Power Administration operation and maintenance,
23 \$3,538,000 of which \$50,000 shall be reserved for an emergency
24 fund to assure continuous operations during unusual or emergency
25 conditions.

26 (ii) Southeastern Power Administration operation and maintenance,
27 \$7,237,000.

28 (iii) Southwestern Power Administration operation and mainte-
29 nance, \$20,239,000.

30 (iv) Western Area Power Administration construction rehabilitation,
31 operation and maintenance, \$210,774,000.

32 (v) Western Area Power Administration emergency fund,
33 \$500,000.

34 (F) Federal Energy Regulatory Commission salaries and expenses,
35 \$82,173,000.

36 (G) Geothermal resources development fund: geothermal loan guarantee
37 and interest assistance program, \$200,000.

38 (2) Department of the Interior and Related Agencies:

39 (A) Fossil energy research and development, \$497,340,000.

40 (B) Energy production, demonstration, and distribution, \$230,963,000.

(C) Energy conservation, \$545,000,000: *Provided, however,* That there is not to exceed \$336,000,000 for State and local programs including any authorization of appropriations pursuant to S. 1166, the "National Home Weatherization Act," or such comparable legislation.

(D) Economic regulation, \$54,500,000.

(E) Strategic Petroleum Reserve, \$314,908,000.

(F) Energy Information Administration, \$81,700,000.

(b) The anticipated revenues from uranium enrichment activities for fiscal year 1982 and each subsequent fiscal year and authorized to be retained by Public Law 93-438 are authorized to be appropriated to the Department for purposes of section 665 of title 31, United States Code.

PLANT AND CAPITAL EQUIPMENT

SEC. 534-12. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 in accordance with section 660 of the Department of Energy Organization Act for construction, including planning, construction, acquisition, or modification of facilities, including land acquisition; and acquisition and fabrication of capital equipment not related to construction of the Department of Energy for the following appropriations:

(1) Energy and Water Development:

(A) General science and research activities, \$128,300,000.

(B) Energy supply, research and development activities, \$350,007,000: *Provided, however,* That not to exceed \$60,800,000 of the amount specified in section 534-11(a)(1)(B) may be appropriated instead for energy supply research and development activities pertaining to capital equipment not related to construction and plant and capital equipment projects which have been initiated prior to fiscal year 1982 and have not been submitted to Congress in budget documents in support of the fiscal year 1982 budget.

(C) Uranium supply and enrichment activities, \$74,450,000, in addition to revenues received from the enrichment of uranium as authorized by section 111(h) of Public Law 95-91.

(D) Department administration, \$49,063,000.

(2) Department of the Interior and Related Agencies: Fossil energy construction, \$18,000,000.

(b) The anticipated revenues from uranium enrichment activities for fiscal year 1982 and each subsequent fiscal year and authorized to be obtained by Public Law 93-438 are authorized to be appropriated to the Department for purposes of section 665 of title 31, United States Code.

(c) There are hereby authorized to be appropriated for plant and capital equipment activities for the civilian programs of the Department of Energy which have been initiated prior to fiscal year 1982 amounts not to exceed the Federal share

1 of the total estimated cost set forth for each such project in budget documents
 2 submitted to Congress in support of the fiscal year 1982 budget. The annual
 3 amounts authorized to be appropriated for fiscal year 1982 for said projects shall
 4 be deemed to be encompassed within the total amounts authorized to be appropri-
 5 ated by subsections (a) and (b) of this section.

6 (d) For the purpose of this Part the term "budget documents" shall mean the
 7 Department of Energy Revised Congressional Budget Request, Fiscal Year
 8 1982, dated February 1981 (DOE/CR-0011/3).

9 **NEW CONSTRUCTION**

10 **SEC. 534-13.** Within the amounts appropriated in fiscal year 1982 pursuant to
 11 the authorization provided in section 534-12, funds may be expended for new
 12 plant and capital equipment activities, including planning, construction, acquisi-
 13 tion, or modification of facilities, including land acquisition. The following new
 14 plant and capital equipment activities are hereby authorized in an amount not to
 15 exceed the Federal share of the total estimated cost set forth for each project in
 16 budget documents submitted to the Congress in support of the fiscal year 1982
 17 budget. Within such amounts the authorizations for the new plant and capital
 18 equipment activities for fiscal year 1982 are limited as follows:

19 (a) For fossil energy activities:

20 (1) Project 82-F-506, Surface Water Containment and Waste Water
 21 Treatment Facility, Pittsburgh Energy Technology Center, Bruceton,
 22 Pennsylvania, \$1,000,000; and

23 (2) Project 82-F-505, General plant projects for technology centers, six
 24 locations, \$6,000,000;

25 (b) For nuclear fission activities:

26 (1) Project 82-N-315, General plant projects, Richland, Washington,
 27 and other sites, \$1,100,000;

28 (2) Project 82-N-310, Modification to reactors, various locations
 29 \$2,000,000; and

30 (3) Project 82-N-312, General plant projects, \$11,000,000;

31 (c) For magnetic fusion activities:

32 (1) Project GPP-82, General plant projects, two locations, \$5,700,000;

33 (d) For supporting research and technical analysis activities:

34 (1) Project 82-E-322, High Temperature Materials Laboratory, Oak
 35 Ridge National Laboratory, Oak Ridge, Tennessee, \$3,500,000;

36 (2) Project 82-E-321, Accelerator Improvements and Modifications,
 37 various locations, \$300,000;

38 (3) Project 82-E-320, General plant projects, various locations,
 39 \$300,000;

40 (4) Project 82-E-301, 300 area critical utilities upgrading, Richland,
 41 Washington, \$1,000,000;

1 (5) Project 82-E-302, Security Facility, Argonne National Laboratory,
2 Argonne, Illinois, \$1,500,000;

3 (6) Project 82-E-305, Traffic safety improvements, Richland, Washing-
4 ton, \$3,800,000; and

5 (7) Project 82-E-306, Railroad modifications, Idaho National Engineer-
6 ing Laboratory, Idaho, \$2,000,000;

7 (e) For high energy physics activities:

8 (1) Project 82-E-206, Tevatron II, Fermi National Accelerator Labo-
9 ratory, Batavia, Illinois, \$6,000,000;

10 (2) Project 82-E-205, Accelerator improvements and modifications,
11 various locations, \$7,000,000; and

12 (3) Project 82-E-204, General plant projects, various locations,
13 \$6,000,000;

14 (f) For nuclear physics activities:

15 (1) Project 82-E-223, Argonne Tandem-Linac Accelerator System
16 (ATLAS), Argonne National Laboratory, Argonne, Illinois, \$4,000,000;

17 (2) Project 82-E-221, Accelerator improvements and modifications,
18 various locations, \$2,000,000; and

19 (3) Project 82-E-222, General plant projects, various locations,
20 \$2,800,000;

21 (g) For uranium enrichment process development activities:

22 (1) Project 82-R-418, Advanced Centrifuge Test Facilities, Oak Ridge,
23 Tennessee, \$6,000,000;

24 (h) For uranium enrichment advanced isotope separation technology activities:

25 (1) Project 82-N-402, General plant projects, various locations,
26 \$650,000;

27 (i) For environmental research and development activities:

28 (1) Project 82-GPP-1, General plant projects, \$3,000,000; and

29 (2) Project 82-V-305, Modifications and additions to biomedical and en-
30 vironmental research facilities, various locations, \$1,000,000;

31 (j) For uranium resource assessment programs:

32 (1) Project 82-R-410, General plant projects, Grand Junction, Colora-
33 do, \$100,000;

34 (k) For uranium enrichment activities:

35 (1) Project 82-R-410, General plant projects, various locations,
36 \$17,500,000;

37 (2) Project 82-R-411, UF₆ cylinders and storage yards, gaseous diffu-
38 sion plants, \$11,000,000;

39 (3) Project 82-R-412, Cooling tower modifications, Oak Ridge, Tennes-
40 see and Portsmouth, Ohio, gaseous diffusion plants, \$8,000,000;

(4) Project 82-R-413, Improved UF₆ containment and gaseous diffusion plants, \$7,100,000;

(5) Project 82-R-414, Purge and cascade withdrawal modifications, gaseous diffusion plant, Paducah, Kentucky, \$9,000,000;

(6) Project 82-R-415, Fire alarm system replacement gaseous diffusion plants, \$4,700,000;

(7) Project 82-R-416, Environmental protection and safety modifications, phase II, gaseous diffusion plants, \$2,000,000; and

(8) Project 82-R-417, Air distribution system upgrading, gaseous diffusion plant, Paducah, Kentucky, \$2,700,000; and

(I) For departmental administration activities:

(1) Project 82-A-601, Modifications for energy management, various locations, \$22,200,000;

(2) Project 82-A-602, Advanced Test Reactor (ATR) waste heat recovery, Idaho National Engineering Laboratory, Idaho, \$4,900,000;

(3) Project 82-A-603, High temperature water distribution system, Los Alamos Scientific Laboratory, New Mexico, \$5,000,000; and

(4) Project 82-C-601, Plant engineering and design, various locations, \$2,000,000.

SUBPART B—OUT-YEAR AUTHORIZATIONS

AUTHORIZATIONS FOR FISCAL YEARS BEYOND 1982

SEC. 534-21. (a) Subject to the limitation set forth in subsection (b), for each fiscal year beyond 1982, except as provided in sections 534-12 and 534-13, funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act as follows:

(1) For operating expenses for the civilian programs of the Department of Energy, in the amount appropriated for each appropriation account for the previous fiscal year, plus 10 per centum;

(2) For (A) general plant projects; and (B) acquisition and fabrication of capital equipment not related to construction for the civilian programs of the Department of Energy, in the amount appropriated for each appropriation account for the previous fiscal year, plus 10 per centum.

(b) Notwithstanding subsection (a) or any other provision of law, in the aggregate there shall not be appropriated for programs of the Department of Energy, authorized by subpart A in excess of \$5,832,694,000 for the fiscal year ending on September 30, 1983, and of \$5,728,582,000 for the fiscal year ending on September 30, 1984.

(c) For each fiscal year beyond 1982, any request for an appropriation for operating expenses for the civilian programs of the Department of Energy which is not within the amount authorized pursuant to section 535-11(a) for an appropriation account shall require separate authorization.

NEW PLANT AND CAPITAL EQUIPMENT PROJECTS

SEC. 534-22. For each fiscal year beyond 1982, new plant and capital equipment projects shall be specifically authorized on a line item basis.

SUBPART C—GENERAL PROVISIONS

AUTHORIZED ADJUSTMENTS

SEC. 534-31. For purposes of this Act, the sums referred to as "the amount appropriated for each appropriation account for the previous year" in section 535-11 of this Part shall be adjusted to include—

(a) estimated yearly receipts of the Department during the current fiscal year, excluding receipts because of overcharges by persons under the jurisdiction of the Secretary of Energy or the Federal Energy Regulatory Commission;

(b) allowances for pay cost made during the current fiscal year;

(c) unobligated balances carried over from a previous fiscal year used to reduce the current year program requirements in an appropriation as directed by the appropriations committees of the House and Senate; and

(d) adjustments to reflect the current year impact of the transfer, as shown in the Department's budget year request documents, of an entire program from one appropriation to another.

SUBPART D—UNITED STATES ENERGY TARGETS

SEC. 534-41. United States energy targets:

ENERGY TARGETS

(Quadrillion Btu's per year)

	1985	1990	1995	2000
Domestic production:				
Oil and NGL	18	17	18	18
Natural gas	18	18	16	15
Coal	21	27	32	41
Nuclear	5	7	8	9
Hydro/geothermal	3	4	4	4
Renewables	2	3	5	6
Subtotal	67	76	83	93
Imports:				
Oil	18	14	11	7
Natural gas	2	3	3	2
Coal	-1.8	-2.1	-2.2	-2.4
Subtotal	18	15	11	7
Total supply	85	90	94	100
End-use consumption:				
Petroleum liquids	32	29	28	27
Gas	17	18	18	18
Direct coal	5	6	6	7
Electricity	9	10	11	12
Decentralized solar	2	3	4	5
Subtotal	64	66	67	68
Conversion losses	21	25	28	32
Stock increase				
Total consumption	85	91	94	100

1 **PART 3—STRATEGIC PETROLEUM RESERVE**

2 **SHORT TITLE**

3 **SEC. 535-1.** This Part may be cited as the "Strategic Petroleum Reserve
4 Amendments Act of 1981".

5 **FINDINGS**

6 **SEC. 535-2.** The Congress finds that—

7 (a) the Strategic Petroleum Reserve should be regarded as a national
8 security asset of paramount importance; and

9 (b) plans for enlarging the capacity of and filling the Strategic Petro-
10 leum Reserve should be accelerated (to the extent technically and eco-
11 nomically practicable) in accordance with the provisions of the Energy
12 Policy and Conservation Act to take advantage of any increased availabil-
13 ity of crude oil in the world market from time to time.

14 **RATE OF FILLING THE STRATEGIC PETROLEUM RESERVE**

15 **SEC. 535-3.** (a) Paragraph (c)(1) of section 160 of the Energy Policy and
16 Conservation Act (42 U.S.C. 6240) is amended by inserting a period after the
17 phrase "fiscal year 1981" and deleting the rest of such paragraph.

18 (b) Paragraph (c)(2) of such section is amended by deleting everything after
19 "(2)" and inserting in lieu thereof the following: "The President shall immediate-
20 ly seek to undertake, and thereafter continue (subject to paragraph (3)), crude oil
21 acquisition, transportation, and injection activities at a level sufficient to assure
22 that crude oil in storage in the Strategic Petroleum Reserve will be increased at
23 an average annual rate of at least 300,000 barrels per day for fiscal year 1982
24 and for each fiscal year thereafter.".

25 (c) Such section is further amended by inserting a new paragraph (3) to read as
26 follows:

27 "(3) The requirements in paragraphs (1) and (2) shall cease to apply when the
28 quantity of petroleum products stored within the Strategic Petroleum Reserve is
29 at least 750,000,000 barrels.".

30 **FINANCING OF THE STRATEGIC PETROLEUM RESERVE**

31 **SEC. 535-4.** The Energy Policy and Conservation Act is amended by insert-
32 ing new sections as follows:

1 **"STRATEGIC PETROLEUM RESERVE ACCOUNT**

2 **"SEC. 167. (a) The Secretary of the Treasury shall establish in the Treasury**
 3 **of the United States a special account which shall be known as the 'Strategic**
 4 **Petroleum Reserve Account' and into such account shall be deposited:**

5 **"(1) the funds provided under section 168, and**

6 **"(2) the receipts from the sale of petroleum products in any drawdown**
 7 **and distribution of the Strategic Petroleum Reserve under section 161.**

8 **"(b) The Secretary of Energy may obligate funds from such account to imple-**
 9 **ment (with the exception of the acquisition or construction of facilities) his au-**
 10 **thorities under the provisions of this part or of title VIII of the Energy Security**
 11 **Act, but in no event may the aggregate amount obligated from the account**
 12 **exceed \$21,932,000,000 plus any proceeds deposited under paragraph (a)(2).**

13 **"PROVISION OF FUNDS**

14 **"SEC. 568. (a) The Secretary of the Treasury is directed to provide funds to**
 15 **the Strategic Petroleum Reserve Account as are necessary to meet the obliga-**
 16 **tions created under subsection 167(b).**

17 **"(b) Notwithstanding any other provision of law, the transactions under this**
 18 **section and section 167 and the receipts, obligations, and outlays created by such**
 19 **transactions shall be presented annually in the Budget of the United States Gov-**
 20 **ernment, but shall not be included in the totals of the budget and shall be exempt**
 21 **from any general limitation imposed by statute on expenditures (budget outlays)**
 22 **of the United States.**

23 **"(c) Unexpended balances of appropriations made available and obligated for**
 24 **the Strategic Petroleum Reserve (other than for the acquisition or construction of**
 25 **facilities) at the end of fiscal year 1981, shall be credited to the Strategic Petro-**
 26 **leum Reserve Account established by section 167 and orders or contracts which**
 27 **provide documentation for the obligation of those appropriations pursuant to 68**
 28 **Stat. 830, as amended (31 U.S.C. 200), shall be liquidated from the Strategic**
 29 **Petroleum Reserve Account. This transfer shall be a transaction under section**
 30 **167 for the purposes of subsection 168(b)."**

31 **EFFECT ON OTHER LAW**

32 **SEC. 535-5. The requirements and authorities contained in this Part, except**
 33 **as may be explicitly provided otherwise in this Part, shall be in addition to and**
 34 **not in lieu of any requirements or authorities contained in other law.**

35 **STORAGE OF STATE ROYALTY OIL**

36 **SEC. 535-6. Section 160 of the Energy Policy and Conservation Act is**
 37 **amended by adding at the end thereof the following new subsection:**

38 **"(f) In addition to other authority made available by law, the President is**
 39 **authorized to contract, upon such terms and conditions necessary to protect the**
 40 **interests of the United States and without regard to any procurement law or**

1 regulation, with any State of the United States to store petroleum products in the
2 Strategic Petroleum Reserve.”.

3 **QUARTERLY REPORTING REQUIREMENTS**

4 **SEC. 535-7. (a)** On or before the fifteenth day of the calendar quarter which
5 begins after the date of the enactment of this section and every ninety days
6 thereafter the Secretary of Energy shall report to Congress on activities under-
7 taken with respect to the Strategic Petroleum Reserve under this Part, includ-
8 ing—

9 (1) the amounts of petroleum stored in the Reserve, under contract and
10 in transit at the end of the previous calendar quarter;

11 (2) the projected fill rate for the Strategic Petroleum Reserve for such
12 calendar quarter;

13 (3) the average price of the petroleum acquired during the previous cal-
14 endar quarter;

15 (4) existing and projected Strategic Petroleum Reserve storage capacity
16 and plans to accelerate the acquisition or construction of such capacity;

17 (5) an analysis of any existing or anticipated problems associated with
18 acquisition, transportation, and storage of petroleum in the Reserve and
19 with the expansion of storage capacity for the Reserve;

20 (6) the amount of funds transferred to the Secretary of Energy from the
21 Strategic Petroleum Reserve Account during the previous calendar quarter
22 and in total under this Part.

23 (b) The first report submitted under subsection (a) shall include a description of
24 the current Strategic Petroleum Reserve Plan, including any proposed or antici-
25 pated amendments to the Plan.

26 **SUBTITLE E—DEPARTMENT OF HOUSING AND URBAN**
27 **DEVELOPMENT**

28 **FISCAL YEAR 1981**

29 **SEC. 541.** Notwithstanding any other provision of law, there is not authorized
30 to be appropriated to the Secretary of Housing and Urban Development, during
31 the fiscal year ending on September 30, 1981, nor may there be obligated budget
32 authority nor shall budget outlays be in excess of \$250,000 for programs of the
33 Solar Energy and Energy Conservation Bank pursuant to title V of the Energy
34 Security Act (Public Law 96-294).

35 **FISCAL YEAR 1982**

36 **SEC. 542.** Notwithstanding any other provision of law, the Secretary of Hous-
37 ing and Urban Development during the fiscal year ending September 30, 1982,
38 may not obligate budget authority in excess of \$50,000,000 for programs of the
39 Solar Energy and Energy Conservation Bank pursuant to title V of the Energy
40 Security Act.

FISCAL YEARS 1983 AND 1984

SEC. 543. Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may not obligate budget authority for programs of the Solar Energy and Energy Conservation Bank pursuant to title V of the Energy Security Act (Public Law 96-294) during the fiscal years ending on September 30, 1983, and on September 30, 1984.

CONFORMING AMENDMENT

SEC. 544. (a) Sections 522 (a) and (b) of title V of the Energy Security Act (Public Law 96-294) are amended to read as follows:

"SEC. 522. (a) There are hereby authorized to be appropriated to the Secretary of Housing and Urban Development for the purposes of this subtitle—

"(1) the sum of \$250,000 for the fiscal year ending on September 30, 1981; and

"(2) the sum of \$50,000,000 for the fiscal year ending on September 30, 1982."

(b) Redesignate section 522(c) of title V of the Energy Security Act as section 522(b).

SUBTITLE F—DEPARTMENT OF THE INTERIOR

FISCAL YEAR 1981

SEC. 551. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of the Interior during the fiscal year ending on September 30, 1981, nor may there be obligated budget authority, in excess of \$3,881,224,000 nor shall outlays be in excess of \$4,518,601,000 for Department of the Interior programs wholly or partially within the jurisdiction of the Committee on Energy and Natural Resources.

FISCAL YEARS 1982, 1983, AND 1984

SEC. 552. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of the Interior for Department of the Interior programs wholly or partially within the jurisdiction of the Committee on Energy and Natural Resources in excess of \$3,970,267,000 for the fiscal year ending on September 30, 1982, in excess of \$4,680,223,000 for the fiscal year ending on September 30, 1983, and in excess of \$4,797,281,000 for the fiscal year ending on September 30, 1984.

DEFINITION

SEC. 553. For the purposes of this subtitle, the term—

(1) "Department of the Interior programs wholly or partially within the jurisdiction of the Committee on Energy and Natural Resources" means—

(A) Alaska Native Fund amounts included in Bureau of Indian Affairs programs funded from Miscellaneous Trust Funds and Miscellaneous Permanent Appropriations accounts;

(B) Bureau of Land Management programs;

(C) Bureau of Mines programs;

(D) Heritage Conservation and Recreation Service programs;

(E) National Park Service programs other than the John F. Kennedy Center for the Performing Arts;

(F) Offices of the Solicitor and the Secretary;

(G) Office of Surface Mining Reclamation and Enforcement programs;

(H) Office of Territorial Affairs programs;

(I) United States Geological Survey programs; and

(J) Water and Power Resources Services programs.

SUBTITLE G—DEPARTMENT OF THE TREASURY

FISCAL YEAR 1981

SEC. 561. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of the Treasury during the fiscal year ending on September 30, 1981, nor may there be obligated budget authority, in excess of \$86,000,000 nor shall outlays be in excess of \$86,000,000, for Department of the Treasury programs within the jurisdiction of the Committee on Energy and Natural Resources.

FISCAL YEARS 1982, 1983, AND 1984

SEC. 562. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Secretary of the Treasury for Department of the Treasury programs within the jurisdiction of the Committee on Energy and Natural Resources in excess of \$92,000,000 for the fiscal year ending on September 30, 1982, in excess of \$99,300,000 for the fiscal year ending on September 30, 1983, and in excess of \$106,400,000 for the fiscal year ending on September 30, 1984.

DEFINITION

SEC. 563. For the purposes of this subtitle, the term—

(1) "Department of the Treasury programs within the jurisdiction of the Committee on Energy and Natural Resources" means activities which are funded from—

(A) U.S. Custom Service Miscellaneous Permanent Appropriations; and

(B) Office of Revenue Sharing Payments to the United States Territories.

SUBTITLE H—OFFICE OF THE FEDERAL INSPECTOR FOR THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

FISCAL YEAR 1981

SEC. 571. Notwithstanding any other provision of law, there is not authorized to be appropriated to the Office of the Federal Inspector for the Alaska Natural Gas Transportation System during the fiscal year ending on September 30, 1981,

1 nor may there be obligated budget authority, in excess of \$21,038,000 nor shall
2 outlays be in excess of \$19,960,000.

3 **FISCAL YEARS 1982, 1983, AND 1984**

4 **SEC. 572.** Notwithstanding any other provision of law, there is not authorized
5 to be appropriated for programs of the Office of the Federal Inspector for the
6 Alaska Natural Gas Transportation System in excess of \$36,568,000 for the
7 fiscal year ending on September 30, 1982, and in excess of \$45,532,000 for the
8 fiscal year ending on September 30, 1983, and \$46,908,000 for the fiscal year
9 ending on September 30, 1984.

10 **SUBTITLE I—PENNSYLVANIA AVENUE DEVELOPMENT**
11 **CORPORATION**

12 **FISCAL YEAR 1981**

13 **SEC. 581.** Notwithstanding any other provision of law, there is not authorized
14 to be appropriated to the Pennsylvania Avenue Development Corporation during
15 the fiscal year ending on September 30, 1981, nor may there be obligated budget
16 authority in excess of \$31,552,000 nor shall outlays be in excess of \$36,387,000.

17 **FISCAL YEARS 1982, 1983, AND 1984**

18 **SEC. 582.** Notwithstanding any other provision of law, there is not authorized
19 to be appropriated for programs of the Pennsylvania Avenue Development Cor-
20 poration in excess of \$19,040,000 for the fiscal year ending on September 30,
21 1982, in excess of \$19,541,000 for the fiscal year ending on September 30,
22 1983, and in excess of \$19,304,000 for the fiscal year ending on September 30,
23 1984.

24 **SUBTITLE J—UNITED STATES HOLOCAUST MEMORIAL COUNCIL**

25 **FISCAL YEAR 1981**

26 **SEC. 591.** Notwithstanding any other provision of law, there is not authorized
27 to be appropriated to the United States Holocaust Memorial Council during the
28 fiscal year ending on September 30, 1981, nor may there be obligated budget
29 authority, in excess of \$822,000 nor shall outlays be in excess of \$822,000.

30 **FISCAL YEARS 1982, 1983, AND 1984**

31 **SEC. 592.** Notwithstanding any other provision of law, there is not authorized
32 to be appropriated for programs of the United States Holocaust Memorial Council
33 in excess of \$900,000 for the fiscal year ending on September 30, 1982, in
34 excess of \$950,000 for the fiscal year ending on September 30, 1983, and in
35 excess of \$1,000,000 for the fiscal year ending on September 30, 1984.

36 **TITLE VI—COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS**

37 **SUBTITLE A—FEDERAL HIGHWAY ADMINISTRATION**

38 **SEC. 601.** (a) Notwithstanding any other provision of law, the total of all
39 obligations for Federal-aid highways and highway safety construction programs
40 for fiscal year 1982 shall not exceed \$8,100,000,000 for fiscal year 1983 shall
41 not exceed \$8,600,000,000, and for fiscal year 1984 shall not exceed

1 \$8,800,000,000: *Provided*, That this limitation shall not apply to obligations for
2 emergency relief under section 125 of title 23 of the United States Code.

3 (b) For fiscal year 1982 the Secretary of Transportation shall distribute the
4 limitation imposed by subsection (a) by allocation in the ratio which sums author-
5 ized to be appropriated for Federal-aid highways and highway safety construction
6 which are apportioned to each State for fiscal year 1982 bears to the total of the
7 sums authorized to be appropriated for Federal-aid highways and highway safety
8 construction which are apportioned to all the States for such fiscal year.

9 (c) During the period October 1 through December 31, 1981, no State shall
10 obligate more than 25 per centum of the amount distributed to such State under
11 subsection (b).

12 (d) Notwithstanding subsections (b) and (c), the Secretary shall—

13 (1) provide all States with authority sufficient to prevent lapses of sums
14 to be appropriated for Federal-aid highways and highway safety construc-
15 tion which have been apportioned to a State, except in those instances in
16 which a State indicates its intention to lapse sums apportioned under sec-
17 tion 104(b)(5)(A) of title 23, United States Code;

18 (2) after August 1, 1982, revise a distribution of the funds made availa-
19 ble under subsection (b) if a State will not obligate the amount distributed
20 for fiscal year 1982 and redistribute sufficient amounts to those States able
21 to obligate amounts in addition to those previously distributed during fiscal
22 year 1982; and

23 (3) not distribute amounts authorized for administrative expenses and
24 forest highways.

25 SUBTITLE B—CORPS OF ENGINEERS

26 PART A—CONSTRUCTION GENERAL

27 SEC. 611. Notwithstanding any other provision of law, no funds are authorized to
28 be appropriated to the Corps of Engineers for the prosecution of river and harbor,
29 flood control, shore protection, and related projects authorized by laws; and de-
30 tailed studies, and plans and specifications of projects authorized or made eligible
31 for selection by law, in excess of \$1,505,510,000 for the fiscal year ending Sep-
32 tember 30, 1982, in excess of \$1,688,948,000 for the fiscal year ending Septem-
33 ber 30, 1983, and in excess of \$1,575,750,000 for the fiscal year ending Septem-
34 ber 30, 1984.

35 PART B—WATER RESOURCES POLICY, PLANNING, AND RESEARCH

36 SEC. 612. There is hereby authorized to be appropriated to the President for
37 the purposes of water resources planning grants to the States, and river basin
38 commissions, Federal coordination of water resources policy, and water resources
39 research the sum of \$36,150,000 for each of the fiscal years ending September
40 30, 1982, and September 30, 1983, and the sum of \$34,150,000 for the fiscal
41 year ending September 30, 1984.

1 **SUBTITLE C—ENVIRONMENTAL PROTECTION AGENCY**

2 **PART A—WASTEWATER TREATMENT CONSTRUCTION GRANTS**

3 **SEC. 621. (a)** Section 301 of the Public Works Employment Act of 1976
4 (Public Law 94-369) is amended by striking "\$700,000,000" and inserting in
5 lieu thereof "\$416,000,000".

6 **(b)** Section 207 of the Clean Water Act is amended by striking "September
7 30, 1981, and September 30, 1982, not to exceed \$5,000,000,000 per fiscal
8 year" and inserting in lieu thereof "not to exceed \$5,000,000,000; for the fiscal
9 year ending September 30, 1980, not to exceed \$2,520,000,000; for the fiscal
10 year ending September 30, 1981, not to exceed \$2,548,837,000; and for the
11 fiscal year ending September 30, 1982, not to exceed \$0, unless there is enacted
12 legislation reducing the eligibility of projects for grants for treatment works, es-
13 tablishing an allotment formula for fiscal year 1982 funds, and otherwise reform-
14 ing the municipal sewage treatment construction grant program under this title in
15 which case the authorization for the appropriation of budget authority for the
16 fiscal year ending September 30, 1982, shall not exceed \$2,400,000,000".

17 **(c)** The share of any State in the funds appropriated under the authorizations
18 amended by this section shall not be reduced due to this section by an amount
19 greater than the unobligated balance of that appropriation for such State as of the
20 date of enactment of this Act, as determined by the Administrator of the Envi-
21 ronmental Protection Agency. The reduction in each appropriation under section
22 207 of the Clean Water Act for fiscal years 1980 and 1981 shall be distributed
23 among the States in accordance with the allotment formula specified in section
24 205(c) of the Clean Water Act. Whenever the share of a reduction exceeds the
25 unobligated balance of that appropriation for such State, the shortfall shall be
26 distributed according to such allotment formula among all the States which still
27 have unobligated balances of such appropriation in excess of their share of the
28 reduction.

29 **(d)** Of the funds appropriated to the Administrator of the Environmental Pro-
30 tection Agency, not to exceed \$416,000,000 of the funds appropriated pursuant
31 to Public Law 94-447 for fiscal year 1977, not to exceed \$2,520,000,000 of the
32 funds appropriated pursuant to Public Law 96-103 for fiscal year 1980, and not
33 to exceed \$2,548,837,000 of the funds appropriated pursuant to Public Law
34 96-526 for fiscal year 1981, may be obligated or expended by the Administrator
35 of the Environmental Protection Agency for grants relative to the construction of
36 wastewater treatment works.

37 **PART B—REGULATORY AND RESEARCH ACTIVITIES**

38 **SEC. 622.** Notwithstanding any other provision of law, no funds are authorized to
39 be appropriated to the Administrator of the Environmental Protection Agency for
40 non-energy research and development activities and for abatement, control, and com-

1 pliance activities in excess of \$540,000,000 in each of the fiscal years ending
2 September 30, 1982, September 30, 1983, and September 30, 1984.

3 **SUBTITLE D—ECONOMIC DEVELOPMENT ADMINISTRATION AND**
4 **TITLE V REGIONAL COMMISSIONS**

5 **SEC. 631. (a) The Public Works and Economic Development Act of 1965, as**
6 **amended (42 U.S.C. 3121) is amended as follows:**

7 (1) Section 105 is amended by striking "September 30, 1980, Septem-
8 ber 30, 1981, and September 30, 1982." in the first sentence and insert-
9 ing in lieu thereof "and September 30, 1980, \$128,664,000 for the fiscal
10 year ending September 30, 1981."

11 (2) Section 201(e) is amended by striking "September 30, 1980, Sep-
12 tember 30, 1981, and September 30, 1982." and inserting in lieu thereof
13 "and September 30, 1980, and \$30,085,000 for the fiscal year ending
14 September 30, 1981."

15 (3) Section 203 is amended by inserting "(a)" after "SEC. 203." and by
16 inserting the following new subsection:

17 "(b) Funds obtained by the Secretary from repayments or collections under
18 section 201 or 403, and collections and repayments received under the Act after
19 September 30, 1981, shall be transferred to miscellaneous receipts of the
20 Treasury."

21 (4) Section 204(c) is amended by striking "September 30, 1980, Sep-
22 tember 30, 1981, and September 30, 1982." and inserting in lieu thereof
23 "and September 30, 1980."

24 (5) Section 303(a) is amended by striking "September 30, 1980, Sep-
25 tember 30, 1981, and September 30, 1982." and inserting in lieu thereof
26 "and September 30, 1981, and \$17,691,000 for the fiscal year ending
27 September 30, 1981."

28 (6) Section 303(b) is amended by striking "September 30, 1981, and
29 September 30, 1982," and inserting in lieu thereof "and September 30,
30 1981,".

31 (7) Section 304(a) is amended by striking "September 30, 1980, Sep-
32 tember 30, 1981, and September 30, 1982." and inserting in lieu thereof
33 "and September 30, 1980,".

34 (8) Section 403(g) is amended by striking "September 30, 1980, Sep-
35 tember 30, 1981, and September 30, 1982." and inserting in lieu thereof
36 "and September 30, 1980,".

37 (9) Section 404 is amended by striking "September 30, 1980, Septem-
38 ber 30, 1981, and September 30, 1982." and inserting in lieu thereof
39 "and September 30, 1980,".

40 (10) Title V is repealed.

41 (11) Section 709 is amended by inserting "(a)" after "SEC. 709." and
42 insert a new subsection (b) as follows:

1 “(b) There are hereby authorized to be appropriated \$39,700,000 for the fiscal
2 year ending September 30, 1981, and \$18,000,000 for the fiscal year ending
3 September 30, 1982, for administrative expenses necessary to carry out the pro-
4 visions of this Act.”.

5 (12) Title VIII is repealed.

6 (13) Section 905 is amended by striking “September 30, 1980, Septem-
7 ber 30, 1981, and September 30, 1982.” and inserting in lieu thereof
8 “and September 30, 1980, and \$24,430,000 for the fiscal year ending
9 September 30, 1981.”.

10 (14) Title X is repealed.

11 (b) Notwithstanding any other provision of law, the total amount of loan guar-
12 antees authorized by section 202(a)(1)(C) of the Public Works and Economic
13 Development Act of 1965 shall not exceed \$163,000,000 for the fiscal year
14 ending September 30, 1981.

15 (c) There is hereby authorized to be appropriated to the Secretary of Com-
16 merce for payments made on defaulted loan guarantees under the Public Works
17 and Economic Development Act \$18,900,000 for the fiscal year ending Septem-
18 ber 30, 1981, and \$32,000,000 for the fiscal year ending September 30, 1982,
19 such sums to remain available until expended.

20 (d) Notwithstanding any other law, no funds in excess of \$322,000,000 appro-
21 priated for fiscal year 1981 may be obligated or expended for programs of the
22 Economic Development Administration.

23 SEC. 632. (a) Notwithstanding section 631(a)(10) of this Act there are author-
24 ized to be appropriated not to exceed \$22,838,000 to the Secretary of Commerce
25 for programs for regional development for fiscal year 1981.

26 (b) Notwithstanding any other law, no funds in excess of \$22,838,000 appro-
27 priated for fiscal year 1981 pursuant to Public Law 96-536 or any other law
28 may be obligated or expended by the Secretary of Commerce for programs for
29 regional development.

30 SUBTITLE E—APPALACHIAN REGIONAL COMMISSION

31 SEC. 641. (a) The Appalachian Regional Development Act of 1965, as amend-
32 ed (Public Law 89-4, as amended) is amended as follows:

33 (1) Section 105(b) is amended by striking “and not to exceed
34 \$6,700,000 for the two-fiscal-year period ending September 30, 1981 (of
35 such amount not to exceed \$1,100,000 shall be available for expenses of
36 the Federal co-chairman, his alternate, and his staff), and not to exceed
37 \$3,350,000 for the fiscal year period ending September 30, 1982 (of such
38 amount not to exceed \$550,000 shall be available for expenses of the Fed-
39 eral co-chairman, his alternate, and his staff).” and inserting in lieu thereof
40 the following: “and not to exceed \$6,297,000 for the two fiscal year
41 period ending September 30, 1981 (of such amount not to exceed
42 \$1,032,000 shall be available for expenses of the Federal co-chairman, his

1 alternate, and his staff)."

2 (2) Section 401 is amended by striking "and \$300,000,000 for the two-
3 fiscal year period ending September 30, 1981, and \$140,000,000 for the
4 fiscal year ending September 30, 1982." and inserting in lieu thereof
5 "\$142,200,000 for the two-fiscal year period ending September 30,
6 1981."

7 (3) Section 405 is amended by striking out "1982" and inserting in lieu
8 thereof "1981".

9 (b) Notwithstanding any other law, no funds in excess of \$14,700,000 appro-
10 priated for fiscal year 1981 pursuant to Public Law 96-367 or any other law
11 may be obligated or expended by the President for area development programs of
12 the Appalachian Regional Commission.

13 SUBTITLE F—TENNESSEE VALLEY AUTHORITY

14 SEC. 651. (a) Notwithstanding any other law, the Tennessee Valley Authority
15 is not authorized to obligate or expend \$177,000,000 of the funds appropriated to
16 it in Public Law 96-304, Public Law 96-367.

17 (b) Notwithstanding any other provision of law, the Tennessee Valley Authori-
18 ty shall not obligate budget authority in excess of \$33,000,000 for a coal gasifi-
19 cation plant at Murphy Hill, Alabama.

20 (c) Notwithstanding any other law, no appropriations to the Tennessee Valley
21 Authority are authorized for a coal gasification plant at Murphy Hill, Alabama, in
22 the fiscal years ending September 30, 1982, September 30, 1983, and September
23 30, 1984.

24 TITLE VII—PROVISIONS REDUCING SPENDING IN PROGRAMS 25 WITHIN JURISDICTION OF SENATE COMMITTEE ON FINANCE

26 PART A—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

27 ELIMINATION OF CHILD'S INSURANCE BENEFITS IN THE CASE OF CHILDREN

28 AGE 18 THROUGH 22 WHO ATTEND POSTSECONDARY SCHOOLS

29 SEC. 701. (a)(1) Section 202(d) of the Social Security Act is amended in para-
30 graphs (1)(B), (1)(E)(ii), (1)(F)(i), (1)(G)(III), (6)(A)(i), (6)(D)(i), (6)(E)(i), (7)(A)
31 (three places), (7)(B), and (7)(D), by striking out "full-time student" each place it
32 appears and inserting in lieu thereof "full-time elementary or secondary school
33 student".

34 (2)(A) Section 202(d) of such Act is further amended in paragraphs (7)(A) (two
35 places), (7)(B) (three places), and (7)(D), by striking out "educational institution"
36 each place it appears and inserting in lieu thereof "elementary or secondary
37 school".

38 (B) Section 202(d)(7)(A) of such Act is further amended by striking out "insti-
39 tutions involved" and inserting in lieu thereof "schools involved".

40 (3) Subparagraph (C) of section 202(d)(7) of such Act is amended to read as
41 follows:

1 “(C)(i) An ‘elementary or secondary school’ is a school which provides
2 elementary or secondary education, respectively, as determined under the
3 law of the State or other jurisdiction in which it is located.

4 “(ii) For the purpose of determining whether a child is a ‘full-time ele-
5 mentary or secondary school student’ or ‘intends to continue to be in full-
6 time attendance at an elementary or secondary school’, within the meaning
7 of this subsection, there shall be disregarded any education provided, or to
8 be provided, beyond grade 12.”.

9 (4) Section 202(d)(7)(D) of such Act is further amended by striking out “degree
10 from a four-year college or university” and inserting in lieu thereof “diploma or
11 equivalent certificate from a secondary school (as defined in subparagraph
12 (C)(i))”.

13 (5)(A) Section 202(d) of such Act is further amended in paragraphs (1)(B)(i),
14 (1)(F)(ii), (1)(G)(IV), (6)(D)(ii), (6)(E)(ii), and (7)(D) by striking out “22” each
15 place it appears in each of those paragraphs and inserting in lieu thereof “19”.

16 (B) Section 202(d)(6)(A) of such Act (as amended by paragraph (1)) is further
17 amended to read as follows:

18 “(A)(i) is a full-time elementary or secondary school student and has not
19 attained the age of 19, or (ii) is under a disability (as defined in section
20 223(d)) and has not attained the age of 22, or”.

21 (b) Except as provided in subsection (c), the amendments made by subsection
22 (a) shall apply to child’s insurance benefits under section 202(d) of the Social
23 Security Act for months after July 1982.

24 (c)(1) Notwithstanding the provisions of section 202(d) of the Social Security
25 Act (as in effect prior to or after the amendments made by subsection (a)), any
26 individual who—

27 (A) has attained the age of 18;

28 (B) is not under a disability (as defined in section 223(d) of such Act);

29 (C) is entitled to a child’s insurance benefit for August 1981; and

30 (D) is a full-time student at a postsecondary school, college, or universi-
31 ty that is an educational institution (as such terms are defined in section
32 202(d)(7) (A) and (C) of such Act as in effect prior to the amendments
33 made by subsection (a)) for any month prior to May 1982;

34 shall be entitled to a child’s benefit under section 202(d) of such Act for any
35 month after July 1981 and prior to August 1985 if such individual would be
36 entitled to such child’s benefit for such month under such section 202(d) as in
37 effect prior to the amendments made by subsection (a), but such benefits shall be
38 subject to the limitations set forth in this subsection.

39 (2) No benefit under section 202(d) of such Act shall be paid to an individual to
40 whom paragraph (1) applies for the months of May, June, July, and August,
41 beginning with benefits otherwise payable for May 1982.

1 (3) The amount of the monthly benefit payable under section 202(d) of such
 2 Act to an individual to whom paragraph (1) applies for any month after July
 3 1982 (prior to deductions on account of work required by section 203) shall not
 4 exceed the amount of the benefit to which such individual was entitled for August
 5 1981 (prior to deductions on account of work required by section 203), less an
 6 amount—

7 (A) during the months after July 1982 and before August 1983, equal
 8 to 25 percent of such benefit for August 1981;

9 (B) during the months after July 1983 and before August 1984, equal
 10 to 50 percent of such benefit for August 1981; and

11 (C) during the months after July 1984 and before August 1985, equal
 12 to 75 percent of such benefit for August 1981.

13 (4) Any individual to whom the provisions of paragraph (1) apply and whose
 14 entitlement to benefits under section 202(d) of the Social Security Act ended
 15 after July 1982 shall not subsequently become entitled, or reentitled, to benefits
 16 under such section 202(d) unless he meets the requirements of section
 17 202(d)(1)(B)(ii) of that Act.

18 REPEAL OF MINIMUM BENEFIT PROVISION

19 SEC. 702. (a) Section 215(a)(1)(C)(i) of the Social Security Act is amended to
 20 read as follows:

21 “(C)(i) No primary insurance amount computed under subparagraph (A) may
 22 be less than an amount equal to \$11.50 multiplied by the individual’s years of
 23 coverage in excess of 10, or the increased amount determined for purposes of this
 24 clause under subsection (i).”.

25 (b)(1) Section 215(a)(1)(C)(ii) of such Act is amended by striking out “For
 26 purposes of clause (i)(II)” and inserting in lieu thereof “For purposes of clause
 27 (i)”.

28 (2) Section 215(a)(3)(A) of such Act is amended by striking out “subparagraph
 29 (C)(i)(II)” and inserting in lieu thereof “subparagraph (C)(i)”.

30 (3) Section 215(a)(4) of such Act is amended—

31 (A) by striking out “subparagraph (C)(i)(II)” and inserting in lieu thereof
 32 “subparagraph (C)(i)”; and

33 (B) in subclause (I) thereof, by striking out “but without regard to
 34 clauses (iv) and (v) thereof”.

35 (4) Section 215(f)(8) of such Act is amended by striking out “subsection
 36 (a)(1)(C)(i)(II)” and inserting in lieu thereof “subsection (a)(1)(C)(i)”.

37 (5) Section 215(i)(2)(A)(ii)(II) of such Act is amended by striking out “(includ-
 38 ing a primary insurance amount determined under subsection (a)(1)(C)(i)(I), but
 39 subject to the provisions of such subsection (a)(1)(C)(i) and clauses (iv) and (v) of
 40 this subparagraph)”.

1 (6) Section 215(i)(2)(A)(ii) of such Act is amended in the matter following sub-
 2 clause (III) by striking out "subparagraph (C)(i)(II)" and inserting in lieu thereof
 3 "subparagraph (C)(i)".

4 (7) Section 215(i)(2)(A)(iii) of such Act is amended by striking out "and, with
 5 respect to a primary insurance amount determined under subsection (a)(1)(C)(i)(I),
 6 subject to the provisions of subsection (a)(1)(C)(i) and clauses (iv) and (v) of this
 7 subparagraph".

8 (8) Section 215(i)(2)(A) of such Act is amended by striking out clauses (iv) and
 9 (v) thereof.

10 (9) Section 215(i)(2)(D) of such Act is amended by striking out "subparagraph
 11 (C)(i)(II)" each place it appears and inserting in lieu thereof in each instance
 12 "subparagraph (C)(i)".

13 (10) Section 202(m) of such Act is repealed.

14 (11) Paragraphs (1) and (5) of section 202(w) of such Act are each amended by
 15 striking out "section 215(a)(1)(C)(i)(II)" and inserting in lieu thereof in each in-
 16 stance "section 215(a)(1)(C)(i)".

17 (12) Section 233(c)(2) of such Act is amended to read as follows:

18 "(2) Any such agreement may provide that an individual who is entitled to
 19 cash benefits under this title shall, notwithstanding the provisions of section
 20 202(t), receive such benefits while he resides in a foreign country which is a
 21 party to such agreement."

22 (c)(1) Section 215(a) of such Act is amended by adding at the end thereof the
 23 following new paragraph:

24 "(6)(A) The table of benefits in effect in December 1978 under this section,
 25 referred to in paragraph (4) in the matter following subparagraph (B) and in
 26 paragraph (5), revised as provided by subsection (i), as applicable, shall be ex-
 27 tended for average monthly wages of less than \$76.00 and primary insurance
 28 benefits (as determined under subsection (d)) of less than \$16.20.

29 "(B) The Secretary shall determine and promulgate in regulations the method-
 30 ology for extending the table under subparagraph (A)."

31 (2) Section 215(a)(4) of such Act is amended, in the matter following subpara-
 32 graph (B), by inserting ", as modified by paragraph (6) as in effect for August
 33 1981," after "table of benefits in effect in December 1978".

34 (3) Section 215(a)(5) of such Act is amended—

35 (A) by inserting before the period at the end of the first sentence the
 36 following: ", and, effective for months after July 1981, the table for deter-
 37 mining primary insurance amounts and maximum family benefits contained
 38 in this section in December 1978 shall be modified as specified in para-
 39 graph (6)"; and

40 (B) in the last sentence by inserting ", modified by the application of
 41 paragraph (6) as in effect in August 1981," after "December 1978".

1 (4) Section 215(f)(7) of such Act is amended by adding at the end thereof the
2 following new sentence: "Effective August 1981, the recomputation shall be
3 modified by the application of section 215(a)(6) as in effect in August 1981,
4 where applicable."

5 (5) Section 215(i)(4) of such Act is amended by inserting ", modified by the
6 application of subsection (a)(6) as in effect in August 1981," after "December
7 1978" each place it appears.

8 (6) Section 203(a)(8) of such Act is amended by inserting ", modified by the
9 application of section 215(a)(6) as in effect August 1981" before ", except that".

10 (7) Section 217(b)(1) of such Act is amended by inserting before the period at
11 the end of the first sentence the following: ", and as modified by the application
12 of section 215(a)(6) as in effect in August 1981".

13 (d)(1) Section 202(q)(4) of such Act is amended by striking out "increased" and
14 "increase" each place they appear and inserting in lieu thereof "changed" and
15 "change", respectively.

16 (2) Section 202(q)(10) of such Act is amended in the matter preceding subpara-
17 graph (A) by striking out "increased", "increase", and "increases" each place
18 they appear and inserting in lieu thereof "changed", "change", and "changes",
19 respectively.

20 (e)(1) The Secretary of Health and Human Services shall recalculate the pri-
21 mary insurance amounts applicable to—

22 (A) beneficiaries whose benefits are based on a primary insurance
23 amount that was computed under section 215(a)(1)(C)(i)(I) of the Social
24 Security Act, and

25 (B) beneficiaries with average monthly wages of less than \$76.00 and
26 primary insurance benefits of less than \$16.20 whose benefits are based on
27 primary insurance amounts computed under section 215(a)(4) or section
28 215(a)(5) of such Act.

29 (2) In the case of individuals to whom section 215(a)(1) and 215(a)(4) of such
30 Act as in effect after December 1978 do not apply, the Secretary shall recalcu-
31 late the primary insurance amount based on section 215 as in effect in December
32 1978 as though the individual had first become entitled in December 1978;
33 except that—

34 (A) the table in, or deemed to be in, the law as the result of the amend-
35 ments made by subsection (c)(1) of this section shall be used in lieu of the
36 table in effect in December 1978;

37 (B) in the case of individuals who were born after January 1, 1913, the
38 first sentence of section 215(b)(3) of the law as so in effect shall be deemed
39 to read: "For purposes of paragraph (2), the number of an individual's
40 elapsed years is the number of calendar years after 1950 (or, if later, after

1 the year of attainment of age 21) and before 1961 or, if later, the earlier
2 of the year in which such individual died or attained age 62.”;

3 (C) in the case of individuals who were born prior to January 2, 1913,
4 the first sentence of section 215(b)(3) of the law as so in effect shall be
5 deemed to read: “For purposes of paragraph (2), the number of an individ-
6 ual’s elapsed years is the number of calendar years after 1950 and before
7 1961 or, if later, the earlier of the year in which such individual died or
8 attained, in the case of a man (except as provided by section 104(j) of
9 Public Law 92-603) age 65, or in the case of a woman, age 62.”;

10 (D) section 215(b)(4) as so in effect shall be disregarded;

11 (E) section 215(d)(2)(C) as so in effect shall be disregarded;

12 (F) section 215(d)(4) shall be deemed, for purposes of such recalculation,
13 to read:

14 “(4) The provisions of this subsection as in effect in December 1977 (but
15 without regard to paragraph (2)(C)) shall be applicable to individuals who became
16 eligible for old-age or disability insurance benefits or died prior to 1978.”;

17 (G) in the case of individuals who became disabled, died, or attained age
18 65 prior to 1951, the Secretary shall by regulations provide an alternative
19 computation in lieu of the computation provided by the law as so in effect
20 (as provided by this paragraph); and

21 (H) in no event may the recalculated primary insurance amount exceed
22 the primary insurance amount that is based on an average monthly wage
23 of \$76.00 or the primary insurance amount that is based on a primary
24 insurance benefit of \$16.20.

25 (3) In the case of individuals to whom either section 215(a) (1) or (4) of such
26 Act apply, the primary insurance amount shall be recalculated under section 215
27 as in effect after December 1978; except that the table in or deemed to be in the
28 law as a result of the amendments made by subsection (c)(1) of this section shall
29 be used (where appropriate) in lieu of the table in effect in December 1978.

30 (f) The first sentence of section 202(i) of such Act is amended by inserting after
31 “primary insurance amount” the following: “(as determined without regard to
32 the amendments made by section 02 of the Omnibus Reconciliation Act of
33 1981 relating to the elimination of the minimum benefit)”.

34 (g) Part A of title XVI of the Social Security Act is amended by adding at the
35 end thereof the following new section:

36 “BENEFITS FOR INDIVIDUALS FORMERLY RECEIVING MINIMUM BENEFITS

37 UNDER TITLE II

38 “SEC. 1622. (a) Any individual who—

39 “(1) is 60 years of age or older but has not attained the age of 65;

40 “(2) would be an eligible individual or eligible spouse under section
41 1611 if such individual were 65 years of age;

1 “(3) is not otherwise eligible for a benefit under section 1611;

2 “(4) for the month of July 1981 was entitled to a monthly benefit under
3 title II of this Act for which he made application prior to August 1, 1981,
4 as determined without regard to any deductions on account of work re-
5 quired by section 203, which entitlement amount (as so determined) was
6 reduced for any month by reason of the amendments made by section 702
7 of the Omnibus Reconciliation Act of 1981 (relating to the elimination of
8 the minimum benefit); and

9 “(5) is not entitled under title II to a monthly benefit, as determined
10 without regard to any deductions on account of work required by section
11 203, in an amount equal to or greater than such entitlement amount (as so
12 determined) for July 1981;

13 shall be eligible for a benefit for each month in which he meets the requirements
14 of this subsection in an amount determined under subsection (b) or (c).

15 “(b) The amount of the monthly benefit payable under subsection (a) shall be
16 the amount of the monthly benefit which would otherwise be payable to such
17 individual under this title if he were 65 years of age; except that—

18 “(1) the amount of such monthly benefit shall not exceed—

19 “(A) in the case of an individual described in subsection (a) who
20 does not have an eligible spouse, an amount equal to the amount by
21 which such individual's monthly benefit entitlement under title II for
22 such month as determined without regard to any deductions on ac-
23 count of work required by section 203, is less than the amount of
24 such individual's monthly benefit entitlement under title II for July
25 1981 (as so determined); or

26 “(B) in the case of an individual and his spouse, both of whom are
27 individuals described in subsection (a), an amount equal to the amount
28 by which the combined amount of their monthly benefit entitlements
29 under title II for such month (as so determined), is less than the com-
30 bined amount of their monthly benefit entitlements under title II for
31 July 1981 (as so determined);

32 “(2) the benefit amount shall be determined on the basis of the dollar
33 amounts applicable under this title for July 1981 (without regard to cost-
34 of-living adjustments made after July 1981 under section 1617) in the
35 case of any individuals described in paragraph (1); and

36 “(3) in the case of an individual described in subsection (a) who has a
37 spouse eligible for benefits under this title, other than by reason of this
38 section, the amount of such monthly benefit for such individual (described
39 in subsection (a)) shall be determined under subsection (c), and the amount
40 of the monthly benefit for such spouse shall be determined in the same
41 manner as for an individual who does not have an eligible spouse.

1 “(c) The amount of the monthly benefit for an individual described in subsection (b)(3) shall be an amount equal to the amount by which—

3 “(1) the monthly benefit amount for which such individual and his spouse would be eligible for such month under this title if both he and his spouse were 65 years of age, determined on the basis of the dollar amounts applicable under this title for July 1981 (without regard to cost-of-living adjustments made after July 1981 under section 1617); exceeds

8 “(2) the monthly benefit amount under this title for which his spouse is eligible for such month;

10 except that the amount of such monthly benefit shall not exceed the amount by which such individual's monthly benefit entitlement under title II for such month, as determined without regard to deductions on account of work under section 203, is less than his monthly benefit entitlement under title II (as so determined) for July 1981.

15 “(d) An individual who is entitled to a benefit under this section shall not be considered to be an individual receiving supplemental security income benefits under this title for purposes of section 1616 of this title or of any provision of law other than this title.”.

19 (h) This section and the amendments made thereby shall be effective with respect to benefits payable under titles II and XVI of the Social Security Act for 21 months after July 1981.

22 RESTRICTIONS ON BENEFICIARIES OF THE LUMP-SUM DEATH PAYMENT

23 SEC. 703. (a) Section 202(i) of the Social Security Act (as amended by section 24 02 of this Act) is further amended—

25 (1) in the second sentence, by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

27 “(1) to a widow (as defined in section 216(c)) or widower (as defined in section 216(g)) who is entitled (or would have been so entitled had a timely application been filed), on the basis of the wages and self-employment income of such insured individual, to benefits under subsection (e), (f), or (g) of this section for the month in which occurred such individual's death; or

33 “(2) if no person qualifies for payment under the provisions of paragraph (1), or if such person dies before receiving payment, in equal shares to each person who is entitled (or would have been so entitled had a timely application been filed), on the basis of the wages and self-employment income of such insured individual, to benefits under subsection (d) of this section for the month in which occurred such individual's death.”; and

39 (2) in the third sentence, by striking out “(except a payment as authorized pursuant to clause (1)(A) of the preceding sentence)”.

1 (b) The amendments made by subsection (a) shall be effective with respect to
2 deaths occurring on or after August 1, 1981.

3 **REGENCY OF WORK TEST FOR DISABILITY BENEFITS**

4 **SEC. 704. (a)(1)** Section 223(c)(1) of the Social Security Act is amended—

5 (A) by striking out “, and” at the end of subparagraph (A) and inserting
6 in lieu thereof a semicolon;

7 (B) by adding “and” after the semicolon at the end of subparagraph (B);

8 (C) by inserting after subparagraph (B) the following new subparagraph:

9 “(C) he had not less than six quarters of coverage during the thir-
10 teen-quarter period which ends with the quarter in which such month
11 occurred;”; and

12 (D) in the matter following subparagraph (C), by inserting “for purposes
13 of subparagraphs (B) and (C)” before “a quarter shall not be counted”.

14 (2) The amendments made by paragraph (1) of this subsection shall be effective
15 with respect to an initial entitlement to benefits under section 223(a) of the Social
16 Security Act for months beginning after the month in which this Act is enacted,
17 but only in the case of an individual who became disabled within the meaning of
18 section 223(d) of such Act after the sixth month preceding the month in which
19 this Act is enacted.

20 (b)(1) Section 216(i)(3) of such Act is amended—

21 (A) by striking out “and” at the end of subparagraph (A);

22 (B) by striking out the period at the end of subparagraph (B) and insert-
23 ing in lieu thereof “; and”;

24 (C) by adding after subparagraph (B) the following new subparagraph:

25 “(C) he had not less than six quarters of coverage during the thirteen-
26 quarter period which ends with the quarter in which such month oc-
27 curred.”; and

28 (D) in the matter following subparagraph (C), by inserting “for purposes
29 of subparagraphs (B) and (C)” before “a quarter shall not be counted”.

30 (2) The amendments made by paragraph (1) of this subsection shall be effective
31 with respect to an individual who is first determined to be under a disability
32 within the meaning of section 223(d) of the Social Security Act which begins
33 after the first day of the fifth month preceding the month in which this Act is
34 enacted.

35 **REDUCTION IN DISABILITY BENEFITS ON ACCOUNT OF OTHER RELATED**
36 **PAYMENTS; EXTENSION OF OFFSET TO DISABLED WORKER BENEFICI-**
37 **ARIES AGED 62 THROUGH 64 AND THEIR FAMILIES; CHANGE IN MONTH IN**
38 **WHICH PAYMENTS ARE OFFSET**

39 **SEC. 705. (a)** Section 224 of the Social Security Act is amended—

1 (1) in the caption, by striking out "ON ACCOUNT OF RECEIPT OF
2 WORKMEN'S COMPENSATION";

3 (2) in subsection (a), in the matter preceding paragraph (1), by striking
4 out "age of 62" and inserting in lieu thereof "age of 65";

5 (3) by amending subsection (a)(2) to read as follows:

6 "(2) such individual is entitled for such month, under a law or plan of
7 the United States, a State, a political subdivision (as that term is used in
8 section 218(b)(2)), or an instrumentality of two or more States (as that
9 term is used in section 218(k)), to periodic benefits (other than benefits
10 payable under title 38, United States Code, benefits payable under a pro-
11 gram of assistance which is based on need, benefits based on service all or
12 part of which was included under an agreement entered into by a State
13 and the Secretary under section 218, and benefits under a law or plan of
14 the United States based on service all, or substantially all, of which is em-
15 ployment as defined in section 210) on account of such individual's total or
16 partial disability (whether or not permanent),";

17 (4) in subsection (a)(4), by striking out "the workmen's compensation
18 law or plan" and inserting in lieu thereof "such laws or plans";

19 (5) in subsection (b), by striking out "under a workmen's compensation
20 law or plan" and inserting in lieu thereof "for a total or partial disability
21 under a law or plan described in subsection (a)(2)";

22 (6) in subsection (d), by—

23 (A) striking out "workmen's compensation law or plan" and insert-
24 ing in lieu thereof "law or plan described in subsection (a)(2)", and

25 (B) inserting before the period at the end thereof the following: "
26 and such law or plan so provided on February 18, 1981";

27 (7) in subsection (e), by striking out "workmen's compensation"; and

28 (8) by adding at the end thereof the following new subsection:

29 "(h)(1) Notwithstanding any other provision of law, the head of any Federal
30 agency shall provide such information within its possession as the Secretary may
31 require for purposes of making a timely determination of the amount of the reduc-
32 tion, if any, required by this section in benefits payable under this title, or verify-
33 ing other information necessary in carrying out the provisions of this section.

34 "(2) The Secretary is authorized to enter into agreements with States, political
35 subdivisions, and other organizations that administer a law or plan subject to the
36 provisions of this section, in order to obtain such information as he may require to
37 carry out the provisions of this section."

38 (b) The amendments made by subsection (a) shall be effective with respect to
39 an initial entitlement to benefits under section 223(a) of the Social Security Act
40 for months beginning after the month in which this Act is enacted, but only in the

1 case of an individual who became disabled within the meaning of section 223(d)
2 after the sixth month preceding the month in which this Act is enacted.

3 **ELIMINATION OF USE OF TRUST FUNDS TO PAY FOR VOCATIONAL**

4 **REHABILITATION SERVICES FOR DISABLED BENEFICIARIES**

5 **SEC. 706.** (a) Section 222(d) of the Social Security Act is repealed.

6 (b) The repeal made by subsection (a) shall be effective with respect to fiscal
7 years beginning after September 30, 1981.

8 **PENSION REFORM ACT; COST REIMBURSEMENT**

9 **SEC. 707.** Section 1106 of the Social Security Act is amended by inserting,
10 between subsections (b) and (d), the following new subsection:

11 "(c) Notwithstanding sections 552 and 552a of title 5, United States Code, or
12 any other provision of law, whenever the Secretary determines that a request for
13 information is made in order to assist a party in interest (as defined in section
14 3(14) of the Employee Retirement Income Security Act of 1974) with respect to
15 the administration of an employee benefit plan (as defined in section 3(3) of such
16 Act), the Secretary may require the requester to pay the full cost, as determined
17 by the Secretary, of providing such information, and any amounts so paid shall be
18 deposited into the Federal Old-Age and Survivors Insurance Trust Fund."

19 **ROUNDING OF BENEFITS**

20 **SEC. 708.** (a) The text of section 215(g) of the Social Security Act is amended
21 to read as follows:

22 "(g) The amount of any monthly benefit computed under section 202 or 223
23 which (after any reduction under sections 203(a) and 224 and any deduction
24 under section 203(b), and after any deduction under section 1840(a)(1)) is not a
25 multiple of \$1 shall be rounded to the next lower multiple of \$1."

26 (b)(1) Section 202(q)(8) of such Act is amended to read as follows:

27 "(8) This subsection shall be applied after reduction under section 203(a) and
28 before application of section 215(g)."

29 (2) Section 203(a)(1) of such Act is amended by striking out the last sentence.

30 (3) Section 203(a)(3)(B)(iii) of such Act is amended by striking out the paren-
31 thetical phrase immediately preceding the semicolon at the end thereof.

32 (4) Section 203(a)(8) of such Act is amended by inserting at the end the follow-
33 ing new sentence: "For purposes of the preceding sentence the parenthetical
34 phrase immediately preceding the semicolon at the end of subsection (a)(2)(C) of
35 this section as in effect in December 1978 shall be disregarded."

36 (5) Section 215(a)(1)(A) of such Act is amended by striking out "rounded in
37 accordance with subsection (g), and thereafter".

38 (6) Section 215(i)(2)(A)(ii) of such Act is amended by striking out the semicolon
39 and all that follows in the sentence immediately following clause (III) and insert-
40 ing in lieu thereof a period.

(7) Section 215(i)(4) of such Act is amended by inserting before the period at the end of the first sentence “, except that for this purpose the last sentence in paragraph (2)(A)(ii), (2)(D)(iv), and (2)(D)(v) of this subsection as in effect in December 1978 shall be disregarded”.

(c) The amendments made by this section shall apply with respect to initial calculations and adjustments of benefit amounts attributable to periods after June 1981.

PART B—MEDICARE

LIMITATION ON COST DIFFERENTIALS

SEC. 711. (a) Section 1861(v)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

“(J) Such regulations shall provide that an inpatient routine nursing salary cost differential shall be allowable as a reimbursable cost of hospitals, at a rate not to exceed 4.5 percent, to be applied in the same manner as the nursing salary cost differential was applied to such costs for the month of April 1981.”.

(b) The Comptroller General shall conduct a study to determine the extent (if any) to which the reasonable cost of efficiently providing routine inpatient nursing care to individuals entitled to benefits under title XVIII of the Social Security Act, exceeds the average cost of providing such care to other patients. The Comptroller General shall submit a final report with respect to the results of such study to the Congress within 6 months after the date of the enactment of this Act.

(c) The amendment made by this section shall be effective with respect to services performed after the date of the enactment of this Act.

ELIMINATION OF NEED FOR OCCUPATIONAL THERAPY AS A BASIS FOR ENTITLEMENT TO HOME HEALTH SERVICES

SEC. 712. (a) Sections 1814(a)(2)(D) and 1835(a)(2)(A) of the Social Security Act are each amended by striking out “, occupational,”.

(b)(1) If this Act is enacted on or before June 30, 1981, the amendments made by this section shall become effective on such date of enactment.

(2) If this Act is enacted on or after July 1, 1981, the amendments made by this section shall apply to services furnished after the third month beginning after the date of the enactment of this Act.

ELIMINATION OF PART A COVERAGE OF ALCOHOL DETOXIFICATION FACILITY SERVICES

SEC. 713. (a) Section 1812(a) of the Social Security Act is amended—

(1) by adding “and” at the end of paragraph (2);

(2) by striking out “; and” at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

(b) Section 1814(a)(2) of such Act is amended—

1 (1) by adding "or" at the end of subparagraph (D);

2 (2) by striking out "or" at the end of subparagraph (E); and

3 (3) by striking out subparagraph (F).

4 (c) Section 1861(u) of such Act is amended by striking out "detoxification
5 facility,".

6 (d) Section 1861(bb) of such Act is repealed.

7 (e) Section 1154(b) of such Act is amended by striking out "and to review of
8 alcohol detoxification facility services".

9 (f) Section 1155(i) of such Act is repealed.

10 (g) Section 1158 of such Act is amended—

11 (1) in the matter preceding paragraph (1), by striking out "subsections

12 (d) and (e)" and inserting in lieu thereof "subsection (d)", and

13 (2) by striking out subsection (e).

14 (h) Section 931(f) of the Omnibus Reconciliation Act of 1980 is repealed.

15 (i) The amendments made by this section shall apply to services furnished after
16 the month of enactment of this Act.

17 **ELIMINATION OF CERTAIN DENTAL COVERAGE**

18 **SEC. 714.** (a)(1) Section 1814(a)(2)(E) of the Social Security Act is amended
19 by striking out "or because of the severity of the dental procedure".

20 (2) Section 1862(a)(12) of such Act is amended by striking out "or because of
21 the severity of the dental procedure,".

22 (b)(1) If this Act is enacted on or before June 30, 1981, the amendments made
23 by this section shall become effective on such date of enactment.

24 (2) If this Act is enacted on or after July 1, 1981, the amendments made by
25 this section shall apply to services furnished after the third month beginning after
26 the date of the enactment of this Act.

27 **ELIMINATION OF UNLIMITED OPEN ENROLLMENT**

28 **SEC. 715.** (a)(1) Section 1837(e) of the Social Security Act is amended to read
29 as follows:

30 "(e) There shall be a general enrollment period during the period beginning on
31 January 1 and ending on March 31 of each year."

32 (2) Section 1837(g)(3) of such Act is amended by striking out "the month in
33 which the individual files an application establishing such entitlement" and in-
34 serting in lieu thereof "the earlier of the then current or immediately succeeding
35 general enrollment period (as defined in subsection (e) of this section)".

36 (3) Section 1838(a)(2)(E) of such Act is amended by striking out "the first day
37 of the third month" and inserting in lieu thereof "the July 1".

38 (4) The second sentence of section 1839(d) of such Act is amended by striking
39 out "the month after the month in which he reenrolled" and inserting in lieu
40 thereof "the close of the enrollment period in which he reenrolled".

1 (b) The amendments made by this section shall apply to enrollments occurring
2 after the month of enactment of this Act.

3 RESTRICTIONS ON NEW BUY-IN AGREEMENTS

4 SEC. 716. (a) Section 1843 of the Social Security Act is amended by adding at
5 the end thereof the following new subsection:

6 "(i) Coverage extended to additional groups of individuals under an agreement
7 (or a modification of an agreement) requested by a State during 1981 shall not
8 extend to items and services furnished under this part after the second month
9 beginning after the date of the enactment of this subsection."

10 (b) For purposes of section 1843(e) of the Social Security Act, an individual's
11 coverage period which is terminated by reason of subsection (i) of that section
12 shall be treated as terminated under subsection (d)(3) of that section as of the last
13 day of the second month beginning after the date of the enactment of this Act.

14 ELIMINATION OF TEMPORARY DELAY IN PERIODIC INTERIM PAYMENTS

15 SEC. 717. Section 959 of the Omnibus Reconciliation Act of 1980 is repealed.

16 PNEUMOCOCCAL VACCINE

17 SEC. 718. (a)(1) Section 1861(s) of the Social Security Act is amended—

18 (A) in paragraph (8), by adding "and" after the semicolon;

19 (B) in paragraph (9), by striking out "; and" and inserting in lieu there-
20 of a period;

21 (C) by striking out paragraph (10); and

22 (D) by redesignating paragraphs (11) through (14) as paragraphs (10)
23 through (13), respectively.

24 (2) The first sentence of section 1864(a) of such Act is amended by striking out
25 "paragraphs (11) and (12)" and inserting in lieu thereof "paragraphs (10) and
26 (11)".

27 (3) Section 1862(a) of such Act is amended—

28 (A) in paragraph (1), by striking out ", or, in the case of items and
29 services described in section 1861(s)(10), which are not reasonable and
30 necessary for the prevention of illness"; and

31 (B) in paragraph (7), by striking out "(except as otherwise allowed
32 under section 1861(s)(10) and paragraph (1))".

33 (4) Section 1833(a) of such Act is amended—

34 (A) in paragraph (1)—

35 (i) by adding "and" at the end of clause (F); and

36 (ii) by striking out "and (H) with respect to items and services de-
37 scribed in section 1861(s)(10), the amounts paid shall be 100 percent
38 of the reasonable charges for such items and services,";

39 (B) in paragraph (2)(A), by striking out "and to items and services de-
40 scribed in section 1861(s)(10)"; and

1 (C) in paragraph (3), by striking out "(other than for items and services
2 described in section 1861(s)(10))".

3 (5) Section 1833(b)(2) of such Act is amended—

4 (A) by striking out the subclause designation "(A)"; and

5 (B) by striking out "or (B) for items and services described in section
6 1861(s)(10)".

7 (6) Section 1861(aa)(1)(A) of such Act is amended by striking out "and items
8 and services described in section 1861(s)(10)".

9 (7) Section 1866(a)(2)(A) of such Act is amended by striking out the last sen-
10 tence.

11 (b)(1) If this Act is enacted prior to July 1, 1981, the amendments made by
12 this section shall become effective on such date of enactment.

13 (2) If this Act is enacted on or after July 1, 1981, the amendments made by
14 this section shall apply to items and services furnished after the third month
15 beginning after the date of the enactment of this Act.

16 **CIVIL MONETARY PENALTIES FOR MEDICARE AND MEDICAID FRAUD**

17 **SEC. 719.** (a) Section 1107 of the Social Security Act is amended by adding at
18 the end thereof the following new subsection:

19 "(c)(1) Any person who presents or causes to be presented to an officer, em-
20 ployee, or agent of the United States, or of any department or agency thereof, or
21 of any State agency, a claim (as defined in paragraph (10)(B)) that the Secretary
22 determines is for a medical or other item or service—

23 "(A) that such person knows or has reason to know was not provided as
24 claimed, or

25 "(B) that was provided while such person was barred from participation
26 in the program under which such claim was made, pursuant to a determi-
27 nation by the Secretary under this section or section 1128, 1160, 1862(d),
28 or 1866,

29 shall be subject, in addition to any other penalties that may be prescribed by law,
30 to a civil penalty of not more than \$2,000 for each such item or service. In
31 addition, such a person shall be subject to an assessment of not more than twice
32 the amount claimed for each such item or service in lieu of damages sustained by
33 the United States or a State agency because of such claim.

34 "(2) The Secretary shall not make a determination adverse to any person
35 under paragraph (1) until such person has been given written notice and an
36 opportunity for a hearing on the record at which he is entitled to be represented
37 by counsel, to present witnesses, and to cross-examine witnesses against him.

38 "(3) In determining the amount of any penalty assessed pursuant to paragraph
39 (1) of this subsection, the Secretary shall take into account (A) the nature of the
40 claims and the circumstances under which they were presented, (B) the degree of

1 culpability, history of prior offenses, and financial condition of the person present-
2 ing the claims, and (C) such other matters as justice may require.

3 “(4) Any person adversely affected by a determination of the Secretary under
4 this subsection may obtain a review of such determination in the United States
5 Court of Appeals for the circuit in which such person resides, or in which the
6 claim was presented, by filing in such court, within sixty days following notifica-
7 tion to the person of the Secretary’s final determination, a written petition re-
8 questing that the determination be modified or set aside. A copy of the petition
9 shall be transmitted by the clerk of the court to the Secretary, and the Secretary
10 shall then file in the court the record in the proceeding as provided in section
11 2112 of title 28, United States Code. Upon such filing, the court shall have
12 jurisdiction of the proceeding and of the question determined therein, and shall
13 have the power to make and enter upon the pleadings, testimony, and proceed-
14 ings set forth in such record a decree affirming, modifying, remanding for further
15 consideration, or setting aside, in whole or in part, the determination of the
16 Secretary and enforcing the same to the extent that such order is affirmed or
17 modified. No objection that has not been made before the Secretary shall be
18 considered by the court, unless the failure or neglect to make such objection shall
19 be excused because of extraordinary circumstances. The findings of the Secretary
20 with respect to questions of fact, if supported by substantial evidence on the
21 record considered as a whole, shall be conclusive. If any party shall apply to the
22 court for leave to adduce additional evidence and shall show to the satisfaction of
23 the court that such additional evidence is material and that there were reasonable
24 grounds for the failure to adduce such evidence in the hearing before the Secre-
25 tary, the court may order such additional evidence to be taken before the Secre-
26 tary and to be made a part of the record. The Secretary may modify his findings
27 as to the facts, or make new findings, by reason of additional evidence so taken
28 and filed, and he shall file such modified or new findings, which findings with
29 respect to questions of fact, if supported by substantial evidence on the record
30 considered as a whole, shall be conclusive, and his recommendations, if any, for
31 the modification or setting aside of his original order. Upon the filing of the
32 record with it, the jurisdiction of the court shall be exclusive and its judgment and
33 decree shall be final, except that the same shall be subject to review by the
34 Supreme Court of the United States, as provided in section 1254 of title 28,
35 United States Code.

36 “(5) Civil penalties and assessments imposed under this subsection may be
37 compromised by the Secretary and may be recovered in a civil action in the name
38 of the United States brought in the United States district court for the district
39 where the claim was presented, or where the claimant resides, as determined by
40 the Secretary. Amounts recovered shall be paid to the Secretary, and disposed of
41 as follows: (A) a portion of amounts recovered arising out of a claim under title

1 XIX equal to the State's matching share of the amount paid by the State agency
 2 for such claim shall be paid to the State agency; (B) such portion of amounts
 3 recovered as is determined to have been paid out of the trust funds under sections
 4 1817 and 1841 shall be repaid to such trust funds; and (C) the remainder shall be
 5 deposited as miscellaneous receipts of the Treasury of the United States. The
 6 amount of such penalty, when finally determined, or the amount agreed upon in
 7 compromise, may be deducted from any sum then or later owing by the United
 8 States or a State agency to the person against whom the penalty has been
 9 assessed.

10 "(6) A determination by the Secretary to assess a penalty under paragraph (1)
 11 of this subsection shall be final upon the expiration of the sixty-day period re-
 12 ferred to in paragraph (4) unless the person against whom the penalty has been
 13 assessed files an appeal as provided in that paragraph. Matters that were raised
 14 or that could have been raised in a hearing before the Secretary or in an appeal
 15 pursuant to paragraph (4) may not be raised as a defense to a civil action by the
 16 United States to collect a penalty or damages assessed under this subsection.

17 "(7) The Secretary may refuse to make any further payment under title XVIII
 18 of this Act, or deny any further Federal financial participation under title XIX of
 19 this Act, for items or services furnished by any person with respect to whom a
 20 final determination has been made to assess a penalty under this subsection, for
 21 any item or service rendered during such period as the Secretary may deem
 22 appropriate. If the Secretary intends to exercise the authority in this subpara-
 23 graph, he shall give written notice thereof to such person and to the State agency
 24 of each State which he has reason to believe does or may use the services of such
 25 person in providing medical assistance under a State plan approved under title
 26 XIX of this Act.

27 "(8) Whenever the Secretary makes a final determination to impose a penalty
 28 under paragraph (1), he shall notify the appropriate State or local medical agency
 29 or organization, and appropriate Professional Standards Review Organization,
 30 and the appropriate State or local licensing agency or organization (including the
 31 agency specified in sections 1864(a) and 1902(a)(33)) that such a penalty has
 32 been imposed and the reasons therefor.

33 "(9) The Secretary shall initiate a proceeding to determine whether to impose
 34 a civil penalty under paragraph (1) under this subsection only as authorized by
 35 the Attorney General pursuant to procedures agreed upon by them.

36 "(10) For the purposes of this subsection—

37 "(A) the term 'State agency' means the agency established or designat-
 38 ed to administer or supervise the administration of the State plan under
 39 title XIX of this Act;

40 "(B) the term 'claim' means an application submitted by (i) a provider of
 41 services or other person, agency, or organization that furnishes items or

1 services under title XVIII of this Act, or (ii) a person, agency, or organi-
 2 zation which provides items or services under a State plan approved under
 3 title XIX of this Act, against the United States or a State agency for pay-
 4 ment for health care services under title XVIII or a State plan approved
 5 under title XIX;

6 “(C) the term ‘item or service’ includes (i) any particular item, device,
 7 medical supply, or service claimed to have been provided to a patient and
 8 listed in an itemized claim for payment, and (ii) in the case of a claim
 9 based on costs, any entry in the cost report, books of account, or other
 10 documents supporting such claim; and

11 “(D) the term ‘agency of the United States’ includes any claims proc-
 12 essing agent for a health insurance or medical services program under title
 13 XVIII or a State plan approved under title XIX.”.

14 (b) The heading of section 1107 of such Act is amended to read “PENAL-
 15 TIES”.

16 (c) Section 1903 of such Act is amended by adding at the end thereof the
 17 following new subsection:

18 “(s)(1) Notwithstanding the preceding provisions of this section, no payment
 19 shall be made to a State (except as provided under this subsection) with respect
 20 to expenditures incurred by it for services provided by any person during any
 21 period that an order for denial of payment (as authorized by section 1107(c)(7)) is
 22 effective with respect to such person.

23 “(2) Any order for denial of payment issued with respect to any person under
 24 section 1107(c)(7) shall become effective, in the case of any State plan approved
 25 under this title, on the sixtieth day after the date on which the Secretary gives
 26 notice of such order to the State agency. Upon the determination of the Secretary
 27 that any such order shall cease to be effective, he shall notify each State agency
 28 to which he has submitted notice under section 1107(c)(7) with respect to such
 29 person.

30 “(3) Whenever any order which has been issued by the Secretary under sec-
 31 tion 1107(c)(7) ceases to be effective, any payment to which any State would
 32 (except for the preceding provisions of this subsection) have been entitled under
 33 this section on account of services provided by such person shall be made to such
 34 State for the month in which such order ceases to be effective.”.

35 LESS FREQUENT SURVEYS OF SKILLED NURSING FACILITIES

36 SEC. 720. Section 1866(a)(1) of the Social Security Act is amended by striking
 37 out the second sentence.

38 PAYMENTS TO PROMOTE CLOSING AND CONVERSION OF UNDERUTILIZED 39 FACILITIES

40 SEC. 720A. (a) Part A of title XI of the Social Security Act is amended by
 41 inserting after section 1129 the following new section:

**"PAYMENTS TO PROMOTE CLOSING AND CONVERSION OF UNDERUTILIZED
FACILITIES**

"SEC. 1130. (a)(1)(A) Before the end of the third full month following the month in which this section is enacted, the Secretary shall establish a Hospital Transitional Allowance Board (hereinafter in this section referred to as the 'Board'). The Board shall have five members, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, who are knowledgeable with respect to hospital planning and hospital operations.

“(B) Members of the Board shall be appointed for three-year terms, except some initial members shall be appointed for shorter terms to permit staggered terms of office.

“(C) Members of the Board shall be entitled to per diem compensation at rates fixed by the Secretary, but not more than the current per diem equivalent at the time the service involved is rendered for grade GS-18 under section 5332 of title 5, United States Code.

“(D) The Secretary shall provide such technical, secretarial, clerical, and other assistance as the Board may need.

“(2) The Board shall receive and act upon applications by hospitals, certified for participation (other than as ‘emergency hospitals’) under titles XVIII and XIX, for transitional allowances.

“(b) For purposes of this section—

“(1) The term ‘transitional allowance’ means an amount which—

“(A) shall, solely by reason of this section, be included in a hospital’s reasonable cost for purposes of calculating payments under the programs authorized by titles V, XVIII, and XIX of this Act; and

“(B) in accordance with this section, is established by the Secretary for a hospital in recognition of a reimbursement detriment (as defined in paragraph (3)) experienced because of a qualified facility conversion (as defined in paragraph (2)).

“(2) The term ‘qualified facility conversion’ means closing, modifying, or changing the usage of an underutilized hospital facility which is expected to benefit the programs authorized under titles V, XVIII, and XIX by (A) eliminating excess bed capacity, (B) discontinuing an underutilized service for which there are adequate alternative sources, or (C) substituting for the underutilized service some other service which is needed in the area and which is consistent with the findings of an appropriate health planning agency.

“(3) A hospital which has carried out a qualified facility conversion and which continues in operation will be regarded as having experienced a ‘reimbursement detriment’—

1 “(A) to the extent that, solely because of the conversion, there is a
2 reduction in that portion of the hospital's costs attributable to capital
3 assets which are taken into account in determining reasonable cost
4 for purposes of determining amount of payment to the hospital under
5 title V, title XVIII, or a State plan approved under title XIX;

6 “(B) if the conversion results, on an interim basis, in increased op-
7 erating costs, to the extent that operating costs exceed amounts ordi-
8 narily reimbursable under title V, title XVIII, and the State plan ap-
9 proved under title XIX; or

10 “(C) in the case of complete closure of a private nonprofit hospital,
11 or local governmental hospital, other than for replacement of the hos-
12 pital, to the extent of actual debt obligations previously recognized as
13 reasonable for reimbursement, where the debt remains outstanding,
14 less any salvage value.

15 “(c)(1) Any hospital may file an application with the Board (in such form and
16 including such data and information as the Board, with the approval of the Secre-
17 tary, may require) for a transitional allowance with respect to any qualified con-
18 version which is formally initiated after September 30, 1981. The Board, with
19 the approval of the Secretary, may also establish procedures, consistent with this
20 section, by means of which a finding of a reimbursement detriment may be made
21 prior to the actual conversion.

22 “(2) The Board shall consider any application filed by a hospital, and if the
23 Board finds that—

24 “(A) the facility conversion is a qualified facility conversion, and

25 “(B) the hospital is experiencing or will experience a reimbursement
26 detriment because it carried out the qualified facility conversion,
27 the Board shall transmit to the Secretary its recommendation that the Secretary
28 establish a transitional allowance for the hospital in amounts reasonably related
29 to prior or prospective use of the facility under titles V and XVIII and the State
30 plan approved under title XIX, for a period, not to exceed twenty years as
31 specified by the Board, and, if the Board finds that the criteria in subparagraphs
32 (A) and (B) are not met, it shall advise the Secretary not to establish a transition-
33 al allowance for that hospital. For an approved closure under subsection (b)(3)(C)
34 the Board may recommend or the Secretary may approve, a lump-sum payment
35 in lieu of periodic allowances, where such payment would constitute a more effi-
36 cient and economic alternative.

37 “(3)(A) The Board shall notify a hospital of its findings and recommendations.

38 “(B) A hospital dissatisfied with a recommendation may obtain an informal or
39 formal hearing, at the discretion of the Secretary by filing (in the form and within
40 a time period established by the Secretary) a request for a hearing.

1 “(4)(A) Within thirty days after receiving a recommendation from the Board
2 respecting a transitional allowance or, if later, within thirty days after a hearing,
3 the Secretary shall make a final determination whether, and if so in what amount
4 and for what period of time, a transitional allowance will be granted to a hospital.

5 A final determination of the Secretary shall not be subject to judicial review.

6 “(B) The Secretary shall notify a hospital and any other appropriate parties of
7 the determination.

8 “(C) Any transitional allowance shall take effect on a date prescribed by the
9 Secretary, but not earlier than the date of completion of the qualified facility
10 conversion. A transitional allowance shall be included as an allowable cost item
11 in determining the reasonable cost incurred by the hospital in providing services
12 for which payment is authorized under this Act, except that the transitional al-
13 lowance shall not be considered in applying limits to costs recognized as reason-
14 able pursuant to the third sentence of section 1861(v)(1) of this Act, or in deter-
15 mining whether the reasonable cost exceeds the customary charges for a service
16 for purposes of determining the amount to be paid to a provider pursuant to
17 sections 1814(b) and 1833(a)(2) of this Act.

18 “(d) In determining the reasonable cost incurred by a hospital with respect to
19 which payment is authorized under a State plan approved under title V or title
20 XIX, any transitional allowance shall be included as an allowable cost item.

21 “(e)(1) The Secretary is authorized to establish transitional allowances only as
22 provided in paragraphs (2) and (3).

23 “(2) Prior to January 1, 1984, the Secretary is authorized to establish a tran-
24 sitional allowance for not more than fifty hospitals.

25 “(3) On and after January 1, 1984, the Secretary is authorized to establish a
26 transitional allowance for any hospital which qualifies for such an allowance
27 under the provisions of this section.

28 “(4) On or before January 1, 1983, the Secretary shall report to the Congress
29 evaluating the effectiveness of the program established under this section includ-
30 ing appropriate recommendations.”.

31 (b) The amendments made by subsection (a) shall apply only to services fur-
32 nished by a hospital during any accounting year beginning on or after October 1,
33 1981.

34 CRITERIA FOR DETERMINING REASONABLE CHARGE FOR PHYSICIANS'

35 SERVICES

36 SEC. 720B. (a) Section 1842(b) of the Social Security Act is amended—

37 (1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6),
38 respectively;

39 (2) by striking out so much of paragraph (3) as follows the first sen-
40 tence; and

41 (3) by inserting after paragraph (3) the following new paragraph:

1 “(4)(A) In determining the reasonable charge for services for purposes of para-
2 graph (3), there shall be taken into consideration the customary charges for simi-
3 lar services generally made by the physician or other person furnishing such
4 services, as well as the prevailing charges in the locality for similar services.

5 “(B)(i) Except as otherwise provided in clause (iii), no charge may be deter-
6 mined to be reasonable in the case of bills submitted or requests for payment
7 made under this part after December 31, 1970, if it exceeds the higher of (I) the
8 prevailing charge recognized by the carrier and found acceptable by the Secre-
9 tary for similar services in the same locality in administering this part on Decem-
10 ber 31, 1970, or (II) the prevailing charge level that, on the basis of statistical
11 data and methodology acceptable to the Secretary, would cover 75 percent of the
12 customary charges made for similar services in the same locality during the last
13 calendar year ending prior to the start of the fiscal year in which the bill is
14 submitted or the request for payment is made.

15 “(ii) In the case of physician services, the prevailing charge level determined
16 for purposes of clause (i)(II) for any fiscal year beginning after June 30, 1973,
17 may not (except as otherwise provided in clause (iii)) exceed (in the aggregate)
18 the level determined under such clause for the fiscal year ending June 30, 1973,
19 except to the extent that the Secretary finds, on the basis of appropriate econom-
20 ic index data, that such higher level is justified by economic changes. For any
21 twelve-month period beginning on July 1 of any year (beginning with 1982), no
22 prevailing charge level for physicians' services shall be increased to the extent
23 that it would exceed by more than one-third the statewide prevailing charge level
24 (as determined under subparagraph (D)) for that service.

25 “(iii) Notwithstanding the provisions of clauses (i) and (ii) of this subparagraph,
26 the prevailing charge level in the case of a physician service in a particular
27 locality determined pursuant to such clauses for the fiscal year beginning July 1,
28 1975, shall, if lower than the prevailing charge level for the fiscal year ending
29 June 30, 1975, in the case of a similar physician service in the same locality by
30 reason of the application of economic index data, be raised to such prevailing
31 charge level for the fiscal year ending June 30, 1975.

32 “(C) In the case of medical services, supplies, and equipment (including equip-
33 ment servicing) that, in the judgment of the Secretary, do not generally vary
34 significantly in quality from one supplier to another, the charges incurred after
35 December 31, 1972, determined to be reasonable, may not exceed the lowest
36 charge levels at which such services, supplies, and equipment are widely and
37 consistently available in a locality except to the extent and under circumstances
38 specified by the Secretary. With respect to power-operated wheelchairs for which
39 payment may be made in accordance with section 1861(s)(6), charges determined
40 to be reasonable may not exceed the lowest charge at which power-operated
41 wheelchairs are available in the locality.

1 “(D) The Secretary shall determine separate statewide prevailing charge
2 levels for each State that, on the basis of statistical data and methodology accept-
3 able to the Secretary, would cover 50 percent of the customary charges made for
4 similar services in the State during the last preceding calendar year elapsing
5 prior to the start of the fiscal year in which the bill is submitted or the request for
6 payment is made. In States with more than one carrier, the statewide prevailing
7 charge level shall be the weighted average of the fiftieth percentiles of the cus-
8 tomary charges of each carrier.

9 “(E) Notwithstanding any other provision of this paragraph, any charge for
10 any particular service or procedure performed by a doctor of medicine or osteop-
11 athy shall be regarded as a reasonable charge if—

12 “(i) the service or procedure is performed in an area which the Secre-
13 tary has designated as a physician shortage area, taking into account the
14 criteria used in making the designation of a rural health clinic under divi-
15 sions (I) and (II) of section 1861(aa)(2)(i),

16 “(ii) the physician has a regular practice in the physician shortage area,

17 “(iii) the charge does not exceed the prevailing charge level as deter-
18 mined under subparagraph (B), and

19 “(iv) the charge does not exceed the amount generally charged by such
20 physician for similar services.”.

21 (b) Section 1842(b)(3)(B) of such Act is amended by inserting before the semi-
22 colon at the end thereof the following: “; and the requirement of subparagraph
23 (B) that a bill be submitted or request for payment be made by the close of the
24 following calendar year shall not apply if failure to submit the bill or request the
25 payment by the close of such year is due to the error or misrepresentation of an
26 officer, employee, fiscal intermediary, carrier, or agent of the Department of
27 Health and Human Services performing functions under this title and acting
28 within the scope of his or its authority, and the bill is submitted or the payment is
29 requested promptly after such error or misrepresentation is eliminated or
30 corrected”.

31 (c) The amendments made by this section shall become effective on July 1,
32 1981.

33 LIMITATION ON REASONABLE COST AND REASONABLE CHARGE FOR
34 OUTPATIENT SERVICES

35 SEC. 720C. (a) Section 1861(v)(1) of the Social Security Act (as amended by
36 section 711 of this Act) is further amended by adding at the end thereof the
37 following new subparagraph:

38 “(K) The Secretary shall issue regulations that provide for the establishment of
39 limitations on the amount of any costs or charges that shall be considered reason-
40 able with respect to services provided on an outpatient basis by hospitals, com-
41 munity health centers, or clinics (other than rural health clinics), which are reim-

1 bursed on a cost basis or on the basis of cost related charges, and by physicians
 2 utilizing such outpatient facilities. Such limitations shall be reasonably related to
 3 the reasonable charges in the same area for similar services provided in physi-
 4 cians' offices.".

5 (b) Section 1842(b)(4) of such Act (as amended by section 720B of this Act) is
 6 further amended by adding at the end thereof the following new subparagraph:
 7 "(F) The amount of any charges for outpatient services which shall be consid-
 8 ered reasonable shall be subject to the limitations established by regulations
 9 issued by the Secretary pursuant to section 1861(v)(1)(K).".

10 REDUCTION IN PAYMENT FOR INAPPROPRIATE HOSPITAL SERVICES

11 SEC. 720D. (a)(1) Section 1861(v)(1)(G)(i) of the Social Security Act is amend-
 12 ed by striking out "the hospital had (during the immediately preceding calendar
 13 year) an average daily occupancy rate of 80 percent or more" and inserting in
 14 lieu thereof the following: "there is not an excess of hospital beds in such hospital
 15 or in the area of such hospital which could be converted for use in providing
 16 extended care services".

17 (2) Section 1861(v)(1)(G) of such Act is further amended by striking out clause
 18 (iv).

19 (b)(1) Section 1902(h)(1) of such Act is amended by striking out "the hospital
 20 had (during the immediately preceding calendar year) an average daily occupancy
 21 rate of 80 percent or more" and inserting in lieu thereof the following: "there is
 22 not an excess of hospital beds in such hospital or in the area of such hospital
 23 which could be converted for use in providing the required skilled nursing facility
 24 services or intermediate care facility services (as the case may be)".

25 (2) Section 1902(h) of such Act is further amended by striking out paragraph
 26 (4).

27 INCREASE IN PART B DEDUCTIBLE

28 SEC. 720E. (a) Section 1833(b) of the Social Security Act is amended by
 29 striking out "\$60" and inserting in lieu thereof "\$75".

30 (b) The amendment made by this section shall become effective on January 1,
 31 1982.

32 DELETION OF PART B DEDUCTIBLE CARRYOVER PROVISION

33 SEC. 720F. (a) Section 1833(b) of the Social Security Act is further amended
 34 by striking out clause (1) and by redesignating clauses (2), (3), and (4) as clauses
 35 (1), (2), and (3), respectively.

36 (b) The amendments made by this section shall apply with respect to expenses
 37 incurred on or after October 1, 1981.

38 PART B PREMIUMS

39 SEC. 720G. (a) Section 1839 of the Social Security Act is amended by striking
 40 out subsections (a), (b), and (c) and inserting in lieu thereof the following:

1 “(a)(1) The Secretary shall, during December of 1981 and of each year there-
 2 after, determine and promulgate the monthly premium applicable for the individ-
 3 uals enrolled under this part for the 12-month period commencing July 1 in the
 4 succeeding year. The monthly premium for all enrollees shall be equal to the
 5 amount specified in paragraph (2).

6 “(2) The Secretary shall, during December of 1981 and of each year thereaf-
 7 ter, determine the monthly actuarial rate for enrollees age 65 and over which
 8 shall be applicable for the 12-month period commencing July 1 in the succeeding
 9 year. Such actuarial rate shall be the amount the Secretary estimates to be
 10 necessary so that the aggregate amount for such 12-month period with respect to
 11 those enrollees age 65 and over will equal 24 percent of the total of the benefits
 12 and administrative costs which he estimates will be payable from the Federal
 13 Supplementary Medical Insurance Trust Fund for services provided to such en-
 14 rollees and related administrative costs incurred in such 12-month period. In
 15 calculating the monthly actuarial rate, the Secretary shall include an appropriate
 16 amount for a contingency margin.

17 “(3) Whenever the Secretary promulgates the dollar amount which shall be
 18 applicable as the monthly premium for any period, he shall, at the time such
 19 promulgation is announced, issue a public statement setting forth the actuarial
 20 assumptions and bases employed by him in arriving at the amount of an adequate
 21 actuarial rate for enrollees age 65 and over as provided in paragraph (2) and the
 22 derivation of the dollar amounts specified in such paragraph.

23 “(4) The Secretary shall also, during December of 1981 and of each year
 24 thereafter, determine the monthly actuarial rate for disabled enrollees under age
 25 65 for informational purposes. Such actuarial rate shall be the amount the Secre-
 26 tary estimates to be necessary so that the aggregate amount for such 12-month
 27 period with respect to disabled enrollees under age 65 will equal 24 percent of
 28 the total of the benefits and administrative costs which he estimates will be
 29 incurred in the Federal Supplementary Medical Insurance Trust Fund for such
 30 12-month period with respect to such enrollees. In calculating the monthly actu-
 31 arial rate under this paragraph, the Secretary shall include an appropriate
 32 amount for a contingency margin.”.

33 (b) Subsections (d), (e), and (f) of section 1839 of such Act are redesignated as
 34 subsections (b), (c), and (d), respectively.

35 (c)(1) Section 1839(b) of such Act (as so redesignated) is amended by striking
 36 out “subsection (b) or (c)” and inserting in lieu thereof “subsection (a)”.

37 (2) Section 1839(d) of such Act (as so redesignated) is amended by striking out
 38 “purposes of subsection (c)” and inserting in lieu thereof “purposes of subsection
 39 (b)”.

40 (3) Section 1818(c) of such Act is amended by striking out “subsection (c) of
 41 section 1839” and inserting in lieu thereof “subsection (a) of section 1839”.

1 (4) Section 1843(d)(1) of such Act is amended by striking out "without any
2 increase under subsection (c) thereof" and inserting in lieu thereof "without any
3 increase under subsection (b) thereof".

4 (5) Section 1844(a)(1)(A)(i) of such act is amended to read as follows:

5 " (i) $\frac{1}{12}$ of the amount of the benefits and related administrative costs
6 per enrollee age 65 and over which the Secretary estimates will be pay-
7 able from such trust fund during the 12-month period in which such month
8 occurs (as determined under section 1839(a)(2)), minus the dollar amount
9 of the premium per enrollee for such month, to".

10 (6) Section 1844(a)(1)(B)(i) of such Act is amended to read as follows:

11 " (i) $\frac{1}{12}$ of the amount of the benefits and related administrative costs
12 per enrollee under age 65 which the Secretary estimates will be payable
13 from such trust fund during the 12-month period in which such month
14 occurs (as determined under section 1839(a)(4)), minus the dollar amount
15 of the premium per enrollee for such month, to".

16 (7) Section 1876(a)(4) of such Act is amended—

17 (A) in the matter preceding subparagraph (A), by striking out "200 per-
18 cent of";

19 (B) in subparagraph (A), by striking out clause (ii) and inserting in lieu
20 thereof " (ii) $\frac{1}{12}$ of the amount of the benefits and related administrative
21 costs per enrollee age 65 and over which the Secretary estimates will be
22 payable from such trust fund during the 12-month period in which such
23 month occurs (as determined under section 1839(a)(2)),"; and

24 (C) in subparagraph (B), by striking out clause (ii) and inserting in lieu
25 thereof " (ii) $\frac{1}{12}$ of the amount of the benefits and related administrative
26 costs per enrollee under age 65 which the Secretary estimates will be pay-
27 able from such trust fund during the 12-month period in which such month
28 occurs (as determined under section 1839(a)(4)).".

29 (d) The amendments made by this section shall be effective with respect to
30 premium amounts applicable for months after June 1982.

31 **MEDICARE PAYMENTS SECONDARY IN CASES OF END STAGE RENAL DISEASE**

32 **SEC. 720H.** (a) Section 1862(b) of the Social Security Act is amended by
33 inserting "(1)" after "(b)" and by adding at the end thereof the following new
34 paragraph:

35 "(2)(A) In the case of an individual who is entitled to benefits under part A or
36 is eligible to enroll under part B solely by reason of section 226A, payment under
37 this title may not be made with respect to any item or service furnished during
38 the period described in subparagraph (B) to the extent that payment with respect
39 to expenses for such item or service has been made, or can reasonably be expect-
40 ed to be made (as determined in accordance with regulations) under any other
41 health insurance policy or health benefit plan.

1 “(B) The provisions of subparagraph (A) shall apply to an individual only
2 during the 12-month period which begins with the earlier of—

3 “(i) the month in which a regular course of renal dialysis is initiated, or

4 “(ii) in the case of an individual who receives a kidney transplant, the
5 first month in which he would be eligible for benefits under this title (if he
6 had filed an application for such benefits) under the provisions of section
7 226A(b)(1)(B).

8 “(C) Where payment for an item or service under such policy or plan is less
9 than the amount of the charge for such item or service, payment may be made
10 under this title (without regard to deductibles and coinsurance under this title) for
11 the remainder of such charge, but—

12 “(i) such payment under this title may not exceed an amount which
13 would be payable under this title for such item or service in the absence of
14 such insurance policy or health benefit plan; and

15 “(ii) such payment under this title, when combined with the amount
16 payable under such policy or plan, may not exceed the combined amount
17 which would have been payable under this title and such policy or plan if
18 this paragraph were not in effect.”.

19 (b) Section 162 of the Internal Revenue Code of 1954 (relating to trade or
20 business expenses) is amended by redesignating subsection (h) as subsection (i)
21 and by inserting after subsection (g) the following new subsection:

22 “(h) HEALTH PLANS.—

23 “(1) GENERAL RULE.—The expenses paid or incurred by an employer
24 for a health plan shall not be allowed as a deduction under this section if
25 the health plan differentiates in the benefits it provides between individuals
26 having end stage renal disease and other individuals covered by such plan
27 on the basis of the existence of end stage renal disease, the need for renal
28 dialysis, or in any other manner.

29 “(2) HEALTH PLAN.—For purposes of this subsection the term ‘health
30 plan’ means any plan of, or contributed to by, an employer to provide
31 medical care (as defined in section 213(e)) to his employees, former em-
32 ployees, or the families of such employees or former employees, directly or
33 through insurance, reimbursement, or otherwise.”.

34 (c)(1) The amendments made by subsection (a) shall become effective on the
35 date of the enactment of this Act.

36 (2) The amendments made by subsection (b) shall be effective with respect to
37 taxable years beginning on or after January 1, 1982.

1 **MEDICARE PAYMENTS SECONDARY TO FEDERAL EMPLOYEES HEALTH**

2 **BENEFITS ACT PAYMENTS**

3 **SEC. 720I. (a)** Section 1862(b) of the Social Security Act (as amended by
4 section 720H of this part) is further amended by adding at the end thereof the
5 following new paragraph:

6 “(3)(A) Payment may not be made under this title to or on behalf of any
7 individual with respect to any item or service to the extent that payment for such
8 item or service has been made, or can reasonably be expected to be made (as
9 determined in accordance with regulations), under any health benefits plan in
10 which such individual or a member of his family is enrolled under the provisions
11 of chapter 89 of title 5, United States Code.

12 “(B) Where payment for an item or service under such a plan is less than the
13 amount of the charge for such item or service, payment may be made under this
14 title (without regard to deductibles and coinsurance under this title) for the re-
15 mainder of such charge, but—

16 “(i) such payment under this title may not exceed an amount which
17 would be payable under this title for such item or service in the absence of
18 such a plan; and

19 “(ii) such payment under this title, when combined with the amount
20 payable under such a plan, may not exceed the combined amount which
21 would have been payable under this title and such plan if this paragraph
22 were not in effect.

23 “(C) Notwithstanding subparagraphs (A) and (B), payment shall be made
24 under this title as if such subparagraphs were not in effect if the Secretary enters
25 into an agreement with the Director of the Office of Personnel Management
26 which provides that payments shall be made by the Director to the Secretary, to
27 be deposited into the appropriate trust fund, within 30 days after payment has
28 been made under this title with respect to those items and services described in
29 subparagraph (A), in an amount determined under subparagraphs (D) and (E).

30 “(D) With respect to payments made under part A of this title relating to
31 items and services described in subparagraph (A), the amount of the payment by
32 the Director shall be equal to—

33 “(i) the amount which would be paid under part A of this title with re-
34 spect to such items and services if subparagraphs (A) and (B) were not in
35 effect, multiplied by

36 “(ii) a fraction, the numerator of which is the amount described in
37 clause (i) less the amount which would have been paid under part A with
38 respect to such items and services in accordance with the provisions of
39 subparagraphs (A) and (B), and the denominator of which is the amount
40 described in clause (i).

1 Amounts paid by the Director under this subparagraph shall be deposited into the
2 Federal Hospital Insurance Trust Fund.

3 "(E) With respect to payments made under part B of this title relating to items
4 and services described in subparagraph (A), the amount of the payment by the
5 Director shall be equal to—

6 "(i) the amount which would be paid under part B of this title with re-
7 spect to such items and services if subparagraphs (A) and (B) were not in
8 effect, multiplied by

9 "(ii) a fraction, the numerator of which is the amount described in
10 clause (i) less the amount which would have been paid under part B with
11 respect to such items and services in accordance with the provisions of
12 subparagraphs (A) and (B), and the denominator of which is the amount
13 described in clause (i).

14 Amounts paid by the Director under this subparagraph shall be deposited into the
15 Federal Supplementary Medical Insurance Trust Fund.

16 "(F) For purposes of subparagraphs (D)(ii) and (E)(ii), the Director and the
17 Secretary shall jointly determine the fraction described in such subparagraphs on
18 an annual basis with respect to all health benefits plans referred to in subpara-
19 graph (A), based upon the average aggregate amount which would have been
20 paid under part A or B (as the case may be) for such items and services in
21 accordance with subparagraphs (A) and (B) in the case of all such plans."

22 (b) The amendments made by this section shall be effective with respect to
23 services furnished on or after January 1, 1982, or, if later, in the case of an
24 employee or member of his family, the first day of such employee's first pay
25 period which begins after January 1, 1982.

26 PART C—MEDICAID

27 CAP ON FEDERAL MEDICAID EXPENDITURES

28 SEC. 721. (a) Section 1903 of the Social Security Act (as amended by section
29 719 of this Act) is further amended by adding at the end thereof the following
30 new subsection:

31 "(t)(1) Notwithstanding any other provision of this section, payments under
32 this title to any State for any fiscal year, other than—

33 "(A) payments under subsection (a)(3), (a)(6), or (a)(7);

34 "(B) interest paid under subsection (d)(5);

35 "(C) payments to a facility of the Indian Health Service; and

36 "(D) payments for claims relating to expenditures made during fiscal
37 year 1980 or 1981,

38 shall not exceed the amount of such State's cap for such fiscal year, as deter-
39 mined in accordance with this subsection.

40 "(2)(A) Except as provided in paragraph (3), the amount of a State's cap for
41 fiscal year 1982 shall be an amount equal to 109 percent of the estimate (based

1 upon the last such estimate for such State received by the Secretary before April
 2 1, 1981) of the Federal share of expenditures under this title (other than pay-
 3 ments described in subparagraphs (A) through (C) of paragraph (1) and payments
 4 for claims relating to expenditures made prior to October 1, 1980) in fiscal year
 5 1981 for such State.

6 “(B) Except as provided in paragraph (3), the amount of a State’s cap for fiscal
 7 year 1983 and for each fiscal year thereafter shall be an amount equal to the cap
 8 determined under this paragraph for such State for the preceding fiscal year,
 9 increased or decreased (as the case may be) by a percentage equal to the Gross
 10 National Product Implicit Price Deflator for such fiscal year (for which the cap is
 11 being determined) published by the Department of Commerce, as set forth in the
 12 President’s proposed budget for such fiscal year.

13 “(3) For fiscal year 1982 and each fiscal year thereafter—

14 “(A) the amount of the cap for Puerto Rico shall be \$45,000,000;

15 “(B) the amount of the cap for the Virgin Islands shall be \$1,000,000;

16 and

17 “(C) the amount of the cap for Guam shall be \$900,000.

18 (b) Section 1108(c) of such Act is repealed.

19 (c) The amendments made by this section shall become effective on October 1,
 20 1981.

21 FEDERAL MEDICAL ASSISTANCE PERCENTAGE

22 SEC. 722. (a) Section 1905(b) of the Social Security Act is amended by strik-
 23 ing out “shall in no case be less than 50 per centum” and inserting in lieu thereof
 24 “shall in no case be less than 40 per centum”.

25 (b) Section 1118 of such Act is amended by inserting before the period at the
 26 end thereof the following: “, and, in the case of all States, such percentage shall
 27 not be less than 50 per centum”.

28 (c) The amendments made by this section shall be effective with respect to
 29 payments for fiscal years beginning on or after October 1, 1981.

30 RECOVERY OF DISPUTED CLAIMS

31 SEC. 723. (a) Section 1903(d)(5) of the Social Security Act is amended—

32 (1) in the first sentence, by striking out “shall, at the option of the
 33 State, be retained by such State or recovered” and inserting in lieu thereof
 34 “shall be recovered”; and

35 (2) by striking out the second sentence and inserting in lieu thereof the
 36 following: “If such final determination is to the effect that such disallow-
 37 ance was not correct, the Secretary shall pay the proper amount of such
 38 Federal payment to the State, plus interest on such amount for the period
 39 beginning on the date such amount was recovered and ending on the date
 40 of such final determination at the rate (determined by the Secretary) based

1 on the average of the bond equivalent of the weekly 90-day Treasury bill
2 auction rates during such period.”.

3 (b) The amendments made by this section shall be effective with respect to any
4 disallowance by the Secretary of Health and Human Services of any claim for
5 payment under section 1903 of the Social Security Act, which disallowance—

6 (1) was made before the date of the enactment of this Act, and with
7 respect to which a final administrative decision has not been made on the
8 date of the enactment of this Act; or

9 (2) is made on or after the date of the enactment of this Act.

10 **COST-EFFECTIVE ARRANGEMENTS**

11 **SEC. 724.** (a) Section 1902(a)(23) of the Social Security Act is amended to
12 read as follows:

13 “(23) provide that limitations or restrictions elected by a State with re-
14 spect to choice by recipients of medical assistance provided for by the
15 State—

16 “(A) must be cost-effective arrangements which provide for reason-
17 able payment based upon comparison of costs at which services of
18 proper quality may be obtained and are actually available (and for
19 this purpose the plan may provide that such arrangements need not
20 be in effect in all political subdivisions of the State notwithstanding
21 the provisions of paragraph (1)); and

22 “(B) must assure that such recipients shall have reasonable access
23 to services (taking into account geographic location and reasonable
24 traveltime) for which they are eligible (including emergency services
25 and provision for timely referral and transfer to other providers when
26 medically appropriate) through providers which meet all applicable
27 standards under the State plan and whose services are available to
28 such recipients;”.

29 (b) Section 1903(m) of such Act is repealed.

30 (c) Section 1902 of such Act is amended by adding at the end thereof the
31 following new subsection:

32 “(k) The Secretary may waive any requirements of this title with respect to
33 provision of or payment for medical care in order to permit the State agency to
34 share, by means of providing additional services, with any recipient of medical
35 assistance under the State plan, any cost savings which may result from use by
36 such recipient of medical care which is more cost-effective than medical care
37 generally provided or paid for under such plan. A waiver shall not be provided
38 under this subsection unless the State provides assurances satisfactory to the
39 Secretary that the granting of such waiver would not be inconsistent with the
40 purposes of this title.”.

(d) The amendments and repeal made by this section shall become effective on the date of the enactment of this Act.

REIMBURSEMENT OF HOSPITALS AND PHYSICIANS

SEC. 725. (a)(1) Section 1902(a)(13) of the Social Security Act is amended—

(A) by striking out subparagraph (D) thereof;

(B) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively; and

(C) in subparagraph (D) as so redesignated—

(i) by striking out “skilled nursing facility and intermediate care facility” and inserting in lieu thereof “hospital, skilled nursing facility, and intermediate care facility”;

(ii) by striking out “each skilled nursing or intermediate care facility” and inserting in lieu thereof “each hospital, skilled nursing facility, and intermediate care facility”; and

(iii) by inserting before the semicolon at the end thereof the following: “; except that the rate established by the State for payment for services provided by hospitals under the plan must be established at a level such that the aggregate of the payments made under such plan for each fiscal year to hospitals shall not exceed the aggregate amount of such payments for such fiscal year which would be made for provision of the same services if reimbursement were on a reasonable cost basis as determined under section 1861(v) for purposes of title XVIII”.

(2) Section 1902(a)(20) of such Act is amended—

(A) by inserting “and” at the end of subparagraph (B);

(B) by striking out “and” at the end of subparagraph (C); and

(C) by striking out subparagraph (D).

(b) Section 1903(i)(1) of such Act is amended to read as follows:

“(1) with respect to any amount paid for physician services, or for medical services, supplies, and equipment (including equipment servicing) which in the judgment of the Secretary do not vary significantly in quality among suppliers, to the extent that the aggregate of such amounts for any fiscal year exceeds the aggregate which would be paid for such fiscal years for such items and services on the basis of reasonable charges determined under section 1842;”.

(c) Section 1902(h)(1) of such Act is amended—

(1) by striking out “shall continue to be made under the State plan approved under this title at the payment rate described in paragraph (2)” and inserting in lieu thereof “may continue to be made under the State plan but at a rate of payment not to exceed the rate described in paragraph (2)”; and

1 (2) by striking out "such payment shall be made" and inserting in lieu
2 thereof "such payment may be made".

3 (d) The amendments made by this section shall become effective on the date of
4 the enactment of this Act.

5 SERVICES FOR THE MEDICALLY NEEDY

6 SEC. 726. (a) Section 1902(a)(10) of the Social Security Act is amended—

7 (1) by adding "and" at the end of subparagraph (A);

8 (2) by striking out "and" at the end of subparagraph (B);

9 (3) by amending subparagraph (C) to read as follows:

10 "(C) that if medical assistance is included for any group of individ-
11 uals described in section 1905(a), other than individuals described in
12 subparagraph (A), then the plan shall include a description with re-
13 spect to each such group of the criteria for determining eligibility for,
14 and the extent of, such medical assistance;" and

15 (4) in the matter following subparagraph (C), by inserting "and" before
16 "(II)" and by striking out ", and (III)" and all that follows and inserting
17 in lieu thereof a semicolon.

18 (b) Section 1902(a)(13) of such Act (as amended by section 725 of this Act) is
19 further amended—

20 (1) in subparagraph (A), by striking out clause (i), striking out "(ii)",
21 and striking out "and" at the end thereof;

22 (2) by striking out subparagraph (C); and

23 (3) by redesignating subparagraphs (D) and (E) (as so redesignated by
24 section 725 of this Act) as subparagraphs (C) and (D), respectively.

25 (c) The amendments made by this section shall become effective on the date of
26 the enactment of this Act.

27 OPTIONAL COVERAGE FOR STUDENTS RECEIVING AFDC

28 SEC. 727. (a) Section 1902(b)(2) of the Social Security Act is amended to read
29 as follows:

30 "(2) any age requirement which excludes any individual who has not
31 attained the age of 19 and is a dependent child under part A of title IV;"

32 (b)(1) Section 1905(a)(i) of such Act is amended to read as follows:

33 "(i) under the age of 21, or, at the option of the State, under the age of
34 20, 19, or 18 as the State may choose, or any reasonable category of such
35 individuals,"

36 (2) Section 1905(a)(ii) of such Act is amended by striking out " , except for
37 section 406(a)(2), "

38 (c) The amendments made by this section shall become effective on the date of
39 the enactment of this Act.

TIME LIMITATION FOR WAIVER REQUESTS

1
2 SEC. 728. (a) Section 1902 of the Social Security Act (as amended by section
3 724 of this Act) is further amended by adding at the end thereof the following
4 new subsection:

5 “(1) Within 90 days after receiving from a State a proposed State plan or plan
6 amendment, or a request for a waiver of a requirement of this title submitted by
7 such State pursuant to a provision of this title, the Secretary shall approve or
8 disapprove the proposed plan or amendment or waiver request, or shall inform
9 the State agency in writing with respect to any additional information which may
10 be necessary in order to make a final determination with respect to the proposal
11 or request. Within 90 days after receiving such additional information, the Secre-
12 tary shall either approve or disapprove the proposed plan or amendment or
13 waiver request.”.

14 (b) The amendment made by this section shall become effective 90 days after
15 the date of the enactment of this Act.

PNEUMOCOCCAL VACCINE

16
17 SEC. 729. (a) Section 1903(a) of the Social Security Act is amended—

18 (1) by striking out “plus” at the end of paragraphs (1), (2), (3), (4), and
19 (6);

20 (2) by redesignating paragraph (7) as paragraph (8); and

21 (3) by inserting after paragraph (6) the following new paragraph:

22 “(7) an amount equal to 100 percent of the reasonable costs incurred
23 (not to exceed \$10 per vaccination) in such quarter in administering pneu-
24 mococcal vaccine (including the cost of the vaccine) to any individual aged
25 65 or older who is eligible under the plan or who is receiving supplemental
26 security income benefits under title XVI, by any physician or other provid-
27 er who participates in the State plan, or by a State or local health depart-
28 ment in such State; and”.

29 (b) Section 1903(r) of such Act is amended by striking out “paragraphs (2) and
30 (7) of subsection (a)” each place it appears in paragraphs (1)(A), (1)(C), (2)(A),
31 and (2)(C) and inserting in lieu thereof in each instance “paragraphs (2) and (8) of
32 subsection (a)”.

33 (c) The amendments made by subsections (a) and (b) shall become effective
34 with respect to vaccinations administered on or after the date of the enactment of
35 this Act.

36 (d)(1) The Secretary of Health and Human Services shall, as soon as possible
37 after the date of the enactment of this Act, issue a pneumococcal vaccine voucher
38 to each individual aged 65 or older who is an eligible individual or eligible spouse
39 for purposes of title XVI of the Social Security Act (other than an individual
40 whose benefits are reduced by reason of section 1611(e)(1)(B)), and who resides

1 in a State which has a State plan for medical assistance approved under title
2 XIX of the Social Security Act.

3 (2) The value of a voucher issued under paragraph (1), and submitted for
4 payment in accordance with paragraph (3), shall be the allowable charge by, or
5 cost to, a physician or other provider (as determined under the State plan) in
6 administering pneumococcal vaccine (including the cost of the vaccine) to the
7 individual to whom such voucher was issued, but not to exceed \$10.

8 (3) Such voucher shall be accepted as payment for the administration of pneu-
9 mococcal vaccine by any physician or other provider who participates in a State
10 plan approved under title XIX of the Social Security Act, or by a State or local
11 health department in a State having such a plan, and shall be submitted by such
12 physician or provider to the State for reimbursement in accordance with the
13 requirements of such State plan.

14 (4) Any voucher issued under this section and paid by the State under such
15 State plan shall be considered an expense incurred by such State under such
16 State plan for purposes of section 1903 of the Social Security Act, and payment
17 shall be made for such vouchers under section 1903(a)(7) of such Act.

18 NONMEDICAL SERVICES FOR CERTAIN INDIVIDUALS

19 SEC. 730. (a) Section 1902(k) of the Social Security Act (as added by section
20 724 of this Act) is amended—

21 (1) by inserting “(1)” after “(k)”;

22 (2) by striking out “this subsection” and inserting in lieu thereof “this
23 paragraph”; and

24 (3) by adding at the end thereof the following new paragraph:

25 “(2) The Secretary may by waiver provide that a State plan approved under
26 this part may include as ‘medical assistance’ under such plan personal care serv-
27 ices and any other services (other than room and board) approved by the Secre-
28 tary which are provided pursuant to a plan of care to an individual who, but for
29 such services, may require institutionalization in a medical institution in which
30 the cost of his care could be reimbursed under the State plan. A waiver shall not
31 be granted under this paragraph unless the State provides assurances satisfactory
32 to the Secretary that necessary safeguards have been taken to protect the health
33 and welfare of any recipients of such services.”.

34 (b) The amendments made by this section shall become effective on the date of
35 the enactment of this Act.

36 PART D—MATERNAL AND CHILD HEALTH

37 ESTABLISHMENT OF BLOCK GRANTS

38 SEC. 731. Title V of the Social Security Act is amended to read as follows:

39 “TITLE V—BLOCK GRANTS FOR MATERNAL AND CHILD HEALTH

40 “PURPOSES OF TITLE; AUTHORIZATION OF APPROPRIATIONS

41 “SEC. 501. (a) For the purpose of enabling each State to—

1 “(1) assure mothers and children (in particular those living in poverty or
2 with limited availability of health services) access to quality maternal and
3 child health services at a reasonable cost;

4 “(2) provide services for reducing infant mortality and handicapping con-
5 ditions, reducing the costs of inpatient or long-term care services, and oth-
6 erwise promoting the health of mothers and children (especially by provid-
7 ing preventive and primary care services for children, and prenatal, deliv-
8 ery, and postpartum care for mothers);

9 “(3) provide services for locating, and for medical, surgical, corrective,
10 and other services, and care for, and facilities for diagnosis, hospitalization,
11 and aftercare for, children who are crippled or who are suffering from con-
12 ditions leading to crippling;

13 “(4) provide services related to hemophilia (without regard to age), lead-
14 based paint poisoning prevention, genetic diseases, and sudden infant death
15 syndrome; and

16 “(5) provide rehabilitation services for blind and disabled individuals
17 under the age of 16 receiving benefits under title XVI of this Act;

18 there are authorized to be appropriated \$334,500,000 for the fiscal year ending
19 September 30, 1982, and for each year thereafter.

20 “(b)(1) Of the amount appropriated under subsection (a), the Secretary shall
21 retain an amount equal to 10 percent thereof in the case of fiscal year 1982, and
22 an amount not to exceed 10 percent thereof in the case of each fiscal year there-
23 after; for the purpose of carrying out special projects of regional and national
24 significance, training, and research.

25 “(2) For purposes of paragraph (1)—

26 “(A) amounts retained by the Secretary for training shall be used to
27 make grants to public or nonprofit private institutions of higher learning
28 for training personnel for health care and related services for mothers and
29 children; and

30 “(B) amounts retained by the Secretary for research shall be used to
31 make grants to, or jointly financed cooperative arrangements with public
32 or nonprofit institutions of higher learning, and public or nonprofit private
33 agencies and organizations engaged in research or in maternal and child
34 health or crippled children's programs, and contracts with public or non-
35 profit private agencies and organizations engaged in research or in such
36 programs, for research projects relating to maternal and child health serv-
37 ices or crippled children's services which show promise of substantial con-
38 tribution to the advancement thereof.

39 “(c) The Secretary shall designate an organization within the Department of
40 Health and Human Services, which shall be responsible for—

1 “(1) the Federal discretionary grants program described in subsection
2 (b)(1);

3 “(2) promoting coordination at the Federal level of the activities author-
4 ized under this title and under title XIX of this Act, especially early and
5 periodic screening, diagnosis and treatment, related activities funded by
6 the Departments of Agriculture and Education, and under health block
7 grants and categorical health programs, such as immunizations, adminis-
8 tered by the Secretary;

9 “(3) disseminating information to the States in such areas as preventive
10 health services and advances in the care and treatment of mothers and
11 children;

12 “(4) providing technical assistance, upon request, to the States in such
13 areas as program planning, establishment of goals and objectives, stand-
14 ards of care, and evaluation; and

15 “(5) assisting in the preparation of reports to the Congress on the activ-
16 ities funded and accomplishments achieved under this title from the infor-
17 mation required to be reported by the States under sections 505 and 506.

18 "ALLOTMENTS

19 **"SEC. 502. (a) From the amounts appropriated under section 501 for any fiscal**
20 **year, and available for allotment to States after the application of section 501(b),**
21 **the Secretary shall allot to each State an amount which bears the same ratio to**
22 **such amount available for allotment as the amounts provided or allotted by the**
23 **Secretary to such State and to entities in such State for fiscal year 1981 under**
24 **this title, section 1615(e) of this Act, parts A and B of title XI of the Public**
25 **Health Service Act, and section 316 of the Public Health Service Act (as those**
26 **provisions were in effect for fiscal year 1981) bore to the amounts provided or**
27 **allotted by the Secretary under those provisions to all States and to entities in all**
28 **States for fiscal year 1981.**

29 “(b) If the ratio of—

30 “(1) the amount expended by a State from State funds (other than the
31 grant received under this title) for a fiscal year, for the purposes described
32 in section 501, to

33 “(2) the amount such State would otherwise receive (but for the provi-
34 sions of this subsection) under section 503 for such fiscal year,

35 is less than the ratio of—

36 “(3) the amount of State funds (not reimbursed by the Federal Govern-
37 ment) which such State government was required to expend in fiscal year
38 1981 in order to receive its funding for fiscal year 1981 under this title, to

39 “(4) the amount of Federal funds received by such State for fiscal year
40 1981 under this title, and under section 316 and title XI of the Public
41 Health Service Act,

1 then the amount otherwise payable under section 503 for such fiscal year shall be
 2 reduced by an amount necessary to assure that such ratio for such fiscal year is
 3 equal to such ratio for fiscal year 1981.

4 “(c) The Secretary shall conduct a study for the purpose of devising a formula
 5 for equitable distribution of funds available for allotment to the States under this
 6 title in accordance with criteria specified in subsections (a) and (b). Prior to Sep-
 7 tember 30, 1982, the Secretary shall submit a report to the Congress regarding
 8 the development of such formula and make such recommendations as he may
 9 deem appropriate in order to insure the most equitable distribution of such funds
 10 to the States.

11 “PAYMENTS TO STATES

12 “SEC. 503. The Secretary shall make payments as provided by section 203 of
 13 the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State
 14 from its allotment under section 502 from amounts appropriated for any fiscal
 15 year.

16 “USE OF GRANT MONEY

17 “SEC. 504. (a) A State may use amounts paid to it under section 503 (and
 18 amounts transferred under other provisions of law for use under this title) for any
 19 of the purposes set forth in section 501, including planning, administration, edu-
 20 cation, and evaluation, except as limited under subsection (b) or as provided
 21 under subsection (c).

22 “(b) Amounts described in subsection (a) may not be used for—

23 “(1) cash payments to intended recipients of health services;

24 “(2) the purchase or improvement of land, or the purchase, construction,
 25 or permanent improvement (other than minor remodeling) of any building
 26 or other facility;

27 “(3) satisfying any requirement for the expenditure of non-Federal funds
 28 as a condition for the receipt of Federal funds; or

29 “(4) inpatient services to the extent disapproved by the Secretary.

30 The Secretary may waive the limitation contained in paragraph (2) upon the
 31 request of a State if the Secretary finds that there are extraordinary circum-
 32 stances to justify the waiver and that granting the waiver will assist in carrying
 33 out this title.

34 “(c) From the amounts paid to it under section 503 from amounts appropriated
 35 for a fiscal year, a State may transfer up to 10 percent for use under other
 36 provisions of Federal law providing block grants for support of health services,
 37 health promotion and disease prevention activities, or social services, or for meet-
 38 ing home energy and emergency assistance needs if such other provision of law
 39 allows funds to be transferred for use under this title. The State shall inform the
 40 Secretary of any such transfer of funds.

1 “(d) Amounts described in subsection (a) shall remain available for expenditure
2 by the State until the end of the fiscal year following the fiscal year for which
3 they were appropriated.

4 “(e) A State may use a portion of the amounts described in subsection (a) for
5 the purpose of purchasing technical assistance from public or private entities if
6 the State determines that such assistance is appropriate in carrying out the pur-
7 poses referred to in such subsection.

8 **“REPORT ON INTENDED EXPENDITURES**

9 **“SEC. 505.** Prior to expenditure by a State of payments made to it under
10 section 503 for any fiscal year, the State shall prepare a report on the intended
11 use of payments the State is to receive under this title, including a consideration
12 of the needs of the State for the services referred to in section 501(a), a statement
13 of goals and objectives for meeting those needs, information on the types of
14 services to be provided and the categories or characteristics of individuals to be
15 served, and a description of the progress made in meeting the State's service and
16 outcome goals. The report shall be made available to the Secretary and shall be
17 made public within the State in such manner as to facilitate comment from any
18 person (including any Federal or other public agency) during development of the
19 report and after its completion. The report shall be revised throughout the year
20 as may be necessary to reflect substantial changes in the assessed needs and the
21 activities assisted under this title, and any revision shall be subject to the require-
22 ments of the preceding sentence.

23 **“REPORTS AND AUDITS**

24 **“SEC. 506. (a)** Each State shall prepare reports on its activities under this
25 title. Reports shall be in such form, contain such information, and be of such
26 frequency (not less often than every two years) as the State finds necessary to
27 secure an accurate description of those activities, to secure a complete record of
28 the purposes for which funds were spent, and to determine the extent to which
29 funds were expended consistent with the reports required by section 505. The
30 State shall make copies of the reports required by this section available for public
31 inspection within the State. Copies shall also be provided, upon request, to any
32 interested public agency, and each such agency may provide its views on these
33 reports to the Congress.

34 **“(b)** Each State shall, not less often than every two years, audit its expendi-
35 tures from amounts received under (or transferred to) this title. Such State audits
36 shall be conducted by an entity independent of the State agency administering a
37 program funded under this title, in accordance with generally accepted auditing
38 principles. Within thirty days following the completion of each audit report, the
39 State shall submit a copy of that audit report to the legislature of the State, to
40 appropriate State agencies, and to the Secretary. Each State shall repay to the
41 United States amounts found by the Secretary on the basis of such audit, after

1 notice and opportunity for a hearing to the State, not to have been expended in
 2 accordance with this title or the Secretary may offset such amounts against any
 3 other amount to which the State is or may become entitled under this title.
 4 "(c) The provisions of section 202 of the Intergovernmental Cooperation Act
 5 of 1968 (42 U.S.C. 4212) shall apply to block grants under this title.

6 "STATE AGENCY

7 "SEC. 507. (a) Programs carried out with allotments made available to States
 8 under this title shall be administered by the State health agency, or the supervi-
 9 sion of the administration of such programs shall be carried out by the State
 10 health agency; except that in the case of those States which on July 1, 1967,
 11 provided for administration (or supervision thereof) of the State plan under this
 12 title, as in effect on such date, by a State agency other than the State health
 13 agency, such State shall comply with the requirements of this subsection if it
 14 would otherwise comply but for the fact that such other agency administers, or
 15 supervises the administration of, any such programs providing services for crip-
 16 pled children.

17 "(b)(1) Such State agency or agencies shall participate in the coordination of
 18 activities between programs carried out under this title and the early and periodic
 19 screening, diagnosis, and treatment program under title XIX, to ensure that such
 20 program is carried out without duplication of effort, and shall participate in the
 21 cooperative arrangements with the State agency carrying out such plan under
 22 title XIX as required in section 1902(a)(11) of this Act (relating to coordination
 23 of care and services available under this title and title XIX).

24 "(2) Such State agency or agencies shall coordinate, or participate in the co-
 25 ordination of activities within the State with programs carried out under this title
 26 and related grant programs administered by the Secretary and other Federal
 27 agencies. Such programs include supplemental food programs for mothers, in-
 28 fants, and children administered by the Department of Agriculture, related educa-
 29 tion programs administered by the Department of Education, other health and
 30 developmental disability programs administered by the Secretary, and family
 31 planning services authorized under title XX of this Act."

32 REPEALS AND CONFORMING AMENDMENTS

33 SEC. 732. (a) Section 516 and title XI of the Public Health Service Act are
 34 repealed.

35 (b)(1) Section 1615(a) of the Social Security Act is amended—

36 (A) in paragraph (1), by inserting "has attained age 16 but" before "has
 37 not attained age 65"; and

38 (B) by striking out "or, in the case of any such individual who has not
 39 attained age 16, to the appropriate State agency administering the State
 40 plan under subsection (b) of this section,".

41 (2) Subsections (b) and (e) of section 1615 of such Act are repealed.

- 1 (c)(1) Section 1101(a)(9)(D) of the Social Security Act is amended by striking
2 out "V, XVIII, and XIX" and inserting in lieu thereof "XVIII and XIX".
- 3 (2) Section 1108(d) of such Act is repealed.
- 4 (3) Section 1122 of such Act is amended—
 - 5 (A) by striking out "V, XVIII, and XIX" each place it appears and
6 inserting in lieu thereof "XVIII and XIX"; and
 - 7 (B) in subsection (d)(2), by striking out "V, XVIII, or XIX" and insert-
8 ing in lieu thereof "XVIII or XIX".
- 9 (4) Section 1124 of such Act is amended—
 - 10 (A) in subsection (a)(1), by striking out "V," each place it appears; and
 - 11 (B) in subsection (a)(2)(B), by striking out "pursuant to title V or".
- 12 (5) Section 1129 of such Act is amended—
 - 13 (A) in subsection (a), by striking out "V or" each place it appears; and
 - 14 (B) in subsection (b)(2), by striking out "V, XVIII, or" and inserting in
15 lieu thereof "XVIII or".
- 16 (6) Section 1132(a)(1) of such Act is amended by striking out "V,".
- 17 (7) Section 1134 of such Act is amended by striking out "V, XVIII," and
18 inserting in lieu thereof "XVIII".
- 19 (8) Section 1172(4) of such Act is amended by striking out "V,".
- 20 (9) Section 1861(w)(2) of such Act is amended by striking out "V or".
- 21 (10) Section 222 of the Social Security Amendments of 1972 (Public Law
22 92-603) is amended—
 - 23 (A) in subsection (a)(1), by striking out "titles XIX and V" and insert-
24 ing in lieu thereof "title XIX";
 - 25 (B) in subsection (a)(3), by striking out ", XIX, and V" and inserting in
26 lieu thereof "and XIX"; and
 - 27 (C) in subsection (a)(4), by striking out "titles V and XIX" each place it
28 appears and inserting in lieu thereof "title XIX".
- 29 (11) Section 402 of the Social Security Amendments of 1967 (Public Law
30 90-248) is amended—
 - 31 (A) in subsection (a)(1), in the last sentence thereof, by striking out ", a
32 program established by a plan of a State approved under title XIX of such
33 Act, and a program established by a plan of a State approved under title
34 V of such Act" and inserting in lieu thereof "and a program established by
35 a plan of a State approved under title XIX of such Act";
 - 36 (B) in subsection (a)(2), by striking out "titles V and XIX" each place it
37 appears and inserting in lieu thereof "title XIX"; and
 - 38 (C) in subsection (b), by striking out ", XIX and V" and inserting in
39 lieu thereof "and XIX".
- 40 (12) Section 914(d) of the Omnibus Reconciliation Act of 1980 is amended by
41 striking out "V,".

1

EFFECTIVE DATE

2

3 **SEC. 733.** The amendments made by this part shall apply to fiscal years begin-
 4 ning on or after October 1, 1981.

4

PART E—UNEMPLOYMENT COMPENSATION

5

ELIMINATION OF NATIONAL TRIGGER FOR EXTENDED COMPENSATION

6

7 **SEC. 741.** (a) Section 203(a) of the Federal-State Extended Unemployment
 8 Compensation Act of 1970 is amended to read as follows:

8

9 “(a) For purposes of this title, in the case of any State, an extended benefit
 10 period—

10

11 “(1) shall begin in the State with the third week after the first week for
 12 which there is a State ‘on’ indicator in the State; and

12

13 “(2) shall end in the State at the end of the third week after the first
 14 week for which there is a State ‘off’ indicator in the State.”.

14

15 (b)(1) Section 203(b)(1)(B) of such Act is amended by striking out “by reason
 16 of a State ‘on’ indicator”.

16

17 (2) Section 203(b)(2) of such Act is amended by striking out “(or all the
 18 States)”.

18

19 (c) Section 203 of such Act is amended by repealing subsection (d).

19

20 (d) Section 203(f)(1) of such Act is amended—

20

21 (1) by striking out “For purposes of subsections (d) and (e)” and insert-
 22 ing in lieu thereof “For purposes of subsection (e)”; and

22

23 (2) in subparagraph (A), by striking out “all State agencies (or, in the
 24 case of subsection (e), by the State agency)” and inserting in lieu thereof
 25 “the State agency”.

25

26 (e) Section 203(f) of such Act is amended by striking out paragraph (2) and by
 27 redesignating paragraph (3) as paragraph (2).

27

28 (f) Section 204(a) of such Act is amended—

28

29 (1) by striking out paragraph (3); and

29

30 (2) by redesignating paragraph (4) as paragraph (3).

30

31 (g) The amendments made by this section shall apply to weeks beginning after
 32 the effective date of such amendments; and such amendments shall take effect—

32

33 (1) on the date of the enactment of this Act, if for the week in which
 34 such date occurs there is not in effect an extended benefit period on the
 35 basis of a national “on” indicator, or

35

36 (2) if for the week in which such date of enactment occurs there is in
 37 effect an extended benefit period on the basis of a national “on” indicator,
 38 the earlier of July 1, 1981, or the week following the week in which there
 is a national “off” indicator ending the extended benefit period.

1 **CHANGE IN EQUATION FOR RATE OF INSURED UNEMPLOYMENT**

2 **SEC. 742.** (a) Section 203(f)(1)(A) of the Federal-State Extended Unemploy-
3 ment Compensation Act of 1970 is amended by inserting "for regular compensa-
4 tion (other than sharable regular compensation)" after "individuals filing claims".

5 (b) The amendment made by subsection (a) shall become effective on the date
6 of the enactment of this Act, and shall apply to weeks beginning after such date.
7 For the purposes of section 203(e)(1)(A) of the Federal-State Extended Unem-
8 ployment Compensation Act of 1970, the amendment made by subsection (a)
9 shall apply to weeks beginning after the 117th week prior to such date of enact-
10 ment.

11 **CHANGE IN STATE TRIGGER FOR EXTENDED COMPENSATION**

12 **SEC. 743.** (a) Section 203(e) of the Federal-State Extended Unemployment
13 Compensation Act of 1970 is amended—

14 (1) in paragraph (1)(B), by striking out "4" and inserting in lieu thereof
15 "5"; and

16 (2) in the matter following paragraph (2), by striking out "the figure '4'
17 contained in subparagraph (B) thereof were '5'" and inserting in lieu
18 thereof "the figure '5' contained in subparagraph (B) thereof were '6'".

19 (b) The amendments made by subsection (a) shall apply to weeks beginning
20 after September 25, 1982.

21 **QUALIFYING REQUIREMENT FOR EXTENDED COMPENSATION**

22 **SEC. 744.** (a) Section 202(a) of the Federal-State Extended Unemployment
23 Compensation Act of 1970 is amended by redesignating paragraph (5) as para-
24 graph (6) and inserting after paragraph (4) the following:

25 "(5) Notwithstanding the provisions of paragraph (2), an individual shall
26 not be eligible for extended compensation unless, in the base period with
27 respect to which the individual exhausted all rights to regular compensa-
28 tion under the State law, the individual had 20 weeks of full-time insured
29 employment, or the equivalent in insured wages. For purposes of this
30 paragraph, the equivalent in insured wages shall be earnings covered by
31 the State law for compensation purposes which exceed 40 times the indi-
32 vidual's most recent weekly benefit amount or 1½ times the individual's
33 insured wages in that calendar quarter of the base period in which the
34 individual's insured wages were the highest (or one such quarter if his
35 wages were the same for more than one such quarter). The State shall by
36 law provide which one of the foregoing methods of measuring employment
37 and earnings shall be used in that State."

38 (b) Section 202(a)(6) of such Act (as redesignated by subsection (a)) is amend-
39 ed—

40 (1) by striking out "paragraphs (3) and (4)" and inserting in lieu thereof
41 "paragraphs (3), (4), and (5)"; and

1 (2) by inserting "extended compensation or" before "sharable regular
2 compensation".

3 (c) The amendments made by this section shall be effective with respect to
4 extended compensation and sharable regular compensation payable for weeks
5 which begin after September 25, 1982.

6 **ELIGIBILITY REQUIREMENTS FOR EX-SERVICEMEMBERS**

7 **SEC. 745.** (a) Section 2521(a)(1)(B) of title 5, United States Code, is amended
8 to read as follows:

9 "(B) with respect to that service, the individual—

10 "(i) was discharged or released under honorable conditions;

11 "(ii) did not resign or voluntarily leave the service; and

12 "(iii) was not released or discharged for cause as defined by the
13 Department of Defense;"

14 (b) The amendment made by subsection (a) shall become effective on July 1,
15 1981, and shall apply to all terminations of service on and after that date.

16 **LOAN REFORM MECHANISM**

17 **SEC. 746.** (a)(1) Section 3302 of the Internal Revenue Code of 1954 (relating
18 to credits against unemployment tax) is amended by adding at the end thereof the
19 following new subsections:

20 "(f) **CAP ON CREDIT REDUCTION.**—

21 "(1) **IN GENERAL.**—In the case of any State which meets the require-
22 ments of paragraph (2) with respect to any taxable year, the reduction in
23 credits otherwise applicable to taxpayers subject to the unemployment
24 compensation law of such State under subsection (c)(2) shall not exceed—

25 "(A) the greater of—

26 "(i) the percentage reduction of such credits which was in
27 effect with respect to such State under subsection (c)(2) for the
28 preceding taxable year; or

29 "(ii) 20 percent of the tax imposed under section 3301 with
30 respect to the wages paid by such taxpayer during such taxable
31 year which are attributable to such State; plus

32 "(B) in the case of a State which, for such taxable year, has a rate
33 of insured unemployment (as determined under subsections (e) and (f)
34 of section 203 of the Federal-State Extended Unemployment Com-
35 pensation Act of 1970 as in effect for taxable year 1980) which is
36 equal to or less than 80 percent of such State's average of such rates
37 for the two preceding taxable years, 10 percent of the tax imposed
38 under section 3301 with respect to the wages paid by such taxpayer
39 during such taxable year which are attributable to such State.

1 “(2) SOLVENCY REQUIREMENTS.—The requirements of this paragraph
2 are met by any State with respect to any taxable year if the Secretary of
3 Labor determines on November 10 of such taxable year that—

4 “(A) the outstanding balance for such State of advances under title
5 XII of the Social Security Act on the preceding September 30 was
6 not greater than the outstanding balance for such State of such ad-
7 vances on the second preceding September 30;

8 “(B) no State action was taken during the 12-month period ending
9 on the preceding September 30 (excluding any action required under
10 State law as in effect prior to the date of the enactment of this sub-
11 section) which has resulted or will result in a reduction in such
12 State’s unemployment tax effort (as defined by the Secretary of Labor
13 in regulations); and

14 “(C) no State action was taken during the 12-month period ending
15 on the preceding September 30 (excluding any action required under
16 State law as in effect prior to the date of the enactment of this sub-
17 section) which has resulted or will result in a net decrease in the sol-
18 vency of the State unemployment compensation system (as defined by
19 the Secretary of Labor in regulations).

20 “(3) SECRETARIAL AUTHORITY TO ALTER DETERMINATION.—Any de-
21 termination by the Secretary of Labor under subparagraph (B) or (C) of
22 paragraph (2) may be altered or reversed by the Secretary of Labor if he
23 determines that such action is warranted on the basis of the failure by
24 such State to make available timely information with respect to State ac-
25 tions.

26 “(4) CREDIT REDUCTION FOR SUBSEQUENT YEARS.—In making deter-
27 minations under subsection (c)(2) with respect to taxable years ending
28 before October 1, 1984, for which a State is not subject to the cap under
29 this subsection, any taxable year, and January 1 of such taxable year, for
30 which a State was subject to such cap shall not be taken into account in
31 determining consecutive taxable years (or January 1 thereof).

32 “(5) DEFINITIONS AND SPECIAL RULES.—The definitions and special
33 rules set forth in subsection (d) shall apply to this subsection in the same
34 manner as they apply to subsection (c).

35 “(g) WAIVER OF NEW BORROWING PROVISIONS IN PERIODS OF RECES-
36 SION.—

37 “(1) WAIVER.—The requirement of subsection (f)(2)(A) shall not be ap-
38 plicable to a State, at the option of the State, for a taxable year if such
39 State, during the Federal fiscal year ending on the preceding September
40 30 referred to in such subsection, meets the requirements of paragraph (2)
41 of this subsection.

1 “(2) REQUIREMENTS.—The requirements of this paragraph are met by
2 a State during any Federal fiscal year if—

3 “(A) there is a State ‘on’ indicator for such State for 26 or more
4 weeks during such fiscal year, as determined under section 203(e) of
5 the Federal-State Extended Unemployment Compensation Act of
6 1970 or any State option provided for under a State law enacted pur-
7 suant to such subsection; and

8 “(B) the average employer contribution rate under such State’s un-
9 employment compensation law (approved under section 3304) based
10 upon the total wages (as defined in section 3306(b) without regard to
11 the limitation contained in paragraph (1) of such section 3306(b)) paid
12 by employers during such fiscal year with respect to employment (as
13 defined in section 3306(c)) is equal to or greater than a rate equal to
14 150 percent of such average employer contribution rate for all the
15 States for such fiscal year, based upon such total wages.

16 “(3) REPAYMENT REQUIREMENTS.—

17 “(A) Any State which avails itself of a waiver allowed by para-
18 graph (1) must, within 24 months after the beginning of any subse-
19 quent Federal fiscal year during which such State did not meet the
20 requirements of paragraph (2), repay so much of its outstanding bal-
21 ance of advances under title XII of the Social Security Act as ex-
22 ceeds its balance of such advances as of the September 30 second
23 preceding the November 10 of the first taxable year in the most
24 recent period of consecutive taxable years with respect to which such
25 State availed itself of such waiver.

26 “(B) Any State which fails to meet the requirements of subpara-
27 graph (A) shall cease to be eligible under subsection (f) for taxable
28 years beginning with the taxable year in which such 24-month period
29 ends, and shall remain ineligible under such subsections until the tax-
30 able year which begins in the Federal fiscal year in which the repay-
31 ments required under this paragraph have been made.

32 “(4) LIMITATION ON WAIVER.—Notwithstanding any other provision of
33 this subsection, no State may avail itself of a waiver under paragraph (1)
34 for more than two consecutive Federal fiscal years.”

35 (2) The amendment made by paragraph (1) shall apply to taxable years begin-
36 ning after December 31, 1980, and ending before October 1, 1984.

37 (b)(1) Section 1201(a)(1) of the Social Security Act is amended by striking out
38 “, without interest,”.

39 (2) Section 1202 of such Act is amended by inserting “(a)” after “SEC. 1202.”
40 and by adding at the end thereof the following:

1 “(b)(1) Any advance made to a State under section 1201 shall be repaid at a
2 rate of interest equal to 10 percent, compounded quarterly; except that such
3 interest shall be waived if—

4 “(A) such advance is fully repaid from the State’s unemployment fund
5 before the end of the Federal fiscal year in which it was made; and

6 “(B) the Secretary of Labor certifies on September 1 of the fiscal year
7 in which such advance is made that such State’s unemployment fund has
8 reserves and income which are adequate to meet the needs of such State
9 for payment of compensation during the 6-month period beginning on Oc-
10 tober 1 of the Federal fiscal year following the fiscal year in which such
11 advance is made.

12 “(2) Interest required by reason of paragraph (1) may not be paid, directly or
13 indirectly, by a State from amounts in its unemployment fund. If the Secretary of
14 Labor determines that any State action results in the paying of such interest
15 directly or indirectly (by an equivalent reduction in State unemployment taxes or
16 otherwise) from such unemployment fund, the Secretary of Labor shall not certify
17 such State’s unemployment compensation law under section 3304 of the Internal
18 Revenue Code of 1954. Such noncertification shall be made in accordance with
19 section 3304(c) of such Code.

20 “(3)(A) Except as provided under subparagraphs (B) and (C), interest required
21 by reason of paragraph (1) shall be paid on a quarterly basis as the Secretary of
22 the Treasury determines it to be due and shall be paid so as to be received prior
23 to the last day of the quarter for which it is due. Such interest shall be paid as a
24 repayment to an offsetting receipt account established within the Treasury.

25 “(B) For the fiscal year in which an advance is made, any interest required by
26 reason of paragraph (1) shall be paid so as to be received prior to the last day of
27 such fiscal year.

28 “(C) Interest required by reason of paragraph (1) on an advance made prior to
29 October 1, 1981, shall be paid at such time after October 1, 1981, as the Secre-
30 tary of the Treasury determines to be appropriate.

31 “(c)(1) For purposes of determining whether an advance is fully repaid within
32 the fiscal year in which it was made, as determined for purposes of subsection
33 (b)(1)(A), repayments of such advances shall be applied first to the balance of
34 such advances made in the same fiscal year as such repayment.

35 “(2) Except as otherwise provided in paragraph (1), notwithstanding any other
36 provision of this title or title IX, for purposes of determining unpaid loan princi-
37 pal, any repayments of advances under this title, including reductions in such
38 advances by reason of credit reductions under section 3302 of the Internal Reve-
39 nue Code of 1954, shall be applied so as to reduce the balance of such advances
40 which has been longest outstanding.”.

1 (3) Section 3304(a) of the Internal Revenue Code of 1954 (relating to certifica-
 2 tion of State unemployment compensation laws) is amended by redesignating
 3 paragraph (17) as paragraph (18) and by inserting after paragraph (16) the fol-
 4 lowing new paragraph:

5 “(17) any interest required to be paid on advances under title XII of the
 6 Social Security Act shall be paid in a timely manner and shall not be paid,
 7 directly or indirectly (by an equivalent reduction in State unemployment
 8 taxes or otherwise) by such State from amounts in such State’s unemploy-
 9 ment fund; and”.

10 (4) The amendments made by paragraphs (1), (2), and (3) shall be effective
 11 with respect to advances made under title XII of the Social Security Act after
 12 May 5, 1981, and prior to October 1, 1984, and no further interest shall accrue
 13 on unpaid balances of such advances after September 30, 1984.

14 CERTIFICATION OF STATE UNEMPLOYMENT LAWS; EFFECTIVE DATES

15 SEC. 747. (a) Section 3304(c) of the Internal Revenue Code of 1954 is amend-
 16 ed by striking out the last two sentences and inserting in lieu thereof the follow-
 17 ing: “On October 31 of any taxable year, the Secretary of Labor shall not certify
 18 any State which, after reasonable notice and opportunity for hearing to the State
 19 agency, the Secretary of Labor finds has failed to amend its law so that it con-
 20 tains each of the provisions required by law to be included therein (including
 21 provisions relating to the Federal-State Extended Unemployment Compensation
 22 Act of 1970 (or any amendments thereto) as required under subsection (a)(11)), or
 23 has, with respect to the twelve-month period ending on such October 31, failed to
 24 comply substantially with any such provision.”.

25 (b)(1) Except as otherwise provided in paragraph (2)—

26 (A) the amendments made by sections 741 and 742 shall be required to
 27 be included in State unemployment compensation laws for purposes of cer-
 28 tifications under section 3304(c) of the Internal Revenue Code of 1954 on
 29 October 1 of any taxable year after 1980; and

30 (B) the amendments made by sections 743 and 744 shall be required to
 31 be included in such laws for purposes of such certifications on October 1 of
 32 any taxable year after 1981.

33 (2)(A) In the case of any State the legislature of which—

34 (i) does not meet in a session which begins after the date of the enact-
 35 ment of this Act and prior to September 1, 1981, and

36 (ii) if in session on the date of the enactment of this Act, does not
 37 remain in session for a period of at least 25 calendar days,
 38 the date “1980” in paragraph (1)(A) shall be deemed to be “1981”.

39 (B) In the case of any State the legislature of which—

40 (i) does not meet in a session which begins after the date of the enact-
 41 ment of this Act and prior to September 1, 1982, and

(ii) if in session on the date of the enactment of this Act, does not remain in session for a period of at least 25 calendar days, the date "1981" in paragraph (1)(B) shall be deemed to be "1982".

PART F—AID TO FAMILIES WITH DEPENDENT CHILDREN

DISREGARDS FROM EARNED INCOME FOR AFDC

SEC. 751. Section 402(a)(8) of the Social Security Act is amended to read as follows:

"(8)(A) provide that, with respect to any month, in making the determination under paragraph (7), the State agency—

"(i) shall disregard all of the earned income of each dependent child receiving aid to families with dependent children who is (as determined by the State in accordance with standards prescribed by the Secretary) a full-time student or a part-time student who is not a full-time employee attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment;

"(ii) shall disregard from the earned income of any child or relative applying for or receiving aid to families with dependent children, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first \$75 of the total of such earned income for such month (or such lesser amount as the Secretary may prescribe in the case of an individual not engaged in full-time employment or not employed throughout the month);

"(iii) shall disregard from the earned income of any child, relative, or other individual specified in clause (ii), an amount equal to expenditures for care in such month for a dependent child, or an incapacitated individual living in the same home as the dependent child, receiving aid to families with dependent children and requiring such care for such month, to the extent that such amount (for each such dependent child or incapacitated individual) does not exceed \$160 (or such lesser amount as the Secretary may prescribe in the case of an individual not engaged in full-time employment or not employed throughout the month); and

"(iv) shall disregard from the earned income of any child or relative receiving aid to families with dependent children, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, an amount equal to the first \$30 of the total of such earned income not already disregarded under the preceding provisions of this paragraph plus one-third of the remainder thereof (but excluding, for purposes of

1 this subparagraph, earned income derived from participation on a
 2 project maintained under the programs established by section 432(b)
 3 (2) and (3)); and

4 “(B) provide that (with respect to any month) the State agency—

5 “(i) shall not disregard, under clause (ii), (iii), or (iv) of subpara-
 6 graph (A), any earned income of any one of the persons specified in
 7 subparagraph (A)(ii) if such person—

8 “(I) terminated his employment or reduced his earned income
 9 without good cause within such period (of not less than thirty
 10 days) preceding such month as may be prescribed by the Secre-
 11 tary;

12 “(II) refused without good cause, within such period preced-
 13 ing such month as may be prescribed by the Secretary, to accept
 14 employment in which he is able to engage which is offered
 15 through the public employment offices of the State, or is other-
 16 wise offered by an employer if the offer of such employer is de-
 17 termined by the State or local agency administering the State
 18 plan, after notification by the employer, to be a bona fide offer of
 19 employment; or

20 “(III) failed without good cause to make a timely report (as
 21 prescribed by the State plan pursuant to paragraph (14)) to the
 22 State agency of earned income received in such month; and

23 “(ii)(I) shall not disregard, under subparagraph (A)(iv), any earned
 24 income of any of the persons specified in subparagraph (A)(ii), if, with
 25 respect to such month, the income of the persons so specified was in
 26 excess of their need, as determined by the State agency pursuant to
 27 paragraph (7) (without regard to subparagraph (A)(iv) of this para-
 28 graph), unless the persons received aid under the plan in one or more
 29 of the four months preceding such month and subparagraph (A)(iv)
 30 has not already been applied to their income for four consecutive
 31 months while they were receiving aid under the plan; and

32 “(II) in the case of the earned income of a person with respect to
 33 whom subparagraph (A)(iv) has been applied for four consecutive
 34 months, shall not apply the provisions of subparagraph (A)(iv) for so
 35 long as he continues to receive aid under the plan and shall not apply
 36 such provisions to any month thereafter until the expiration of an ad-
 37 ditional period of twelve consecutive months during which he is not a
 38 recipient of such aid;”.

39 DETERMINATION OF INCOME AND RESOURCES FOR AFDC

40 SEC. 752. Section 402(a)(7) of the Social Security Act is amended to read as
 41 follows:

1 “(7) except as may be otherwise provided in paragraph (8) or (31), pro-
2 vide that the State agency—

3 “(A) shall, in determining need, take into consideration any other
4 income and resources of any child or relative claiming aid to families
5 with dependent children, or of any other individual (living in the same
6 home as such child and relative) whose needs the State determines
7 should be considered in determining the need of the child or relative
8 claiming such aid;

9 “(B) shall determine ineligible for aid any family the combined
10 value of whose resources (reduced by any obligations or debts with
11 respect to such resources) exceeds \$1,000 or such lower amount as
12 the State may determine, but not including as a resource for purposes
13 of this subparagraph a home owned and occupied by such child, rela-
14 tive, or other individual and so much of the family member's owner-
15 ship interest in one automobile as does not exceed such amount as
16 the Secretary may prescribe; and

17 “(C) may, in the case of a family claiming or receiving aid under
18 this part for any month, take into consideration as income (to the
19 extent the State determines appropriate, as specified in such plan,
20 and notwithstanding any other provision of law)—

21 “(i) an amount not to exceed the value of the family's monthly
22 allotment of food stamp coupons, to the extent such value dupli-
23 cates the amount for food included in the maximum amount that
24 would be payable under the State plan to a family of the same
25 composition with no other income; and

26 “(ii) an amount not to exceed the value of any rent or housing
27 subsidy provided to such family, to the extent such value dupli-
28 cates the amount for housing included in the maximum amount
29 that would be payable under the State plan to a family of the
30 same composition with no other income;”.

31 INCOME LIMIT FOR AFDC ELIGIBILITY

32 SEC. 753. Section 402(a) of the Social Security Act is amended by inserting
33 before paragraph (19) the following new paragraph:

34 “(18) provide that no family shall be eligible for aid under the plan for
35 any month if, for that month, the total income of the family (other than
36 payments under the plan), without application of paragraph (8), exceeds
37 150 percent of the State's standard of need for a family of the same com-
38 position;”.

**TREATMENT OF INCOME IN EXCESS OF THE STANDARD OF NEED; LUMP SUM
PAYMENTS**

SEC. 754. Section 402(a) of the Social Security Act is amended by inserting after paragraph (16) the following new paragraph:

“(17) provide that if a person specified in paragraph (8)(A) (i) or (ii) receives in any month an amount of income which, together with all other income for that month not excluded under paragraph (8), exceeds the State’s standard of need applicable to the family of which he is a member—

“(A) such amount of income shall be considered income to such individual in the month received, and the family of which such person is a member shall be ineligible for aid under the plan for the whole number of months that equals (i) the sum of such amount and all other income received in such month, not excluded under paragraph (8), divided by (ii) the standard of need applicable to such family, and

“(B) any income remaining (which amount is less than the applicable monthly standard) shall be treated as income received in the first month following the period of ineligibility specified in subparagraph (A);”.

TREATMENT OF EARNED INCOME ADVANCE AMOUNT UNDER AFDC

SEC. 755. Section 402(d)(1) of the Social Security Act is amended to read as follows:

“(d)(1) For purposes of this part, an individual’s ‘income’ shall also include, to the extent and under the circumstances prescribed by the Secretary, an amount (which shall be treated as earned income for purposes of this part) equal to the earned income advance amount (under section 3507(a) of the Internal Revenue Code of 1954) that is (or, upon the filing of an earned income eligibility certificate, would be) payable to such individual.”.

INCOME OF STEPPARENTS LIVING WITH DEPENDENT CHILD

SEC. 756. (a) Section 402(a) of the Social Security Act is amended—

(1) by striking out “and” at the end of paragraph (29);

(2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof “; and”; and

(3) by adding after paragraph (30) the following new paragraph:

“(31) provide that, in making the determination for any month under paragraph (7), the State agency shall take into consideration so much of the income of the dependent child’s stepparent living in the same home as such child as exceeds the sum of (A) the first \$75 of the total of such stepparent’s earned income for such month (or such lesser amount as the Secretary may prescribe in the case of an individual not engaged in full-time employment or not employed throughout the month), (B) the State’s

1 standard of need under such plan for a family of the same composition as
 2 the stepparent and those other individuals living in the same household as
 3 the dependent child and claimed by such stepparent as dependents for pur-
 4 poses of determining his Federal personal income tax liability but whose
 5 needs are not taken into account in making the determination under para-
 6 graph (7), (C) amounts paid by the stepparent to individuals not living in
 7 such household and claimed by him as dependents for purposes of deter-
 8 mining his Federal personal income tax liability, and (D) payments by such
 9 stepparent of alimony or child support with respect to individuals not
 10 living in such household.”.

11 (b) Section 412(b) of the Social Security Act is amended by striking out “does
 12 not include any such relative” and inserting in lieu thereof “does not include a
 13 stepparent whose income is taken into consideration under section 402(a)(31)
 14 (regardless of whether such income exceeds the sum specified in such section) or
 15 any other such relative”.

16 COMMUNITY WORK EXPERIENCE PROGRAMS

17 SEC. 757. (a) Section 409 of the Social Security Act is amended to read as
 18 follows:

19 “COMMUNITY WORK EXPERIENCE PROGRAMS

20 “SEC. 409. (a)(1) Any State which chooses to do so may establish a communi-
 21 ty work experience program in accordance with this section. The purpose of the
 22 community work experience program is to provide experience and training for
 23 individuals not otherwise able to obtain employment, in order to assist them to
 24 move into regular employment. Community work experience programs shall be
 25 designed to improve the employability of participants through actual work experi-
 26 ence and training and to enable individuals employed under community work
 27 experience programs to move promptly into regular public or private employ-
 28 ment. The facilities of the State public employment offices may be utilized to find
 29 employment opportunities for recipients under this program. Community work
 30 experience programs shall be limited to projects which serve a useful public pur-
 31 pose in fields such as health, social service, environmental protection, education,
 32 urban and rural development and redevelopment, welfare, recreation, public fac-
 33 ilities, public safety, and day care. To the extent possible, the prior training, expe-
 34 rience, and skills of a recipient shall be utilized in making appropriate work
 35 experience assignments. A community work experience program established
 36 under this section shall provide—

37 “(A) appropriate standards for health, safety, and other conditions appli-
 38 cable to the performance of work;

39 “(B) that the program does not result in displacement of persons cur-
 40 rently employed, or the filling of established unfilled position vacancies;

1 “(C) reasonable conditions of work, taking into account the geographic
2 region, the residence of the participants, and the proficiency of the partici-
3 pants;

4 “(D) that participants will not be required, without their consent, to
5 travel an unreasonable distance from their homes or remain away from
6 their homes overnight;

7 “(E) that the maximum number of hours in any month that a participant
8 may be required to work is that number which equals the amount of aid
9 payable with respect to the family of which such individual is a member
10 under the State plan approved under this part, divided by the greater of
11 the Federal or the applicable State minimum wage; and

12 “(F) that provision will be made for transportation and other costs, not
13 in excess of an amount established by the Secretary, reasonably necessary
14 and directly related to participation in the program.

15 The Secretary shall prescribe rules for determining, in cases to which subpara-
16 graph (E) applies and in which the members of the household receiving a food
17 stamp allotment are not all members of the family with respect to which aid
18 under this part is payable, the portion of a household's food stamp allotment that,
19 for purposes of subparagraph (E), may be considered to be the food stamp allot-
20 ment provided to the family.

21 “(2) Nothing contained in this section shall be construed as authorizing the
22 payment of aid under this part as compensation for work performed, nor shall a
23 participant be entitled to a salary or to any other work or training expense
24 provided under any other provision of law by reason of his participation in a
25 program under this section.

26 “(3) Nothing in this part or part C, or in any State plan approved under this
27 part, shall be construed to prevent a State from operating (on such terms and
28 conditions and in such cases as the State may find to be necessary or appropriate,
29 whether or not such terms, conditions, and cases are consistent with section
30 402(a)(19) or part C) a community work experience program in accordance with
31 this section.

32 “(b)(1) Each recipient of aid under the plan who is registered under section
33 402(a)(19) shall participate, upon referral by the State agency, in a community
34 work experience program unless such recipient is currently employed for no
35 fewer than 80 hours a month and is earning an amount not less than the applica-
36 ble minimum wage for such employment.

37 “(2) In addition to an individual described in paragraph (1), the State agency
38 may also refer, for participation in programs under this section, an individual who
39 would be required to register under section 402(a)(19)(A) but for the exception
40 contained in clause (v) of such section (but only if the child for whom the parent

1 or relative is caring is not under the age of three and child care is available for
2 such child), or in clause (iii) of such section.

3 "(3) The chief executive officer of the State shall provide coordination between
4 a community work experience program operated pursuant to this section and the
5 work incentive program operated pursuant to part C so as to insure that job
6 placement will have priority over participation in the community work experience
7 program, and that individuals eligible to participate in both such programs are
8 not denied aid under the State plan on the grounds of failure to participate in one
9 such program if they are actively and satisfactorily participating in the other. The
10 chief executive officer of the State may provide that part-time participation in
11 both such programs may be required where appropriate.

12 "(c) The provisions of section 402(a)(19)(F) shall apply to any individual re-
13 ferred to a community work experience program who fails to participate in such
14 program in the same manner as they apply to an individual to whom section
15 402(a)(19) applies.

16 "(d) In the case of any State which makes expenditures in the form described
17 in subsection (a) under its State plan approved under section 402, expenditures
18 for the proper and efficient administration of the State plan, for purposes of
19 section 403(a)(3), may not include the cost of making or acquiring materials or
20 equipment in connection with the work performed under a program referred to in
21 subsection (a) or the cost of supervision of work under such program, and may
22 include only such other costs attributable to such programs as are permitted by
23 the Secretary."

24 (b) Section 403(a)(3) of such Act is amended by inserting before the semicolon
25 at the end thereof the following: ", or which is a service provided in connection
26 with a community work experience program or work supplementation program
27 under section 409 or 414".

28 (c) Section 204(c)(2) of the Social Security Amendments of 1967 (Public Law
29 90-248) is repealed.

30 PROVIDING JOBS AS ALTERNATIVE TO AFDC

31 SEC. 758. Part A of title IV of the Social Security Act is amended by adding
32 at the end thereof the following new section:

33 "WORK SUPPLEMENTATION PROGRAM

34 "SEC. 414. (a) It is the purpose of this section to allow a State to institute a
35 work supplementation program under which such State, to the extent such State
36 determines to be appropriate, may make jobs available, on a voluntary basis, as
37 an alternative to aid otherwise provided under the State plan approved under this
38 part.

39 "(b)(1) Notwithstanding the provisions of section 406 or any other provision of
40 law, Federal funds may be paid to a State under this part, subject to the provi-

1 sions of this section, with respect to expenditures incurred in operating a work
2 supplementation program under this section.

3 “(2) Nothing in this part or part C, or in any State plan approved under this
4 part, shall be construed to prevent a State from operating (on such terms and
5 conditions and in such cases as the State may find to be necessary or appropriate,
6 whether or not such terms, conditions, and cases are consistent with section
7 402(a)(19) or part C) a work supplementation program in accordance with this
8 section.

9 “(3) Notwithstanding section 402(a)(23) or any other provision of law, a State
10 may adjust the levels of the standards of need under the State plan as the State
11 determines to be necessary and appropriate for carrying out a work supplementa-
12 tion program under this section.

13 “(4) Notwithstanding section 402(a)(1) or any other provision of law, a State
14 operating a work supplementation program under this section may provide that
15 the needs standards in effect in those areas of the State in which such program is
16 in operation may be different from the needs standards in effect in the areas in
17 which such program is not in operation, and such State may provide that the
18 needs standards for categories of recipients of aid may vary among such cate-
19 gories as the State determines to be appropriate on the basis of ability to participate
20 in the work supplementation program.

21 “(5) Notwithstanding any other provision of law, a State may make further
22 adjustments in the amounts of aid paid under the plan to different categories of
23 recipients (as determined under paragraph (4)) in order to offset increases in
24 benefits from needs related programs (other than the State plan approved under
25 this part) as the State determines to be necessary and appropriate to further the
26 purposes of the work supplementation program.

27 “(6) Notwithstanding section 402(a)(8) or any other provision of law, a State
28 operating a work supplementation program under this section may reduce or
29 eliminate the amount of earned income to be disregarded under the State plan as
30 the State determines to be necessary and appropriate to further the purposes of
31 the work supplementation program.

32 “(c)(1) A work supplementation program operated by a State under this sec-
33 tion shall provide that any individual who is an eligible individual (as determined
34 under paragraph (2)) may choose to take a supplemented job (as defined in para-
35 graph (3)) to the extent supplemented jobs are available under the program. Pay-
36 ments by the State to individuals or to employers under the program shall be
37 expenditures incurred by the State for aid to families with dependent children,
38 except as limited by subsection (d).

39 “(2) For purposes of this section, an eligible individual is an individual who is
40 in a category which the State determines shall be eligible to participate in the
41 work supplementation program, and who would, at the time of his placement in

1 such job, be eligible for assistance under the State plan if such State did not have
 2 a work supplementation program in effect and had not altered its State plan
 3 accordingly, as such State plan was in effect in May 1981, or as modified thereaf-
 4 ter as required by Federal law.

5 “(3) For purposes of this section, a supplemented job is—

6 “(A) a job position provided to an eligible individual by the State or
 7 local agency administering the State plan under this part;

8 “(B) a job position provided to an eligible individual by a public or non-
 9 profit entity for which all or part of the wages are paid by such State or
 10 local agency; or

11 “(C) a job position provided to an eligible individual by a proprietary
 12 entity involving the provision of child day care services for which all or
 13 part of the wages are paid by such State or local agency, but only if such
 14 entity does not claim a credit for any part of the wages paid to such eligi-
 15 ble individual under section 40 of the Internal Revenue Code of 1954 (re-
 16 lating to credit for expenses of the work incentive program) or section 44B
 17 of such Code (relating to credit for employment of certain new employees).

18 A State may provide or subsidize any job position under the program as such
 19 State determines to be appropriate, but acceptance of any such position shall be
 20 voluntary.

21 “(d) The amount of the Federal payment to a State under section 403 for any
 22 quarter for expenditures incurred in operating a work supplementation program
 23 shall not exceed an amount equal to the difference between—

24 “(1) the amount which would have been paid under section 403 to such
 25 State for such quarter under the State plan if it did not have a work sup-
 26 plementation program in effect and had not altered its State plan accord-
 27 ingly, as such State plan was in effect in May 1981, or as modified there-
 28 after as required by Federal law; and

29 “(2) the amount paid to such State under section 403 for such quarter
 30 exclusive of the amount so paid for such quarter for the work supplemen-
 31 tation program.

32 “(e)(1) Nothing in this section shall be construed as requiring a State or local
 33 agency administering the State plan to provide employee status to any eligible
 34 individual to whom it provides a job position under the work supplementation
 35 program, or with respect to whom it provides all or part of the wages paid to
 36 such individual by another entity under such program.

37 “(2) Nothing in this section shall be construed as requiring such State or local
 38 agency to provide that eligible individuals filling job positions provided by other
 39 entities under such program be provided employee status by such entity during
 40 the first 13 weeks during which they fill such position.

1 “(3) Wages paid under a work supplementation program shall be considered to
2 be earned income for purposes of any provision of law.

3 “(f) Any work supplementation program operated by a State shall be adminis-
4 tered by—

5 “(1) the agency designated to administer or supervise the administration
6 of the State plan under section 402(a)(3); or

7 “(2) the agency (if any) designated to administer the community work
8 experience program under section 409.

9 “(g) Any State which chooses to operate a work supplementation program
10 under this section may choose to provide that any individual who participates in
11 such program, and any child or relative of such individual (or other individual
12 living in the same household as such individual) who would be eligible for aid
13 under the State plan approved under this part if such State did not have a work
14 supplementation program, shall be considered individuals receiving aid under the
15 State plan approved under this part for purposes of eligibility for medical assist-
16 ance under the State plan approved under title XIX.

17 “(h) No individual receiving a grant under the State plan shall be excused, by
18 reason of the fact that such State has a work supplementation program, from any
19 requirement of this part or part C relating to work requirements.”.

20 **WORK INCENTIVE DEMONSTRATION PROGRAM**

21 SEC. 759. Part C of title IV of the Social Security Act is amended by adding
22 at the end thereof the following new section:

23 **“WORK INCENTIVE DEMONSTRATION PROGRAM**

24 “SEC. 445. (a) Notwithstanding any other provision of this part and part A of
25 this title, any State may elect as an alternative to the work incentive program
26 otherwise provided in this part, and subject to the provisions of this section, to
27 operate a work incentive demonstration program for the purpose of demonstrat-
28 ing single agency administration of the work-related objectives of this Act, and to
29 receive payments under the provisions of this section.

30 “(b)(1) Not later than sixty days following the date of the enactment of this
31 section, the Governor of a State which desires to operate a work incentive dem-
32 onstration program under this section shall submit to the Secretary of Health and
33 Human Services a letter of application stating such intent. Accompanying the
34 letter of application shall be a State program plan which must—

35 “(A) provide that the agency conducting the demonstration program
36 within the State shall be the single State agency which administers or su-
37 pervises the administration of the State plan under part A of this title;

38 “(B) provide that all persons eligible for or receiving assistance under
39 the aid to families with dependent children program shall be eligible to
40 participate in, and shall be required to participate in, the work incentive
41 demonstration program, subject to the same criteria for participation in

1 such demonstration program as are in effect under this part and part A
 2 during the month before the month in which the demonstration program
 3 commences;

4 "(C) provide that the criteria for participation in the work incentive
 5 demonstration program shall be uniform throughout the State;

6 "(D) provide a statement of the objectives which the State expects to
 7 meet through operation of a work incentive demonstration program, with
 8 emphasis on how the State expects to maximize client placement in non-
 9 subsidized private sector employment;

10 "(E) describe the techniques to be used to achieve the objectives of the
 11 work incentive demonstration program, which may include but shall not be
 12 limited to: maximum periods of participation, job training, job find clubs,
 13 grant diversion to either public or private sector employers, services con-
 14 tracts with State employment services, prime sponsors under the Compre-
 15 hensive Employment and Training Act of 1973, or private placement
 16 agencies, targeted jobs tax credit outreach campaigns, and performance-
 17 based placement incentives; and

18 "(F) set forth the format and frequency of reporting of information re-
 19 garding operation of the work incentive demonstration program.

20 "(2) A State's application to participate in the work incentive demonstration
 21 program shall be deemed approved unless the Secretary of Health and Human
 22 Services notifies the State in writing of disapproval within forty-five days of the
 23 date of application. The Secretary of Health and Human Services shall set forth
 24 the reasons for disapproval and provide an opportunity for resubmission of the
 25 plan within forty-five days of the receipt of the notice of disapproval. An applica-
 26 tion shall not be finally disapproved unless the Secretary of Health and Human
 27 Services determines that the State's program plan would be less effective than
 28 the requirements set forth in this title, other than this section.

29 "(3) The Secretary of Health and Human Services shall furnish copies of ap-
 30 proved plans, statistical reports, and evaluation reports to the Secretary of Labor.

31 "(c) Subject to the statement of objectives and description of techniques to be
 32 used in implementing its work incentive demonstration program, as set forth in
 33 its program plan, a State shall be free to design a program which best addresses
 34 its individual needs, makes best use of its available resources, and recognizes its
 35 labor market conditions. Other than criteria for participation in the State's work
 36 incentive demonstration project, which shall be uniform throughout the State, the
 37 components of the program may vary by geographic area or by political subdivi-
 38 sion.

39 "(d) A State's work incentive demonstration program, if initially approved,
 40 shall be in force for a three-year period. During this period, the State may elect

1 to use up to six months for planning purposes. During such planning period, all
2 requirements of part A and this part C shall remain in full force and effect.

3 "(e) The Secretary of Health and Human Services shall conduct two evalua-
4 tions of a State's work incentive demonstration program. The first evaluation
5 shall be conducted at the conclusion of the first twelve months of operation of the
6 demonstration program. The second evaluation shall be conducted at the conclu-
7 sion of the demonstration program. Both evaluations shall compare placement
8 rates during the demonstration program with placement rates achieved during a
9 number of previous years, to be determined by the Secretary of Health and
10 Human Services.

11 "(f)(1) For each year of its demonstration program, a State which is operating
12 such program shall be funded in an amount equal to its initial annual 1981 alloca-
13 tion under the work incentive program set forth in this part, plus any other
14 Federal funds which the State may properly receive under any statute for estab-
15 lishing work programs for recipients of aid to families with dependent children.

16 "(2) Such funds shall only be used by the State for administering and operating
17 its work incentive demonstration program. These funds shall not be used for
18 direct grants of assistance under the aid to families with dependent children pro-
19 gram.

20 "(g) Earnings derived from participation in a State's work incentive demon-
21 stration program shall not result in a determination of financial ineligibility for
22 assistance under the aid to families with dependent children program."

23 EFFECT OF PARTICIPATION IN A STRIKE ON ELIGIBILITY FOR AFDC

24 SEC. 760. Section 402(a) of the Social Security Act is amended by inserting
25 after paragraph (20) the following new paragraph:

26 "(21) provide—

27 "(A) that, for purposes of this part, participation in a strike shall
28 not constitute good cause to leave, or to refuse to seek or accept em-
29 ployment; and

30 "(B)(i) that aid to families with dependent children is not payable
31 to a family for any month in which any caretaker relative with whom
32 the child is living is, on the last day of such month, participating in a
33 strike, and (ii) that no individual's needs shall be included in deter-
34 mining the amount of aid payable for any month to a family under
35 the plan if, on the last day of such month, such individual is partici-
36 pating in a strike;"

37 AGE LIMIT OF DEPENDENT CHILD

38 SEC. 760A. Section 406(a)(2) of the Social Security Act is amended to read as
39 follows: "(2) who is (A) under the age of eighteen, or (B) at the option of the
40 State, under the age of nineteen and a full-time student in a secondary school (or
41 in the equivalent level of vocational or technical training), if, before he attains

1 age nineteen, he may reasonably be expected to complete the program of such
2 secondary school (or such training);”.

3 LIMITATION ON AFDC TO PREGNANT WOMEN

4 SEC. 760B. (a) Section 406(b) of the Social Security Act is amended by strik-
5 ing out “dependent children” the second place it appears in the matter that
6 precedes clause (1) and inserting in lieu thereof “dependent children, or, at the
7 option of the State, a pregnant woman but only if it has been medically verified
8 that the child is expected to be born in the month such payments are made or
9 within the three-month period following such month of payment, and who, if such
10 child had been born and was living with her in the month of payment, would be
11 eligible for aid to families with dependent children”.

12 (b) Section 406 of such Act is amended by adding at the end thereof the
13 following new subsection:

14 “(g)(1) Notwithstanding the provisions of subsection (b), the term ‘aid to fami-
15 lies with dependent children’ does not mean any—

16 “(A) amount paid to meet the needs of an unborn child; or

17 “(B) amount paid (or by which a payment is increased) to meet the
18 needs of a woman occasioned by or resulting from her pregnancy, unless,
19 as has been medically verified, the woman’s child is expected to be born in
20 the month such payments are made (or increased) or within the three-
21 month period following such month of payment.

22 “(2) Notwithstanding paragraph (1), a State may provide that for purposes of
23 title XIX a pregnant woman shall be deemed to be a recipient of aid to families
24 with dependent children under this part if she would be eligible for such aid if
25 such child had been born and was living with her in the month of payment, and
26 such pregnancy has been medically verified.”.

27 AID TO FAMILIES WITH DEPENDENT CHILDREN BY REASON OF

28 UNEMPLOYMENT OF A PARENT

29 SEC. 760C. (a) Section 407 of the Social Security Act is amended as follows:

30 (1) the heading is amended to read “DEPENDENT CHILDREN OF UNEM-
31 PLOYED PARENTS”;

32 (2) subsection (a) is amended by striking out “his father” and inserting
33 in lieu thereof “the parent who is the principal earner”;

34 (3) subsection (b)(1) is amended—

35 (A) by striking out “such child’s father” in subparagraph (A) and
36 inserting in lieu thereof “whichever of such child’s parents is the
37 principal earner”, and

38 (B) by striking out “father” in subparagraph (B) and inserting in
39 lieu thereof “parent”;

40 (4) subsection (b)(2) is amended—

(A) by striking out "fathers" in subparagraph (A) and inserting in lieu thereof "unemployed parents", and

(B) by striking out "father" in subparagraph (C) (i) and (ii) and in subparagraph (D) and inserting in lieu thereof "parent described in paragraph (1)(A)";

(5) subsection (c) is amended by striking out "father" both times it appears and inserting in lieu thereof "parent";

(6) subsection (d) is amended—

(A) by striking out "and" at the end of paragraph (2);

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(4) the phrase 'whichever of such child's parents is the principal earner', in the case of any child, means whichever parent, in a home in which both parents of such child are living, earned the greater amount of income in the 24-month period the last month of which immediately precedes the month in which an application is filed for aid under this part on the basis of the unemployment of a parent, for each consecutive month for which the family receives such aid on that basis."; and

(7) subsection (e) is amended by striking out "fathers" and inserting in lieu thereof "parents".

(b) Section 402(a)(19)(A) of such Act is amended—

(1) by striking out "mother" in clause (v) and inserting in lieu thereof "parent";

(2) by striking out "mother or other female caretaker of a child, if the father or another adult male relative" in clause (vi) and inserting in lieu thereof "parent or other caretaker of a child who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, if another adult relative";

(3)(A) by striking out "or" at the end of clause (vi);

(B) by striking out the semicolon at the end of clause (vii) and inserting in lieu thereof "; or"; and

(C) by adding at the end thereof the following new clause:

"(viii) the parent of a child who is deprived of parental support or care by reason of the unemployment of a parent, if the other parent (who is the principal earner, as defined in section 407(d)) is not excluded by the preceding clauses of this subparagraph;"; and

(4) in the matter following the numbered clauses—

(A) by striking out "her option" and inserting in lieu thereof "his option";

1 (B) by striking out "if she so desires" and inserting in lieu thereof
2 "if he so desires";

3 (C) by striking out "to her" and inserting in lieu thereof "to him";
4 and

5 (D) by striking out "she should decide" and inserting in lieu there-
6 of "he should decide".

7 (c)(1) Section 402(a)(19)(F) of such Act is amended by redesignating clauses (ii)
8 through (iv) as clauses (iii) through (v), respectively, and by inserting after clause
9 (i) the following new clause:

10 "(ii) if the parent who has been designated as the principal earner,
11 for purposes of section 407, makes such refusal, aid will be denied to
12 all members of the family;"

13 (2) Section 407(b)(2)(C)(i) of such Act is amended by striking out "not regis-
14 tered" and inserting in lieu thereof "not currently registered".

15 **WORK REQUIREMENTS FOR AFDC RECIPIENTS**

16 **SEC. 760D.** (a) Section 402(a)(19)(A)(i) of the Social Security Act is amended
17 to read as follows:

18 "(i) a child who is under age 16 or attending, full-time, an elemen-
19 tary, secondary, or vocational (or technical) school;"

20 (b) Section 402(a)(19)(A)(v) of such Act is amended to read as follows:

21 "(v) the parent or other relative of a child under the age of six who
22 is personally providing care for the child with only very brief and in-
23 frequent absences from the child;"

24 **RETROSPECTIVE BUDGETING AND MONTHLY REPORTING**

25 **SEC. 760E.** (a) Section 402(a) of the Social Security Act is amended by insert-
26 ing after paragraph (12) the following new paragraphs:

27 "(13) provide that—

28 "(A) except as provided in subparagraph (B), the State agency (i)
29 will determine a family's eligibility for aid for a month on the basis of
30 the family's income, composition, resources, and other similar rele-
31 vant circumstances during such month, and (ii) will determine the
32 amount of such aid on the basis of the income and other relevant cir-
33 cumstances in the first or, at the option of the State but only where
34 the Secretary determines it to be appropriate, second month preced-
35 ing such month; and

36 "(B) in the case of the first month, or at the option of the State
37 but only where the Secretary determines it to be appropriate, the first
38 and second months, in a period of consecutive months for which aid is
39 payable, the State agency will determine the amount of aid on the
40 basis of the family's income and other relevant circumstances in such
41 first or second month;

“(14) provide that the State agency will require each family to which it furnishes aid to families with dependent children (or to which it would provide such aid but for paragraph (22) or (32)) to report, as a condition to the continued receipt of such aid (or to continue to be deemed to be a recipient of such aid), each month to the State agency on—

“(A) the income received, family composition, and other relevant circumstances during the prior month; and

“(B) the income and resources it expects to receive, or any changes in circumstances affecting continued eligibility or benefit amount, that it expects to occur, in that month (or in future months); and that, in addition to whatever action may be appropriate based on other reports or information received by the State agency, the State agency will take prompt action to adjust the amount of assistance payable, as may be appropriate, on the basis of the information contained in the report (or upon the failure of the family to furnish a timely report), and will give an appropriate explanatory notice, concurrent with its action, to the family;”.

(b) Section 403(a) of such Act is amended by adding at the end thereof the following sentence: “No payment shall be made under this subsection with respect to amounts paid to supplement or otherwise increase the amount of aid to families with dependent children found payable in accordance with section 402(a)(13) if such amount is determined to have been paid by the State in recognition of the current or anticipated needs of a family (other than with respect to the first or first and second months of eligibility).”.

PROHIBITION AGAINST PAYMENT OF AID IN AMOUNTS BELOW TEN DOLLARS

SEC. 760F. Section 402(a) of the Social Security Act is amended—

(1) by striking out “and” at the end of paragraph (30);

(2) by striking out the period at the end of paragraph (31) and inserting in lieu thereof “; and”; and

(3) by adding after paragraph (31) the following new paragraph:

“(32) provide that no payment of aid shall be made under the plan for any month if the amount of such payment, as determined in accordance with the applicable provisions of the plan and of this part, would be less than \$10, but an individual with respect to whom a payment of aid under the plan is denied solely by reason of this paragraph is deemed to be a recipient of aid but shall not be eligible to participate in a community work experience program.”.

REMOVAL OF LIMIT ON RESTRICTED PAYMENTS IN A STATE'S AFDC

PROGRAM

SEC. 760G. (a) Section 403(a) of the Social Security Act is amended by striking out the first unnumbered paragraph following paragraph (5).

1 (b) Section 406(b) of such Act is amended by adding at the end thereof the
 2 following new sentence: "Payments of the type described in clause (2) shall not
 3 be subject to the requirements of clauses (A) through (E) of such clause (2), when
 4 they are made in the manner described in clause (2) at the request of the family
 5 member to whom payment would otherwise be made in an unrestricted manner."

6 ADJUSTMENT FOR INCORRECT PAYMENTS

7 SEC. 760H. Section 402(a) of the Social Security Act is amended by inserting
 8 after paragraph (21) the following new paragraph:

9 "(22) provide that the State agency will promptly take all necessary
 10 steps to correct any overpayment or underpayment of aid under the State
 11 plan, and, in the case of—

12 "(A) an overpayment to an individual who is a current recipient of
 13 such aid, recovery will be made by repayment by the individual or by
 14 reducing the amount of any future aid payable to the family of which
 15 he is a member, except that such recovery shall not result in the re-
 16 duction of aid payable for any month, such that the aid, when added
 17 to such family's liquid resources and to its income (without applica-
 18 tion of paragraph (8)), is less than 90 percent of the amount payable
 19 under the State plan to a family of the same composition with no
 20 other income (and, in the case of an individual to whom no payment
 21 is made for a month solely by reason of recovery of an overpayment,
 22 such individual shall be deemed to be a recipient of aid for such
 23 month);

24 "(B) an overpayment to any individual who is no longer receiving
 25 aid under the plan, recovery shall be made by appropriate action
 26 under State law against the income or resources of the individual or
 27 the family; and

28 "(C) an underpayment, the corrective payment shall be disregarded
 29 in determining the income of the family, and shall be disregarded in
 30 determining its resources in the month the corrective payment is
 31 made and in the following month;"

32 REDUCED FEDERAL MATCHING OF STATE AND LOCAL AFDC TRAINING COSTS

33 SEC. 760I. (a) Section 403(a)(3)(A) of the Social Security Act, as in effect in
 34 the fifty States and the District of Columbia, is repealed.

35 (b) Section 403(a)(3)(A)(iii) of such Act, as in effect in Puerto Rico, Guam, and
 36 the Virgin Islands, is repealed.

37 (c) The repeals made by this section shall apply to expenditures made after
 38 September 30, 1981.

EFFECTIVE DATE

1
2 SEC. 760J. (a) Except as otherwise specifically provided in the preceding sec-
3 tions of this part or in subsection (b), the provisions of this part and the amend-
4 ments and repeals made by this part shall become effective on October 1, 1981.

5 (b) If a State agency administering a plan approved under part A of title IV of
6 the Social Security Act demonstrates, to the satisfaction of the Secretary of
7 Health and Human Services, that it cannot, by reason of State law, comply with
8 the requirements of an amendment made by this part to which the effective date
9 specified in subsection (a) applies, the Secretary may prescribe that, in the case of
10 such State, the amendment will become effective beginning with the first month
11 beginning after the close of the first session of such State's legislature ending on
12 or after October 1, 1981. For purposes of the preceding sentence, the term "ses-
13 sion of a State's legislature" includes any regular, special, budget, or other ses-
14 sion of a State legislature.

PART G—CHILD SUPPORT ENFORCEMENT

COLLECTION OF PAST-DUE CHILD AND SPOUSAL SUPPORT FROM FEDERAL
TAX REFUNDS

16
17
18 SEC. 761. (a) Part D of title IV of the Social Security Act is amended by
19 adding at the end thereof the following new section:

"COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX REFUNDS

21 "SEC. 464. (a) Upon receiving notice from a State agency administering a plan
22 approved under this part that a named individual owes past-due support which
23 has been assigned to such State pursuant to section 402(a)(26), the Secretary of
24 the Treasury shall determine whether any amounts, as refunds of Federal taxes
25 paid, are payable to such individual (regardless of whether such individual filed a
26 tax return as a married or unmarried individual). If the Secretary of the Treasury
27 finds that any such amount is payable, he shall withhold from such refunds an
28 amount equal to the past-due support, and pay such amount to the State agency
29 (together with notice of the individual's home address) for distribution in accord-
30 ance with section 457(b)(3).

31 "(b) The Secretary of the Treasury shall issue regulations, approved by the
32 Secretary of Health and Human Services, prescribing the time or times at which
33 States must submit notices of past-due support, the manner in which such notices
34 must be submitted, and the necessary information that must be contained in or
35 accompany the notices. The regulations shall specify the minimum amount of
36 past-due support to which the offset procedure established by subsection (a) may
37 be applied, and the fee that a State must pay to reimburse the Secretary of the
38 Treasury for the full cost of applying the offset procedure, and provide that the
39 Secretary of the Treasury will advise the Secretary of Health and Human Serv-
40 ices, not less frequently than annually, of the States which have furnished notices
41 of past-due support under subsection (a), the number of cases in each State with

1 respect to which such notices have been furnished, the amount of support sought
2 to be collected under this subsection by each State, and the amount of such
3 collections actually made in the case of each State.

4 “(c) As used in this part the term ‘past-due support’ means the amount of a
5 delinquency, determined under a court order, or an order of an administrative
6 process established under State law, for support and maintenance of a child, or of
7 a child and the parent with whom the child is living.”.

8 (b) Section 454 of such Act is amended—

9 (1) by striking out “and” at the end of paragraph (16);

10 (2) by striking out the period at the end of paragraph (17) and inserting
11 in lieu thereof “; and”; and

12 (3) by adding at the end thereof the following new paragraph:

13 “(18) provide that the State has in effect procedures necessary to obtain
14 payment of past-due support from overpayments made to the Secretary of
15 the Treasury as set forth in section 464, and take all steps necessary to
16 implement and utilize such procedures.”.

17 (c) Section 6402 of the Internal Revenue Code of 1954 is amended—

18 (1) by striking out in subsection (a) thereof “shall refund” and inserting
19 in lieu thereof “shall, subject to subsection (c), refund”; and

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

21 “(c) **OFFSET OF PAST-DUE SUPPORT AGAINST OVERPAYMENTS.**—The
22 amount of any overpayment to be refunded to the person making the overpay-
23 ment shall be reduced by the amount of any past-due support (as defined in
24 section 464(c) of the Social Security Act) owed by that person of which the
25 Secretary has been notified by a State in accordance with section 464 of the
26 Social Security Act. The Secretary shall remit the amount by which the overpay-
27 ment is so reduced to the State to which such support has been assigned and
28 notify the person making the overpayment that so much of the overpayment as
29 was necessary to satisfy his obligation for past-due support has been paid to the
30 State. This subsection shall be applied to an overpayment prior to its being cred-
31 ited to a person’s future liability for an internal revenue tax.”.

32 **COLLECTION OF SUPPORT FOR CERTAIN ADULTS**

33 **SEC. 762.** (a) Section 451 of the Social Security Act is amended by striking
34 out “children” and inserting in lieu thereof “children and the spouse (or former
35 spouse) with whom such children are living” and by striking out “child support”
36 and inserting in lieu thereof “child and spousal support”.

37 (b)(1) Section 452(a) of such Act is amended—

38 (A) in paragraph (1), by inserting “and support for the spouse (or former
39 spouse) receiving aid to families with dependent children on behalf of an
40 absent parent’s child” after “child support”;

41 (B) in paragraph (7), by inserting “and spousal” after “child”; and

1 (C) in paragraph (10)(C), by inserting "(with separate identification of
2 the number in which collection of spousal support was involved)" after
3 "child support cases".

4 (2) Section 452(b) of such Act is amended—

5 (A) by inserting ", including any support obligation with respect to the
6 parent who is living with the child and receiving aid under the State plan
7 approved under part A," after "assigned to such State" in the first sen-
8 tence; and

9 (B) by striking out "court order" in the second sentence and inserting in
10 lieu thereof "court or administrative order".

11 (c) Section 453(c)(1) of such Act is amended by striking out "child support"
12 and inserting in lieu thereof "child support or support for a spouse receiving aid
13 to families with dependent children".

14 (d) Section 454 of such Act is amended—

15 (1) by striking out "CHILD SUPPORT" in the heading and inserting in
16 lieu thereof "CHILD AND SPOUSAL SUPPORT";

17 (2) by striking out "child support" in the matter preceding paragraph (1)
18 and inserting in lieu thereof "child and spousal support";

19 (3) in paragraph (4)(B), by striking out the comma immediately following
20 the first parenthetical phrase and inserting in lieu thereof "and, at the
21 option of the State, from such parent for his spouse (or former spouse) re-
22 ceiving aid to families with dependent children (but only if a support obli-
23 gation has been established with respect to such spouse),";

24 (4) in paragraph (5), by striking out "child support payments" and in-
25 serting in lieu thereof "support payments" and by striking out "collected
26 for a child" and inserting in lieu thereof "collected for an individual";

27 (5) in paragraph (9)(C), by striking out "of a child or children" and in-
28 serting in lieu thereof "of the child or children or the spouse";

29 (6) in paragraph (11), by striking out "child"; and

30 (7) in paragraph (16), by striking out "child" each place it appears.

31 (e) Section 457 of such Act is amended—

32 (1) by striking out "child" in the portion of subsection (b) that precedes
33 paragraph (1); and

34 (2) by striking out "child" each place it appears in subsection (c).

35 (f) The heading of section 460 of such Act is amended by striking out
36 "CHILD".

37 COST OF COLLECTION AND OTHER SERVICES FOR NON-AFDC FAMILIES

38 SEC. 763. (a) Section 454(6) of the Social Security Act is amended—

39 (1) by striking out "such services" in clause (B) and inserting in lieu
40 thereof "services under the State plan (other than collection of support)";
41 and

1 (2) by amending clause (C) to read as follows: "(C) the State will retain,
2 but only if it is the State which makes the collection, the fee imposed
3 under State law as required under paragraph (19);".

4 (b) Section 454 of such Act (as amended by section 761 of this part) is further
5 amended—

6 (1) by striking out "and" at the end of paragraph (17);

7 (2) by striking out the period at the end of paragraph (18) and inserting
8 in lieu thereof "; and"; and

9 (3) by adding at the end thereof the following new paragraph:

10 "(19) provide that a fee shall be imposed on the individual who owes a
11 child or spousal support obligation, in accordance with State law, with re-
12 spect to all such child and spousal support obligations for which collection
13 is made by the State agency under this part on behalf of an individual not
14 otherwise eligible for collection services (as determined for purposes of
15 paragraph (6)) in an amount equal to 10 percent of the amount so owed
16 (and for purposes of this part, no part of the amount collected shall be
17 considered to be a fee collected except amounts which exceed the actual
18 amount of support owed).".

19 (c) Section 455(a) of such Act is amended by adding at the end thereof the
20 following new sentence: "In determining the total amounts expended by any
21 State during a quarter, for purposes of this subsection, there shall be excluded an
22 amount equal to the total of any fees collected or other income resulting from
23 services provided under the plan approved under this part.".

24 CHILD SUPPORT OBLIGATIONS NOT DISCHARGED BY BANKRUPTCY

25 SEC. 764. (a) Section 456 of the Social Security Act is amended by adding at
26 the end thereof the following new subsection:

27 "(b) A debt which is a child support obligation assigned to a State under
28 section 402(a)(26) is not released by a discharge in bankruptcy under title 11,
29 United States Code.".

30 (b) Section 523(a)(5)(A) of title 11, United States Code, is amended by insert-
31 ing before the semicolon the following: "(other than debts assigned pursuant to
32 section 402(a)(26) of the Social Security Act)".

33 (c) The amendments made by this section shall become effective on the date of
34 the enactment of this Act.

35 EFFECTIVE DATE

36 SEC. 765. (a) Except as otherwise specifically provided in the preceding sec-
37 tions of this part or in subsection (b), the provisions of this part and the amend-
38 ments and repeals made by this part shall become effective on October 1, 1981.

39 (b) If a State agency administering a plan approved under part D of title IV of
40 the Social Security Act demonstrates, to the satisfaction of the Secretary of
41 Health and Human Services, that it cannot, by reason of State law, comply with

1 the requirements of an amendment made by this part to which the effective date
 2 specified in subsection (a) applies, the Secretary may prescribe that, in the case of
 3 such State, the amendment will become effective beginning with the first month
 4 beginning after the close of the first session of such State's legislature ending on
 5 or after October 1, 1981. For purposes of the preceding sentence, the term "ses-
 6 sion of a State's legislature" includes any regular, special, budget, or other ses-
 7 sion of a State legislature.

8 PART H—SUPPLEMENTAL SECURITY INCOME

9 RETROSPECTIVE ACCOUNTING

10 SEC. 771. (a) Section 1611(c) of the Social Security Act is amended to read as
 11 follows:

12 "(c)(1) An individual's eligibility for a benefit under this title for a month shall
 13 be determined on the basis of the individual's (and eligible spouse's, if any)
 14 income, resources, and other relevant characteristics in such month, and, except
 15 as provided in paragraph (2), the amount of such benefit shall be determined for
 16 such month on the basis of income and other characteristics in the first or, if the
 17 Secretary so determines, second month preceding such month. Eligibility for and
 18 the amount of such benefits shall be redetermined at such time or times as may
 19 be provided by the Secretary.

20 "(2) The amount of such benefit for the month in which application for such
 21 benefits is filed or, if the Secretary so determines, for such month and the follow-
 22 ing month, and for any month following a month of ineligibility for such benefits
 23 (or, if the Secretary so determines, such month and the following month) shall be
 24 determined on the basis of the individual's (and eligible spouse's, if any) income
 25 and other relevant circumstances in such month.

26 "(3) For purposes of this subsection, an application shall be effective as of the
 27 first day of the month in which it is filed.

28 "(4) The Secretary may waive the limitations specified in subparagraphs (A)
 29 and (B) of subsection (e)(1) on an individual's eligibility and benefit amount for a
 30 month (to the extent either such limitation is applicable by reason of such individ-
 31 ual's presence throughout such month in a hospital, extended care facility, nurs-
 32 ing home, or intermediate care facility) if such waiver would promote the individ-
 33 ual's removal from such institution or facility. Upon waiver of such limitations,
 34 the Secretary shall apply, to the month preceding the month of removal, or, if the
 35 Secretary so determines, the two months preceding the month of removal, the
 36 benefit rate that is appropriate to such individual's living arrangement subsequent
 37 to his removal from such institution or facility."

38 (b) Section 1612(b)(3) of such Act is amended—

39 (1) by striking out "calendar quarter" each place it appears and insert-
 40 ing in lieu thereof "month";

1 (2) by striking out "such quarter" each place it appears and inserting in
2 lieu thereof "such month";

3 (3) by striking out "\$80" and inserting in lieu thereof "\$20"; and

4 (4) by striking out "\$30" and inserting in lieu thereof "\$10".

5 (c)(1) The amendments made by this section shall be effective with respect to
6 months after the first calendar quarter which ends more than five months after
7 the month in which this Act is enacted.

8 (2) The Secretary of Health and Human Services may, if necessary and appro-
9 priate, make a transitional payment in the first month for which the amendments
10 made by this section are effective. The transitional payment may be made with
11 respect to each individual who was eligible (under the provisions of title XVI of
12 the Social Security Act as in effect for the month before the month the transition-
13 al payment is made) for supplemental security income benefits (including, for
14 purposes of this paragraph, State supplementary payments made by the Secre-
15 tary on behalf of any State) for the month preceding the month in which such
16 transitional payment is made.

17 **FUNDING OF REHABILITATION SERVICES FOR SSI RECIPIENTS**

18 **SEC. 772.** Effective October 1, 1981, section 1615(d) of the Social Security
19 Act is repealed.

20 **PART I—BLOCK GRANTS FOR SOCIAL SERVICES**

21 **SHORT TITLE**

22 **SEC. 781.** This part may be cited as the "Social Services Block Grant Act".

23 **TITLE XX BLOCK GRANTS**

24 **SEC. 782.** (a) Title XX of the Social Security Act is amended to read as
25 follows:

26 **"TITLE XX—BLOCK GRANTS TO STATES FOR SOCIAL SERVICES**

27 **"PURPOSES OF TITLE; AUTHORIZATION OF APPROPRIATIONS**

28 **"SEC. 2001.** For the purposes of consolidating Federal assistance to States for
29 social services into a single grant, increasing State flexibility in using social serv-
30 ice grants, and encouraging each State, as far as practicable under the conditions
31 in that State, to furnish services directed at the goals of—

32 **"(1)** achieving or maintaining economic self-support to prevent, reduce,
33 or eliminate dependency;

34 **"(2)** achieving or maintaining self-sufficiency, including reduction or pre-
35 vention of dependency;

36 **"(3)** preventing or remedying neglect, abuse, or exploitation of children
37 and adults unable to protect their own interests, or preserving, rehabilitat-
38 ing, or reuniting families;

39 **"(4)** preventing or reducing inappropriate institutional care by providing
40 for community-based care, home-based care, or other forms of less inten-
41 sive care;

1 “(5) securing referral or admission for institutional care when other
2 forms of care are not appropriate, or providing services to individuals in
3 institutions;

4 “(6) assuring that children removed from their families are protected,
5 are receiving appropriate care, and are reunited with their families when
6 appropriate; and

7 “(7) facilitating adoption for hard to place children who cannot return to
8 their families,

9 there are authorized to be appropriated for each fiscal year such sums as may be
10 necessary to carry out the purposes of this title.

11 “PAYMENTS TO STATES

12 “SEC. 2002. (a)(1) Each State shall be entitled to payment under this title for
13 each fiscal year in an amount equal to its allotment for such fiscal year, to be
14 used by such State for services directed at the goals set forth in section 2001,
15 subject to the provisions of section 2006 and the requirements of this title.

16 “(2) For purposes of paragraph (1)—

17 “(A) services which are directed at the goals set forth in section 2001
18 include, but are not limited to, child welfare services, foster care pay-
19 ments, adoption assistance, child care services, protective services for chil-
20 dren and adults, services for children and adults in foster care, services
21 related to the management and maintenance of the home, day care serv-
22 ices for adults, transportation services, family planning services, training
23 and related services, employment services, information, referral, and coun-
24 seling services, the preparation and delivery of meals, health support serv-
25 ices and appropriate combinations of services designed to meet the special
26 needs of children, the aged, the mentally retarded, the blind, the emotion-
27 ally disturbed, the physically handicapped, and alcoholics and drug addicts;
28 and

29 “(B) expenditures for such services may include expenditures for admin-
30 istration (including planning and evaluation) and personnel training and re-
31 training directly related to the provision of those services (including both
32 short- and long-term training at educational institutions through grants to
33 such institutions or by direct financial assistance to students enrolled in
34 such institutions).

35 “(b) The Secretary shall make payments in accordance with section 203 of the
36 Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State from
37 its allotment for use under this title.

38 “(c) Payments to a State from its allotment for any fiscal year must be expend-
39 ed by the State in such fiscal year or in the succeeding fiscal year.

40 “(d) A State may transfer up to 10 percent of its allotment under section 2003
41 for any fiscal year for its use for that year under other provisions of Federal law

1 providing block grants for support of health services, health promotion and dis-
 2 ease prevention activities, or energy or emergency assistance (or any combination
 3 of those activities). Amounts allotted to a State under any provisions of Federal
 4 law referred to in the preceding sentence and transferred by a State for use in
 5 carrying out the purposes of this title shall be treated as if they were paid to the
 6 State under this title but shall not affect the computation of the State's allotment
 7 under this title. The State shall inform the Secretary of any such transfer of
 8 funds.

9 "(e) A State may use a portion of the amounts described in subsection (a) for
 10 the purpose of purchasing technical assistance from public or private entities if
 11 the State determines that such assistance is required in developing, implement-
 12 ing, or administering programs funded under this title.

13 "ALLOTMENTS

14 "SEC. 2003. The allotment for each State for any fiscal year shall be an
 15 amount which bears the same ratio to \$2,639,000,000 as the total amount allot-
 16 ted to such State (without regard to any reallocation), or in the absence of an
 17 allotment, the total amount obligated to such State, or in the absence of such an
 18 allotment or obligation, the total amount paid to such State (as determined by the
 19 Secretary on the basis of claims for payment submitted by the State, and ap-
 20 proved by the Secretary, on or before April 1, 1982) for fiscal year 1981 under
 21 parts B and E of title IV (other than grants for research under section 426(a)(1)
 22 (A) and (B) and for contracts and cooperative arrangements under section
 23 426(a)(2)), under part A of title IV for foster care payments (and associated
 24 administrative expenses) authorized under section 408, under this title (as in
 25 effect on September 30, 1981), and for social services in accordance with section
 26 1108(a) of this Act, bears to the total amount so allotted, obligated, or paid to all
 27 States under those authorities for fiscal year 1981.

28 "STATE ADMINISTRATION

29 "SEC. 2004. Prior to expenditure by a State of payments made to it under
 30 section 2002 for any fiscal year, the State shall report on the intended use of the
 31 payments the State is to receive under this title, including information on the
 32 types of activities to be supported and the categories or characteristics of individ-
 33 uals to be served. The report shall contain a statement of the State's plans and
 34 timetable for implementation of a program meeting the requirements of section
 35 2006, and shall also contain such information as the Secretary may require on
 36 the implementation or operation of such a program, including a statement of
 37 intended expenditures, individuals to be served, and services to be provided under
 38 such a program. The report shall be transmitted to the Secretary and made
 39 public within the State in such manner as to facilitate comment by any person
 40 (including any Federal or other public agency) during development of the report
 41 and after its completion. The report shall be revised throughout the year as may

1 be necessary to reflect substantial changes in the activities assisted under this
 2 title, and any revision shall be subject to the requirements of the previous sen-
 3 tence.

4 "LIMITATIONS ON USE OF GRANTS

5 "SEC. 2005. (a) Except as provided in subsection (b), grants made under this
 6 title may not be used by the State, or by any other person with which the State
 7 makes arrangements to carry out the purposes of this title—

8 "(1) for the purchase or improvement of land, or the purchase, construc-
 9 tion, or permanent improvement (other than minor remodeling) of any
 10 building or other facility;

11 "(2) for the provision of cash payments for costs of subsistence or for
 12 the provision of room and board (other than foster care maintenance pay-
 13 ments, adoption assistance payments, costs of subsistence during rehabili-
 14 tation, room and board provided for a short term as an integral but subor-
 15 dinate part of a social service, or temporary emergency shelter provided as
 16 a protective service);

17 "(3) for payment of the wages of any individual as a social service
 18 (other than payment of the wages of welfare recipients employed in the
 19 provision of child day care services);

20 "(4) for foster care maintenance payments for foster care provided by a
 21 public foster care institution which accommodates more than 25 children;

22 "(5) for the provision of medical care (other than family planning serv-
 23 ices, rehabilitation services, or initial detoxification of an alcoholic or drug
 24 dependent individual) unless it is an integral but subordinate part of a
 25 social service for which grants may be used under this title;

26 "(6) for social services (except services to an alcoholic or drug depend-
 27 ent individual or rehabilitation services) provided in and by employees of
 28 any hospital, skilled nursing facility, intermediate care facility, or prison,
 29 to any individual living in such institution;

30 "(7) for the provision of any educational service which the State makes
 31 generally available to its residents without cost and without regard to their
 32 income;

33 "(8) for any child day care services unless such services meet applicable
 34 standards of State and local law; or

35 "(9) for the provision of cash payments as a service (except as otherwise
 36 provided in this section).

37 "(b) The Secretary may waive the limitation contained in subsection (a) (1) and
 38 (5) upon the State's request for such a waiver if he finds that the request de-
 39 scribes extraordinary circumstances to justify the waiver and that permitting the
 40 waiver will contribute to the State's ability to carry out the purposes of this title.

1 "REQUIREMENTS RELATING TO ADOPTION ASSISTANCE, FOSTER CARE, AND
2 CHILD WELFARE SERVICES

3 "SEC. 2006. (a)(1) The amount of the payment to any State under section
4 2002 shall be reduced in an amount determined under paragraph (2) for any fiscal
5 year in which such State does not meet the requirements of subsections (b) and
6 (c) of this section (relating to child welfare services, foster care, and adoption
7 assistance).

8 "(2) The amount of the reduction under paragraph (1) for any fiscal year shall
9 be an amount which bears the same ratio to such State's allotment for such fiscal
10 year as the total amount paid to such State for fiscal year 1981 (determined in
11 the same manner as under section 2003) under parts IV-B and IV-E (other than
12 grants for research under section 426(a)(1) (A) and (B) and for contracts and
13 cooperative arrangements under section 426(a)(2)) and under part IV-A for
14 foster care payments (including associated administrative expenses) authorized
15 under section 408, bears to the total amount paid to such State for fiscal year
16 1981 under such provisions and under this title and for social services in accord-
17 ance with section 1108(a).

18 "(b) In order to meet the requirements of this subsection for any fiscal year,
19 the chief executive officer of the State must certify to the Secretary that such
20 State has in effect a child welfare, foster care, and adoption assistance program,
21 which provides, in accordance with the requirements of parts IV-B and IV-E
22 and section 408 (as those provisions would have been in effect for such fiscal year
23 had they not been repealed, and including any such requirements which were
24 contingent upon a specific amount being appropriated under part IV-B) except
25 where otherwise provided under this title, and which includes, to the extent re-
26 quired by such provisions—

27 "(1) a services program designed to help children, whose custody the
28 State would otherwise be required to assume, remain, if appropriate, in
29 their homes;

30 "(2) a system in which, for each child for whose custody the State is
31 responsible, a plan is prepared (and subjected to periodic court or adminis-
32 trative review) that is designed—

33 "(A) to achieve placement in the least restrictive (most family-like)
34 setting available, or a return to the child's own home, or an adoption
35 placement, as appropriate;

36 "(B) to ensure that the child receives proper care;

37 "(C) in the case of a foster care placement, to ensure periodic
38 hearings by a court (or agency approved by the court) to review or
39 determine the placement then in the best interests of the child; and

40 "(D) in the case of a foster care placement, to provide services to
41 the parents, child, and foster parents in order to improve the condi-

1 tions in the parents' home, facilitate return of the child to his own
2 home or the permanent placement of the child, and address the needs
3 of the child while in foster care;

4 “(3) adoption assistance for children with special needs;

5 “(4) methods for establishing, and periodically reviewing, standards for
6 foster family homes and child care institutions, designed to ensure appro-
7 priate care; and

8 “(5) a statewide information system, to be implemented by October 1,
9 1983, from which the status, demographic characteristics, location, and
10 goals for the placement of every child who is in foster care, or who has
11 been in such care within the preceding twelve months, can readily be de-
12 termined.

13 “(c) In order to meet the requirements of this subsection for any fiscal year—

14 “(1) a State must spend, for such fiscal year, for adoption assistance,
15 foster care, and child welfare services, an amount equal to or greater than
16 75 percent of the amount expended by such State for fiscal year 1981
17 under parts IV-B and IV-E (other than grants for research under section
18 426(a)(1) (A) and (B)), and under part IV-A for foster care payments (in-
19 cluding associated administrative expenses) authorized under section 408;
20 and

21 “(2) the proportion of the amount paid to such State under this title for
22 such fiscal year which is expended for foster care payments (including as-
23 sociated administrative expenses) may not exceed the proportion of the
24 payments to such State for fiscal year 1981 under parts IV-B and IV-E
25 (other than grants for research under section 426(a)(1) (A) and (B)), under
26 part IV-A for foster care payments (including associated administrative ex-
27 penses) authorized under section 408, under this title, and for social serv-
28 ices under section 1108, which was expended for foster care payments (in-
29 cluding associated administrative expenses).

30 “CHILD DAY CARE SERVICES

31 “SEC. 2007. (a) Subject to subsection (b), sums granted by a State to a quali-
32 fied provider of child day care services (as defined in subsection (c)) to assist such
33 provider in meeting its work incentive program expenses (as defined in subsection
34 (c)) with respect to individuals employed in jobs related to the provision of child
35 day care services in one or more child day care facilities of such provider, shall be
36 deemed for purposes of section 2002 to constitute expenditures made by the
37 State in accordance with the provisions of this title for the provision of child day
38 care services.

39 “(b) The provisions of subsection (a) shall not be applicable with respect to any
40 grant made to a particular qualified provider of child day care services to the
41 extent that (as determined by the Secretary) such grant is or will be used to pay

1 wages to any employee at an annual rate in excess of \$6,000, in the case of a
 2 public or nonprofit private provider, or at an annual rate in excess of \$5,000, or
 3 to pay more than 80 percent of the wages of any employee, in the case of any
 4 other provider.

5 “(c) For purposes of this subsection—

6 “(1) the term ‘qualified provider of child day care services’, when used
 7 in reference to a recipient of a grant by a State, includes a provider of
 8 such services only if, of the total number of children receiving such serv-
 9 ices from such provider in the facility with respect to which the grant is
 10 made, at least 20 percent thereof have some or all of the costs for the
 11 child day care services so furnished to them by such provider paid for
 12 under a program conducted pursuant to this title; and

13 “(2) the term ‘work incentive program expenses’ means expenses of a
 14 qualified provider of child day care services which constitute work incen-
 15 tive program expenses as defined in section 50B(a)(1) of the Internal Rev-
 16 enue Code of 1954, or which would constitute work incentive program ex-
 17 penses as so defined if the provider were a taxpayer entitled to a credit
 18 (with respect to the wages involved) under section 40 of such Code.

19 “REPORTS AND AUDITS

20 “SEC. 2008. (a) Each State shall prepare reports on its activities carried out
 21 with funds made available (or transferred for use) under this title. Reports shall
 22 be in such form, contain such information, and be of such frequency (but not less
 23 often than every two years) as the State finds necessary to provide an accurate
 24 description of such activities, to secure a complete record of the purposes for
 25 which funds were spent, and to determine the extent to which funds were spent
 26 in a manner consistent with the reports required by section 2004. Reports shall
 27 include information on the implementation and operation of a program in accord-
 28 ance with the requirements of section 2006, including a report on the State’s
 29 compliance with the timetable submitted pursuant to section 2004 for implemen-
 30 tation of such a program, information on the use of payments to the State under
 31 this title for such a program, information on the individuals served and the serv-
 32 ices provided under such program, and such other information as the Secretary
 33 may require. The State shall make copies of the reports required by this section
 34 available for public inspection within the State and shall transmit a copy to the
 35 Secretary. Copies shall also be provided, upon request, to any interested public
 36 agency, and each such agency may provide its views on these reports to the
 37 Congress.

38 “(b) Each State shall, not less often than every two years, audit its expendi-
 39 tures from amounts received (or transferred for use) under this title. Such State
 40 audits shall be conducted by an entity independent of any agency administering
 41 activities funded under this title, in accordance with generally accepted auditing

1 principles. Within 30 days following the completion of each audit, the State shall
 2 submit a copy of that audit to the legislature of the State and to the Secretary.
 3 Each State shall repay to the United States amounts ultimately found not to
 4 have been expended in accordance with this title, or the Secretary may offset
 5 such amounts against any other amount to which the State is or may become
 6 entitled under this title.

7 "(c) For other provisions requiring States to account for Federal grants, see
 8 section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C.
 9 4212)."

10 (b) Section 1101(a)(1) of such Act is amended by adding at the end thereof the
 11 following new sentence: "Such term when used in title XX also includes the
 12 Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust
 13 Territory of the Pacific Islands."

14 REPEALS

15 SEC. 783. Sections 402(a)(20) and 408, and parts B and E of title IV, of the
 16 Social Security Act are repealed.

17 CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT

18 SEC. 784. (a)(1) Section 1 of the Social Security Act is amended—

19 (A) by inserting "and" before "(b)" the first time it appears, and

20 (B) by striking out "and (c)" and all that follows through "self-care,"

21 (2) Section 3(a) of such Act is amended—

22 (A) by amending paragraph (4) to read as follows:

23 "(4) in the case of any State, an amount equal to the sum of the follow-
 24 ing proportions of the total amounts expended during such quarter as
 25 found necessary by the Secretary of Health and Human Services for the
 26 proper and efficient administration of the State plan—

27 "(A) 75 per centum of so much of such expenditures as are for the
 28 training (including both short- and long-term training at educational
 29 institutions through grants to such institutions or by direct financial
 30 assistance to students enrolled in such institutions) of personnel em-
 31 ployed or preparing for employment by the State agency or by the
 32 local agency administering the plan in the political subdivision; plus

33 "(B) one-half of the remainder of such expenditures."; and

34 (B) by striking out paragraph (5).

35 (3) Section 3(c) of such Act is repealed.

36 (b)(1) Sections 402(a)(5), 402(a)(13), 402(a)(14), 402(a)(15), 403(a)(3), 403(e),
 37 and 406(d) of such Act as in effect with respect to Puerto Rico, Guam, and the
 38 Virgin Islands are repealed.

39 (2) Sections 402(a)(5), 402(a)(15), and 403(a)(3) of such Act as they apply to
 40 the fifty States and the District of Columbia shall be applicable to Puerto Rico,
 41 Guam, and the Virgin Islands.

1 (3) Section 403(a)(3)(A) of such Act is amended by inserting "(or, in the case
2 of Puerto Rico, Guam, and the Virgin Islands, 60 per centum)" after "75 per
3 centum".

4 (4) Section 248(b) of the Social Security Amendments of 1967 (Public Law
5 90-248) is repealed.

6 (c) Section 402(a)(9) of the Social Security Act is amended by striking out
7 "part B, C, or D" and inserting in lieu thereof "part C or D".

8 (d) Section 402(a)(15) of such Act is amended—

9 (1) by striking out "as part of the program of the State for the provision
10 of services under title XX"; and

11 (2) by striking out "or clause (14)".

12 (e) Section 402(a)(19)(F)(i) of such Act is amended by striking out "or section
13 408".

14 (f) Section 403(a)(3) of such Act is further amended by striking out "service
15 described in section 2002(a)(1)" and inserting in lieu thereof "service described in
16 section 2002(a)".

17 (g) Section 406(b)(2) of such Act is amended—

18 (1) by adding "and" at the end of subparagraph (C);

19 (2) by striking out subparagraph (D); and

20 (3) by redesignating subparagraph (E) as subparagraph (D).

21 (h)(1) Section 1001 of such Act is amended by striking out "and of encourag-
22 ing each State" and all that follows through "self-care".

23 (2) Section 1003(a) of such Act is amended—

24 (A) by amending paragraph (3) to read as follows:

25 "(3) in the case of any State, an amount equal to the sum of the follow-
26 ing proportions of the total amounts expended during such quarter as
27 found necessary by the Secretary of Health and Human Services for the
28 proper and efficient administration of the State plan—

29 "(A) 75 per centum of so much of such expenditures as are for the
30 training (including both short- and long-term training at educational
31 institutions through grants to such institutions or by direct financial
32 assistance to students enrolled in such institutions) of personnel em-
33 ployed or preparing for employment by the State agency or by the
34 local agency administering the plan in the political subdivision; plus

35 "(B) one-half of the remainder of such expenditures."; and

36 (B) by striking out paragraph (4).

37 (3) Section 1003(c) of such Act is repealed.

38 (i) Section 1108(a) of such Act is amended in the matter preceding paragraph
39 (1) to read as follows:

40 "(a) The total amount certified by the Secretary of Health and Human Serv-
41 ices under titles I, X, XIV, and XVI, and under part A of title IV (exclusive

1 of any amounts on account of services and items to which subsection (b)
2 applies)—”.

3 (j) Section 1115(a) of such Act is amended—

4 (1) in the matter preceding paragraph (1), by striking out “XIX, or
5 XX” and inserting in lieu thereof “or XIX”;

6 (2) in paragraph (1), by striking out “1902, 2002, 2003, or 2004” and
7 inserting in lieu thereof “or 1902”; and

8 (3) in paragraph (2)—

9 (A) by striking out “1903, or 2002” and inserting in lieu thereof
10 “or 1903”, and

11 (B) by striking out “or expenditures with respect to which payment
12 shall be made under section 2002,”.

13 (k) Section 1116 of such Act is amended—

14 (1) in subsections (a)(1) and (b), by striking out “XIX, or XX” and in-
15 serting in lieu thereof “or XIX”;

16 (2) in subsection (a)(3), by striking out “1904, or 2003” and inserting in
17 lieu thereof “or 1904”; and

18 (3) in subsection (d), by striking out “XIX, XX” and inserting in lieu
19 thereof “or XIX”.

20 (l) Section 1124(a) of such Act is amended—

21 (1) in paragraph (1), by striking out “XIX, and XX” each place it ap-
22 pears and inserting in lieu thereof “and XIX”; and

23 (2) in paragraph (2)—

24 (A) by inserting “or” after the semicolon at the end of subpara-
25 graph (B);

26 (B) by striking out “; or” at the end of subparagraph (C) and in-
27 serting in lieu thereof a period; and

28 (C) by striking out subparagraph (D).

29 (m) Section 1126(a) of such Act is amended by striking out “XIX, and XX”
30 and inserting in lieu thereof “and XIX”.

31 (n) Section 1128(a) of such Act is amended—

32 (1) in paragraph (2)(A), by striking out “or title XX,”; and

33 (2) in paragraph (2)(B), by striking out “or title XX”.

34 (o)(1) Section 1401 of such Act is amended by striking out “and of encourag-
35 ing each State” and all that follows through “self-care”.

36 (2) Section 1403(a) of such Act is amended—

37 (A) by amending paragraph (3) to read as follows—

38 “(3) in the case of any State, an amount equal to the sum of the follow-
39 ing proportions of the total amounts expended during such quarter as
40 found necessary by the Secretary of Health and Human Services for the
41 proper and efficient administration of the State plan—

1 “(A) 75 per centum of so much of such expenditures as are for the
2 training (including both short- and long-term training at educational
3 institutions through grants to such institutions or by direct financial
4 assistance to students enrolled in such institutions) of personnel em-
5 ployed or preparing for employment by the State agency or by the
6 local agency administering the plan in the political subdivision; plus

7 “(B) one-half of the remainder of such expenditures.”; and

8 (B) by striking out paragraph (4).

9 (3) Section 1403(c) of such Act is repealed.

10 (p)(1) Section 1601 of such Act is amended—

11 (A) by inserting “and” before “(b)” the first time it appears; and

12 (B) by striking out “and (c)” and all that follows through “self-care.”.

13 (2) Section 1603(a) of such Act is amended—

14 (A) by inserting “and” after the semicolon at the end of paragraph

15 (2)(B);

16 (B) by amending paragraph (4) to read as follows:

17 “(4) in the case of any State, an amount equal to the sum of the follow-
18 ing proportions of the total amounts expended during such quarter as
19 found necessary by the Secretary of Health and Human Services for the
20 proper and efficient administration of the State plan—

21 “(A) 75 per centum of so much of such expenditures as are for the
22 training (including both short- and long-term training at educational
23 institutions through grants to such institutions or by direct financial
24 assistance to students enrolled in such institutions) of personnel em-
25 ployed or preparing for employment by the State agency or by the
26 local agency administering the plan in the political subdivision; plus

27 “(B) one-half of the remainder of such expenditures.”; and

28 (C) by striking out paragraph (5).

29 (3) Section 1603(c) of such Act is repealed.

30 (q) Section 1616(e)(2) of such Act is amended by striking out “, as a part of the
31 services program planning procedures established pursuant to section 2004 of
32 this Act.”.

33 (r) Section 1619 of such Act is amended—

34 (1) by striking out “titles XIX and XX” each place it appears and in-
35 serting in lieu thereof “title XIX”, and

36 (2) by striking out “title XIX or XX” and inserting in lieu thereof “title
37 XIX”.

38 (s) Section 1620(c) of such Act is amended by striking out the matter following
39 the end of paragraph (7).

40 (t)(1) Section 1902(a)(10)(A) of such Act is amended by inserting before the
41 semicolon “or who is an individual specified in subsection (l)”.

1 (2) Section 1902 of such Act (as amended by sections 729 and 730 of this Act)
2 is further amended by adding at the end thereof the following new subsection:

3 "(m) Individuals specified in section 1902(a)(10)(A) shall include—

4 "(1) any child on whose behalf foster care maintenance payments are
5 being made under any program administered by or administered under the
6 supervision of the State—

7 "(A) who would meet the requirements of section 406(a) or of sec-
8 tion 407 but for his removal from the home of a relative specified in
9 section 406(a);

10 "(B) whose removal from the home occurred pursuant to a volun-
11 tary placement agreement entered into by the child's parent or legal
12 guardian or was the result of a judicial determination to the effect
13 that continuation therein would be contrary to the welfare of such
14 child; and

15 "(C)(i) who received aid under the State plan approved under sec-
16 tion 402 in or for the month in which such agreement was entered
17 into or court proceedings leading to the removal of the child from the
18 home were initiated,

19 "(ii) who would have received such aid in or for such month if ap-
20 plication had been made therefor, or

21 "(iii) who had been living with a relative specified in section 406(a)
22 within six months prior to the month in which such agreement was
23 entered into or such proceedings were initiated, and would have re-
24 ceived such aid in or for such month if in such month he had been
25 living with such a relative and application therefor had been made;
26 and

27 "(2) any child on whose behalf adoption assistance payments are being
28 made under any program administered by or administered under the super-
29 vision of the State—

30 "(A) who but for adoption would meet the requirements specified in
31 paragraph (1), or

32 "(B) who but for adoption would meet the requirements of title
33 XVI with respect to eligibility for supplemental security income bene-
34 fits."

35 (3) Effective October 1, 1983, section 1902(m) of such Act (as added by para-
36 graph (2)) is amended—

37 (A) in paragraph (1)(B), by striking out "occurred pursuant to a volun-
38 tary placement agreement entered into by the child's parent or legal
39 guardian or"; and

40 (B) in clauses (i) and (iii) of paragraph (1)(C), by striking out "such
41 agreement was entered into or" each place it appears.

1 (u) Section 1903(f)(3) of such Act is amended by striking out "(without regard
2 to section 408)".

3 OTHER CONFORMING AMENDMENTS

4 SEC. 785. (a) Section 3(f) of the Social Security Amendments of 1974 (Public
5 Law 93-647) is repealed.

6 (b) Section 305(a)(1) of the Home Energy Assistance Act of 1980 is amended
7 by striking out "(other than such aid in the form of foster care in accordance with
8 section 408 of such Act)".

9 (c) Section 101(b) of the Adoption Assistance and Child Welfare Act of 1980 is
10 amended—

11 (1) by striking out "established under part IV-E of" and inserting in
12 lieu thereof "funded under"; and

13 (2) by striking out "such part IV-E" each place it appears and insert-
14 ing in lieu thereof "such programs".

15 EFFECTIVE DATE

16 SEC. 786. Except as otherwise explicitly provided, the provisions of this part,
17 and the repeals and amendments made by this part, shall become effective on
18 October 1, 1981.

19 STUDY OF STATE SOCIAL SERVICE PROGRAMS

20 SEC. 787. The Secretary of Health and Human Services shall conduct a study
21 to identify criteria and mechanisms which may be useful for the States in assess-
22 ing the effectiveness and efficiency of the State social service programs carried
23 out with funds made available under title XX of the Social Security Act. The
24 study shall include consideration of Federal incentive payments as an option in
25 rewarding States having high performance social service programs. The Secre-
26 tary shall report the results of such study to the Congress within one year after
27 the date of the enactment of this Act.

28 PART J—TRADE ADJUSTMENT ASSISTANCE

29 GROUP ELIGIBILITY REQUIREMENTS

30 SEC. 791. Section 222 of the Trade Act of 1974 is amended—

31 (1) by inserting before the comma at the end of paragraph (1) the fol-
32 lowing: "and that there is a substantial probability that the resulting lower
33 level of employment at the firm or subdivision will be permanent";

34 (2) in paragraph (3), by striking out "contributed importantly to" and
35 inserting in lieu thereof "were a substantial cause of", and by striking out
36 "to such decline" and inserting in lieu thereof "of such decline"; and

37 (3) by striking out the last sentence of such section and inserting in lieu
38 thereof the following flush sentence: "For the purposes of paragraph (3),
39 the term 'substantial cause' means a cause which is important and not less
40 than any other cause, as used in section 201 of this Act.".

QUALIFYING REQUIREMENTS FOR WORKERS

SEC. 792. Section 231 of the Trade Act of 1974 is amended—

(1) in the matter preceding paragraph (1), by striking out "which begins after the date specified in such certification pursuant to section 223(a)" and inserting in lieu thereof "which begins more than 60 days after the date the petition was filed under section 221 on which such certification was granted";

(2) by striking out "and" at the end of paragraph (1);

(3) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(4) by adding at the end thereof the following:

"(3) Such worker—

"(A) was entitled to (or would be entitled to if he applied therefor) unemployment insurance for a week within the benefit period (i) in which such total or partial separation took place, or (ii) which began by reason of the filing of a claim for unemployment insurance by such worker on the basis of such total or partial separation;

"(B) has exhausted all rights to any unemployment insurance to which he was entitled (or would be entitled if he applied therefor); and

"(C) does not have an unexpired waiting period applicable to him for any such unemployment insurance; and

"(4) Such worker, with respect to such week of unemployment, would not be disqualified for extended compensation payable under the Federal-State Extended Unemployment Compensation Act of 1970 by reason of the work and job search requirements in section 202(a)(3) of such Act.

In accordance with such regulations as the Secretary of Labor may prescribe, the Secretary may require, for categories of workers which the Secretary deems appropriate to carry out the purposes of this Act, that, after the first eight weeks following the determination of a worker's eligibility under this section, such worker, if he is in such a category, must actively search for work outside the worker's labor market area or, if such training is available, accept training approved by the Secretary under section 236 in new or related job categories."

AMOUNT OF TRADE READJUSTMENT ALLOWANCES

SEC. 793. (a) Section 232(a) of the Trade Act of 1974 is amended to read as follows:

"(a) Subject to the other provisions of this section, the trade readjustment allowance payable to an adversely affected worker for a week of total unemployment shall be the same as the most recent weekly benefit amount of the unemployment insurance payable to the worker for a week of total unemployment during the benefit period preceding the worker's exhaustion of unemployment

1 insurance (as determined under section 231(3)(B)). From the trade readjustment
2 allowance otherwise payable to an adversely affected worker for a week of unem-
3 ployment there shall be deducted any training allowance deductible under subsec-
4 tion (c) and any income that would be deductible from unemployment insurance
5 under the disqualifying income provisions of the applicable State law.”.

6 (b) Section 232 of such Act is amended by striking out subsections (c), (e), and
7 (f) and by redesignating subsection (d) as subsection (c).

8 (c)(1) The first sentence of section 232(c) (as redesignated by subsection (b)) is
9 amended by striking out “unemployment insurance, or” and by striking out “sub-
10 section (c) or (e) or to”.

11 (2) The second sentence of section 232(c) (as redesignated by subsection (b)) is
12 amended by striking out “the unemployment insurance or”.

13 (d) Any reference in any law to subsection (d) of section 232 of the Trade Act
14 of 1974 shall be considered a reference to subsection (c) thereof.

15 **TIME LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES**

16 **SEC. 794.** (a) Section 233(a) of the Trade Act of 1974 is amended to read as
17 follows:

18 “(a)(1) The maximum amount of trade readjustment allowances which shall be
19 payable with respect to the period covered by any certification to an adversely
20 affected worker shall be the amount which is the product of 52 multiplied by the
21 trade readjustment allowance payable to the worker for a week of total unem-
22 ployment (as determined under section 232(a)), such product being reduced by the
23 total sum of the unemployment insurance to which the worker was entitled (or
24 would have been entitled if he had applied therefor) in the worker’s benefit period
25 described in section 231(3)(A).

26 “(2) A trade readjustment allowance shall not be paid for any week after the
27 52-week period beginning with the first week following the week with respect to
28 which the worker has exhausted all rights to regular unemployment insurance (as
29 determined in the same manner as exhaustion of regular and other benefits is
30 determined under section 231(3)(B)).

31 “(3) In addition, in accordance with regulations prescribed by the Secretary,
32 payments may be made as trade readjustment allowances for up to 26 additional
33 weeks in the 26-week period following the last week of entitlement to trade
34 readjustment allowances otherwise payable under this chapter, in order to assist
35 the adversely affected worker to complete training approved for the worker under
36 section 236. Payments for such additional weeks may be made for weeks in such
37 26-week period during which the individual is engaged in such training and has
38 not been determined under section 236(c) to be failing to make satisfactory prog-
39 ress in the training.”.

40 (b) Section 233(b) of such Act is amended to read as follows:

1 “(b) A trade readjustment allowance may not be paid for an additional week
 2 specified in subsection (a)(3) if the adversely affected worker who would receive
 3 such allowance did not make a bona fide application to a training program ap-
 4 proved by the Secretary under section 236 within 210 days after the date of the
 5 worker’s first certification of eligibility to apply for adjustment assistance issued
 6 by the Secretary, or, if later, within 210 days after the date of the worker’s first
 7 total or partial separation.”.

8 **JOB SEARCH ALLOWANCES**

9 SEC. 795. Section 237(a) of the Trade Act of 1974 is amended by striking out
 10 “\$500” and inserting in lieu thereof “\$600”.

11 **RELOCATION ALLOWANCES**

12 SEC. 796. Section 238(d) of the Trade Act of 1974 is amended by striking out
 13 “80 percent” and inserting in lieu thereof “90 percent” and by striking out
 14 “\$500” and inserting in lieu thereof “\$600”.

15 **FRAUD AND RECOVERY OF OVERPAYMENTS**

16 SEC. 797. (a) Section 243 of the Trade Act of 1974 is amended to read as
 17 follows:

18 **“SEC. 243. FRAUD AND RECOVERY OF OVERPAYMENTS.**

19 “(a)(1) If a cooperating State agency or the Secretary, or a court of competent
 20 jurisdiction, finds that any person has received any payment under this chapter to
 21 which the person was not entitled, including a payment referred to in subsection
 22 (b), such person shall be liable to repay such amount to the State agency or the
 23 Secretary, as the case may be, except that the State agency or the Secretary
 24 may waive such repayment if such agency or the Secretary determines in accord-
 25 ance with guidelines prescribed by the Secretary that—

26 “(A) the payment was without fault on the part of such individual; and
 27 “(B) requiring such repayment would be contrary to equity and good
 28 conscience.

29 “(2) Unless an overpayment is otherwise recovered, or waived under para-
 30 graph (1), the State agency or the Secretary shall recover the overpayment by
 31 deductions from any sums payable to such person under this chapter, or under
 32 any Federal unemployment compensation law administered by the State agency
 33 or the Secretary, or any other Federal law administered by the State agency or
 34 the Secretary which provides for the payment of assistance or an allowance with
 35 respect to unemployment, and, notwithstanding any other provision of State law
 36 or Federal law to the contrary, the Secretary may require the State agency to
 37 recover any overpayment under this chapter by deduction from any unemploy-
 38 ment insurance payable to such person under the State law, except that no single
 39 deduction under this paragraph shall exceed 50 percent of the amount otherwise
 40 payable.

1 “(b) If a cooperating State agency, or the Secretary, or a court of competent
2 jurisdiction, finds that an individual knowingly has made, or caused another to
3 make, a false statement or representation of a material fact, or knowingly has
4 failed, or caused another to fail, to disclose a material fact, and as a result of such
5 false statement or representation or of such nondisclosure such individual has
6 received any payment under this chapter to which the individual was not entitled,
7 such individual shall, in addition to any other penalty provided by law, be ineligi-
8 ble for any further payments under this chapter.

9 “(c) No repayment shall be required, and no deduction shall be made, until a
10 determination has been made, notice thereof and an opportunity for a fair hearing
11 has been given to the individual, and the determination has become final.

12 “(d) Any amount recovered under this section shall be returned to the Treas-
13 ury of the United States.”.

14 (b) The table of contents of the Trade Act of 1974 is amended by striking out
15 the item referring to section 243 and inserting in lieu thereof the following:

“243. Fraud and recovery of overpayments.”.

16 AUTHORIZATION OF APPROPRIATIONS

17 SEC. 798. (a) Section 245 of the Trade Act of 1974 is amended to read as
18 follows:

19 “SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

20 “There are authorized to be appropriated to the Department of Labor, for each
21 of the fiscal years 1982, 1983, and 1984, such sums as may be necessary to
22 carry out the purposes of this chapter.”.

23 (b) The table of contents of the Trade Act of 1974 is amended by striking out
24 the item referring to section 245 and inserting in lieu thereof the following:

“245. Authorization of appropriations.”.

25 DEFINITIONS

26 SEC. 799. Section 247 of the Trade Act of 1974 is amended by repealing
27 paragraphs (3) and (7), and by striking out paragraph (14) and inserting in lieu
28 thereof the following:

29 “(14) The term ‘week of unemployment’ means a week of total, part-
30 total, or partial unemployment as determined under the applicable State
31 law with respect to unemployment insurance.

32 “(15) The term ‘benefit period’ means, with respect to any individual,
33 the benefit year and any ensuing period during which the individual is eli-
34 gible for unemployment insurance (which shall include regular, additional,
35 and extended compensation, as defined in section 205 of the Federal-State
36 Extended Unemployment Compensation Act of 1970).”.

37 EXTENSION OF ADJUSTMENT ASSISTANCE FOR WORKERS

38 SEC. 799A. Section 284 of the Trade Act of 1974 is amended by striking out
39 “shall terminate on September 30, 1982.” and inserting in lieu thereof “chapters

1 3 and 4 shall terminate on September 30, 1982. Chapter 2 shall terminate on
2 September 30, 1984."

3 **EFFECTIVE DATES AND TRANSITIONAL PROVISION**

4 **SEC. 799B.** (a) Except as provided in subsections (b), (c), (d), and (e), this part
5 shall become effective on the date of the enactment of this Act.

6 (b) The amendments made by sections 795 and 796 shall be effective with
7 respect to applications for allowances filed on or after October 1, 1981.

8 (c) Except as provided in subsection (f), the amendments made by sections
9 792, 793, 794, and 799 shall be effective with respect to trade readjustment
10 allowances payable for all weeks of unemployment which begin after October 1,
11 1981.

12 (d) The amendments made by section 791 shall be effective with respect to all
13 petitions filed on or after the date of the enactment of this Act.

14 (e) The amendments made by section 798 shall become effective on October 1,
15 1981.

16 (f) An adversely affected worker who is receiving or is entitled to receive
17 payments of trade readjustment allowances under chapter 2 of title II of the
18 Trade Act of 1974 for weeks of unemployment beginning before October 1, 1981,
19 shall be entitled to receive—

20 (1) with respect to weeks of unemployment beginning before October 1,
21 1981, payments of trade readjustment allowances determined under such
22 chapter 2 without regard to the amendments made by this part; and

23 (2) with respect to weeks of unemployment beginning after September
24 30, 1981, payments of trade readjustment allowances as determined under
25 such chapter 2 as amended by this part, except that the maximum amount
26 of trade readjustment allowances payable to such an individual for such
27 weeks of unemployment shall be an amount equal to the product of the
28 trade readjustment allowance payable to the individual for a week of total
29 unemployment (as determined under section 232(a) as so amended) multi-
30 plied by a factor determined by subtracting from 52 the sum of—

31 (A) the number of weeks preceding the first week which begins
32 after September 30, 1981, and which are within the period covered
33 by the same certification under such chapter 2 as such week of unem-
34 ployment, for which the individual was entitled to a trade readjust-
35 ment allowance or unemployment insurance, or would have been enti-
36 tled to such allowance or unemployment insurance if he had applied
37 therefor, and

38 (B) the number of such weeks preceding such first week that are
39 deductible under section 232(d) (as in effect before the amendment
40 made by section 793);

1 except that the amount of trade readjustment allowances payable to an ad-
 2 versely affected worker under this paragraph shall be subject to adjustment
 3 on a week-to-week basis as may be required by section 232(b).

4 TITLE VIII—SENATE COMMITTEE ON FOREIGN RELATIONS

5 DEPARTMENT OF STATE

6 SEC. 801. There are authorized to be appropriated for the Department of State
 7 to carry out the authorities, functions, duties, and responsibilities in the conduct
 8 of the foreign affairs of the United States and for other purposes authorized by
 9 law, the following amounts:

10 For "International Organizations and Conferences", \$523,806,000 for
 11 the fiscal year 1982 and \$514,436,000 for the fiscal year 1983.

12 BOARD FOR INTERNATIONAL BROADCASTING

13 SEC. 802. There are authorized to be appropriated for the Board for Interna-
 14 tional Broadcasting \$98,317,000 for fiscal year 1982 and \$98,317,000 for fiscal
 15 year 1983.

16 ARMS CONTROL AND DISARMAMENT AGENCY

17 SEC. 803. Section 49(a) of the Arms Control and Disarmament Act (22 U.S.C.
 18 2589(a)) is amended to read as follows:

19 "SEC. 49. (a)(1) To carry out the purposes of this Act, there are authorized to
 20 be appropriated for the fiscal year 1982, \$18,268,000 and such additional
 21 amounts as may be necessary for increases in salary, pay, retirement, other em-
 22 ployee benefits authorized by law, and other nondiscretionary costs, and to offset
 23 adverse fluctuations in foreign currency exchange rates.

24 "(2) Amounts appropriated under this subsection are authorized to remain
 25 available until expended."

26 DEVELOPMENT ASSISTANCE

27 INTERNATIONAL ORGANIZATIONS AND PROGRAMS

28 SEC. 804. Section 302(a)(1) of the Foreign Assistance Act of 1961 is amended
 29 by striking out "\$233,350,000 for the fiscal year 1981" and inserting in lieu
 30 thereof "\$229,050,000 for the fiscal year 1982".

31 OTHER ASSISTANCE PROGRAMS

32 AMERICAN SCHOOLS AND HOSPITALS ABROAD

33 SEC. 805. Section 214(c) of the Foreign Assistance Act of 1961 is amended by
 34 striking out "\$30,000,000 for the fiscal year 1981" and inserting in lieu thereof
 35 "\$12,000,000 for the fiscal year 1982".

36 INTERNATIONAL DISASTER ASSISTANCE

37 SEC. 806. Section 492(a) of the Foreign Assistance Act of 1961 is amended by
 38 striking out "\$25,000,000 for the fiscal year 1981" and inserting in lieu thereof
 39 "\$27,000,000 for the fiscal year 1982".

INTERNATIONAL NARCOTICS CONTROL

SEC. 807. Section 482(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President \$37,700,000 for the fiscal year 1982.

"(2) Amounts appropriated under this subsection are authorized to remain available until expended."

PEACE CORPS ACT AMENDMENTS

SEC. 808. Section 3 of the Peace Corps Act is amended—

(1) by striking out in subsection (b) "fiscal year 1981 not to exceed \$118,000,000" and inserting in lieu thereof "the fiscal year 1982, not to exceed \$105,000,000"; and

(2) by inserting in subsection (c) "and fiscal year 1982" after "fiscal year 1981".

INTER-AMERICAN FOUNDATION

SEC. 809. Section 401(s)(2) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(s)) is amended to read as follows:

"(2) There is authorized to be appropriated not to exceed \$12,000,000 for the fiscal year 1982 to carry out the purposes of this section. Amounts appropriated under this paragraph are authorized to remain available until expended."

EFFECTIVE DATE

SEC. 810. The amendments made by this title shall take effect on October 1, 1981.

TITLE IX—COMMITTEE ON GOVERNMENTAL AFFAIRS

4.8 PERCENT PAY CAP ON FEDERAL EMPLOYEES

SEC. 901. (a) Notwithstanding any other provision of law, the overall percentage of the adjustment of the rates of pay under the General Schedule or any other statutory pay system under section 5305 of title 5, United States Code, which is to become effective with the first applicable pay period commencing on or after October 1, 1981, shall not exceed 4.8 percent.

(b)(1) Notwithstanding any other provision of law, in the case of a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or an employee covered by section 5348 of that title—

(A) any increase in the rate of pay payable to such employee which would result from the expiration of the limitation contained in section 114(a)(2) of Public Law 96-369 shall not take effect, and

(B) any adjustment under subchapter IV of chapter 53 of such title to any wage schedule or rate applicable to such employee which results from a wage survey and which is to become effective during the fiscal year beginning October 1, 1981, shall not exceed the amount which is 4.8 percent above the schedule or rate payable on September 30, 1981 (determined

1 with regard to the limitation contained in section 114(a)(2) of Public Law
2 96-369).

3 (2) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or
4 section 704(b) of the Civil Service Reform Act of 1978, the provisions of para-
5 graph (1) shall apply (in such manner as the Office of Personnel Management
6 shall prescribe) to prevailing rate employees to whom such section 9(b) applies,
7 except that the provisions of paragraph (1) shall not apply to any increase in a
8 wage schedule or rate which is required by the terms of a contract entered into
9 before the date of the enactment of this Act.

10 ANNUALIZATION OF COST OF LIVING ADJUSTMENT FOR FEDERAL EMPLOYEES

11 SEC. 902. (a) Section 8340(b) of title 5, United States Code, is amended to
12 read as follows:

13 "(b) Except as provided in subsection (c) of this section, effective March 1 of
14 each year each annuity payable from the Fund having a commencing date not
15 later than such March 1 shall be increased by the percent change in the price
16 index published for December of the preceding year over the price index pub-
17 lished for December of the year prior to the preceding year, adjusted to the
18 nearest $\frac{1}{10}$ of 1 percent."

19 (b) Section 8340(c)(1) of title 5, United States Code, is amended to read as
20 follows:

21 "(1) The first increase (if any) made under subsection (b) of this section to an
22 annuity which is payable from the Fund to an employee or Member who retires,
23 to the widow or widower of a deceased employee or Member, or to the widow or
24 widower of a deceased annuitant whose annuity has not been increased under this
25 subsection or subsection (b) of this section, shall be equal to the product (adjusted
26 to the nearest $\frac{1}{10}$ of 1 percent) of—

27 "(A) $\frac{1}{12}$ of the applicable percent change computed under subsection
28 (b) of this section, multiplied by

29 "(B) the number of months (counting any portion of a month as a
30 month)—

31 "(i) for which the annuity was payable from the Fund before the
32 effective date of the increase, or

33 "(ii) in the case of a widow or widower of a deceased annuitant
34 whose annuity has not been so increased, since the annuity was first
35 payable to the deceased annuitant."

36 (c) The amendments made by this section shall take effect on the date of the
37 enactment of this Act and shall apply to annuities which commence before, on, or
38 after such date.

**LIMITATIONS ON AUTHORIZATIONS OF APPROPRIATIONS TO THE POSTAL
SERVICE**

SEC. 903. (a) Paragraph (1) of section 2401(b) of title 39, United States Code, is amended by striking out subparagraphs (D), (E), (F), and (G) and inserting in lieu thereof the following:

“(D) for fiscal year 1982, an amount equal to \$300,000,000; and

“(E) for fiscal year 1983, an amount equal to \$150,000,000.”.

(b)(1) Subsection (c) of section 2401 of title 39, United States Code, is amended to read as follows:

“(c) There is authorized to be appropriated to the Postal Service for each fiscal year beginning after September 30, 1981, an amount equal to the lesser of—

“(1) a sum determined by the Postal Service to be equal to the difference between the revenues the Postal Service would have received if sections 3217, 3403–3405, and 3626 of this title, the Overseas Citizens Voting Rights Act of 1975, and the Federal Voting Assistance Act of 1955 had not been enacted and the estimated revenues to be received on mail carried under such sections and Acts, or

“(2) \$500,000,000.”.

(2) Section 3627 of title 39, United States Code, is amended—

(A) by inserting “(a)” before “If”; and

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

“(b) For purposes of subsection (a), if the amount determined under paragraph (1) of section 2401(c) for any fiscal year exceeds the amount determined under paragraph (2) of such section, such excess may be treated as a failure of appropriations.”.

**CEILING AND PHASE OUT OF CAPITAL IMPROVEMENT LOANS TO THE
DISTRICT OF COLUMBIA**

SEC. 904. Section 723(c) of the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198) is amended to read as follows:

“(c) Subject to the limitation contained in section 603(b), there are authorized to be appropriated not more than \$155,000,000 per year for fiscal years 1982 and 1983; and, to the extent that funds appropriated for this purpose exceed \$145,000,000 per year for the fiscal years 1982 and 1983, such excess funds shall not be apportioned by the Office of Management and Budget nor shall such funds be made available for obligation for this purpose unless such appropriation act shall explicitly and specifically provide that such obligation limitation as is hereby created does not apply.”.

REDUCTION IN SPENDING FOR CONSULTANTS

SEC. 905. During the fiscal year ending on September 30, 1982, the total amount which may be obligated for consultant services, management and profes-

1 sional services, and special studies and analyses for all departments, agencies,
 2 and instrumentalities of the executive branch of the Government shall not exceed
 3 an amount which is \$500,000,000 less than the total amount proposed therefor
 4 in the Budget of the United States Government for such fiscal year (as amended
 5 and supplemented) transmitted by the President under section 201(a) of the
 6 Budget and Accounting Act, 1921. The Director of the Office of Management
 7 and Budget shall allocate the reduction in such proposed total amount required
 8 by the preceding sentence among the departments, agencies, and instrumental-
 9 ities of the executive branch.

10 **REDUCTION IN EXPENDITURES FOR TRAVEL BY FEDERAL EMPLOYEES**

11 **SEC. 906.** During the fiscal year ending on September 30, 1982, the total
 12 amount which may be obligated for travel and transportation of persons and
 13 transportation of things for officers and employees of all departments, agencies,
 14 and instrumentalities of the executive branch of the Government shall not exceed
 15 an amount which is \$550,000,000 less than the total amount proposed therefor
 16 in the Budget of the United States Government for such fiscal year (as amended
 17 and supplemented) transmitted by the President under section 201(a) of the
 18 Budget and Accounting Act, 1921. The Director of the Office of Management
 19 and Budget shall allocate the reduction in such proposed total amount required
 20 by the preceding sentence among the departments, agencies, and instrumental-
 21 ities of the executive branch of the Government. In making such allocation, the
 22 Director shall not—

23 (1) reduce any amounts to be obligated for debt collection, supervision of
 24 loans, necessary and essential law enforcement activities, or emergency
 25 national defense activities of the Federal Government; or

26 (2) reduce the total amount which may be obligated by any department,
 27 agency, or instrumentality for travel and transportation of persons and
 28 transportation of things for officers and employees of such department,
 29 agency, or instrumentality by more than 15 percent of the amount pro-
 30 posed thereof in such budget.

31 **TITLE X—COMMITTEE ON THE JUDICIARY**

32 **SEC. 1001.** There are authorized to be appropriated for fiscal year 1982 to the
 33 United States Department of Justice—

34 (1) For the activities of the Federal Prison System, including—

35 (A) the administration, operation, and maintenance of Federal
 36 penal and correctional institutions, including supervision and support
 37 of United States prisoners in non-Federal institutions, and not to
 38 exceed \$100,000 for inmate legal services within the system;

39 (B) the purchase and hire of law enforcement and passenger motor
 40 vehicles;

1 (C) the compilation of statistics relating to prisoners in Federal
2 penal and correctional institutions;

3 (D) assistance to State and local governments to improve their cor-
4 rectional systems;

5 (E) the purchase of firearms and ammunition and medals and other
6 awards;

7 (F) the payment of rewards;

8 (G) the purchase and exchange of farm products and livestock;

9 (H) the construction of buildings at prison camps and acquisition of
10 land as authorized by section 4010 of title 18 of the United States
11 Code; and

12 (I) transferring to the Health Services Administration such
13 amounts as may be necessary, in the discretion of the Attorney Gen-
14 eral, for the direct expenditures by that Administration for medical
15 relief for inmates of Federal penal and correctional institutions:
16 \$358,282,000.

17 (2) For the Immigration and Naturalization Service, for expenses neces-
18 sary for the administration and enforcement of the laws relating to immi-
19 gration, naturalization, and alien registration, including—

20 (A) the advance of cash to aliens for meals and lodging while en
21 route;

22 (B) the payment of allowances to aliens for work performed, while
23 being held in custody pursuant to the immigration laws;

24 (C) the payment of expenses and allowances incurred in tracking
25 lost persons as required by public exigencies in aid of State or local
26 law enforcement agencies;

27 (D) the payment of rewards;

28 (E) not to exceed \$50,000 to meet unforeseen emergencies of a
29 confidential character, to be expended under the direction of the At-
30 torney General and accounted for solely on the certificate of the At-
31 torney General;

32 (F) the purchase for police-type use without regard to the general
33 purchase price limitation for the current fiscal year and hire of pas-
34 senger motor vehicles;

35 (G) the acquisition, lease, maintenance, and operation of aircraft;

36 (H) the payment for firearms and ammunition and attendance at
37 firearms matches;

38 (I) operating, maintaining, remodeling, and repairing buildings and
39 the purchasing of equipment incident thereto;

(J) refunding of maintenance bills, immigration fines, and other items properly returnable except deposits of aliens who become public charges and deposits to secure payment of fines and passage money;

(K) the payment of interpreters and translators who are not citizens of the United States and distribution of citizenship textbooks to aliens without cost to such aliens;

(L) acquisition of land as sites for enforcement fences, and construction incident to such fences; and

(M) research related to immigration enforcement which shall remain available until expended;

\$371,067,000 of which not to exceed \$100,000 may be used for the emergency replacement of aircraft upon the certificate of the Attorney General.

SEC. 1002. Section 261(a) of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5671(a)) is amended by striking out "September 30, 1982," and inserting ", and \$44,000,000 for the fiscal year ending September 30, 1982" after "1984".

SEC. 1003. There are authorized to be appropriated for fiscal year 1982 to the Foreign Claims Settlement Commission for its activities, including—

(1) services as authorized by section 3109 of title 5, United States Code;

(2) expenses of packing, shipping, and storing personal effects of personnel assigned abroad;

(3) rental or lease, for such periods as may be necessary, of office space and living quarters for personnel assigned abroad;

(4) maintaining, improving, and repairing properties rented or leased abroad, and furnishing fuel, water, and utilities for such properties;

(5) advances of funds abroad;

(6) advances or reimbursements to other Government agencies for use of their facilities and services in carrying out the functions of the Commission;

(7) the hire of motor vehicles for field use only; and

(8) the employment of aliens: \$705,000.

SEC. 1004. There are authorized to be appropriated for fiscal year 1982 to the Community Relations Service for its activities including the hire of passenger motor vehicles: \$5,313,000.

SEC. 1005. Section 1001 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3793) is amended by—

(1) striking "\$25,000,000 for the fiscal year ending September 30, 1982; and \$25,000,000 for the fiscal year ending September 30, 1983" each place it appears and inserting in lieu thereof "\$1,769,000 for the

1 fiscal year ending September 30, 1982; and \$1,769,000 for the fiscal year
2 ending September 30, 1983".

3 SEC. 1006. Section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e) is
4 amended by striking out "\$12,600,000" and inserting in lieu thereof
5 "\$10,853,000".

6 SEC. 1007. (a) Section 41(b) of title 35, United States Code, is amended by
7 striking "one calendar year after" each place it appears.

8 (b) Section 41(d) of title 35, United States Code, is amended by striking the
9 words "one calendar year after" in the first sentence.

10 **TITLE XI—SENATE COMMITTEE ON LABOR AND HUMAN**
11 **RESOURCES**

12 **PART A—HEALTH RECONCILIATION PROVISIONS**

13 **Subpart 1—Authorizations for Health Programs; Other Provisions**

14 **DECLARATION OF POLICY**

15 SEC. 1101-1. The provisions of this part are enacted to carry out reductions in
16 authorizations of appropriations required by House Concurrent Resolution 115,
17 Ninety-seventh Congress.

18 **HEALTH PLANNING, HEALTH FACILITIES, AND HEALTH PROFESSIONS AND**
19 **NURSE TRAINING**

20 SEC. 1101-2. Notwithstanding any other provision of law, there are author-
21 ized to be appropriated to carry out the provisions of—

22 (1) section 301 of the Public Health Service Act (relating to program
23 support for health planning, health professions assistance, and nursing, and
24 relating to program management for nursing);

25 (2) section 472 of such Act (relating to National Research Service
26 Awards in nursing);

27 (3) sections 708, 720, 726, 770, 780, 781, 783, 784, 786, 787, 788(a),
28 788(b), 788(c), 788(d), 788(e), 789, 791, 792, 1516, 1525, 1534, 1610,
29 1642, and 1643 of such Act;

30 (4) subparts I, II, and III of part C of title VII of such Act;

31 (5) subpart II of part G of title VII of such Act;

32 (6) subparts I, II, and IV of part A of title VIII of such Act and part B
33 of title VIII of such Act;

34 (7) title VII of such Act (relating to program support for programs ad-
35 ministered by the Health Resources Administration of the Department of
36 Health and Human Services);

37 (8) title VIII of such Act (relating to program support for programs ad-
38 ministered by the Health Resources Administration of the Department of
39 Health and Human Services);

1 (9) title XV of such Act (relating to program support for programs ad-
 2 ministered by the Health Resources Administration of the Department of
 3 Health and Human Services); and

4 (10) title XVI of such Act (relating to program support for programs
 5 administered by the Health Resources Administration of the Department
 6 of Health and Human Services),

7 \$268,300,000 for the fiscal year ending September 30, 1982, and \$176,715,000
 8 for the fiscal year ending September 30, 1983.

9 **HEALTH SERVICES ADMINISTRATION**

10 **SEC. 1101-3.** Notwithstanding any other provision of law, there are author-
 11 ized to be appropriated to carry out the provisions of section 301 of the Public
 12 Health Service Act (relating to program support for health care services and
 13 systems and for the National Health Services Corps), section 313 of such Act (as
 14 redesignated by section 1107-3(c) of this Act), subpart II of part D of title III of
 15 such Act, subpart IV of part C of title VII of such Act, titles III and V of such
 16 Act (relating to patient care, special health services, hospitals, and clinics), and
 17 section 7901 of title 5, United States Code, \$247,200,000 for the fiscal year
 18 ending September 30, 1982, and \$259,560,000 for the fiscal year ending Sep-
 19 tember 30, 1983.

20 **ELIMINATION OF ENTITLEMENTS OT HEALTH SERVICES FOR MERCHANT**
 21 **SEAMEN; ELIMINATION OF REQUIREMENT FOR MAINTAINING PUBLIC**
 22 **HEALTH SERVICE HOSPITALS**

23 **SEC. 1101-4.** (a)(1) Sections 2(h), 322(a), and 322(b) of the Public Health
 24 Service Act are repealed.

25 (2) Subsections (c), (d), and (e) of section 322 of such Act are redesignated as
 26 subsections (a), (b), and (c), respectively.

27 (3) Section 322(c) of such Act (as redesignated by paragraph (2) of this subsec-
 28 tion) is amended—

29 (A) by striking out “entitled to care and treatment under subsection (a)
 30 of this section and persons”; and

31 (B) by striking out “subsection (c)” and inserting in lieu thereof “sub-
 32 section (a)”.

33 (4) The section heading for section 322 of such Act is amended by striking out
 34 “SEAMEN” and inserting in lieu thereof “PERSONS UNDER QUARANTINE”.

35 (5) Section 332(a)(2)(C) of such Act is amended by striking out “seamen” and
 36 inserting instead “persons under quarantine”.

37 (b) Subsections (a) and (b) of section 818 of the Department of Defense Appro-
 38 priation Authorization Act, 1974 (87 Stat. 622) are repealed.

39 (c) The amendments and repeals made by subsection (a) shall take effect Octo-
 40 ber 1, 1981. The repeals made by subsection (c) shall take effect on the date of
 41 enactment of this Act.

NATIONAL INSTITUTES OF HEALTH

SEC. 1101-5. Notwithstanding any other provision of law, there are authorized to be appropriated to carry out the provisions of section 301 of the Public Health Service Act (relating to National Institutes of Health), parts I and J of title III of such Act, parts A, B, and I of title IV of such Act, and the Act entitled "An Act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial Laboratory", approved May 7, 1928 (45 Stat. 491; 22 U.S.C. 278), \$3,762,300,000 for the fiscal year ending September 30, 1982, and \$3,950,420,000 for the fiscal year ending September 30, 1983.

MENTAL HEALTH

SEC. 1101-6. Notwithstanding any other provision of law, there are authorized to be appropriated to carry out the provisions of section 301 of the Public Health Service Act (relating to mental health research), section 303 of such Act, section 472 of such Act (relating to National Research Service Awards in mental health), and section 601 of the Mental Health Systems Act, \$234,800,000 for the fiscal year ending September 30, 1982, and \$244,440,000 for the fiscal year ending September 30, 1983.

CENTER FOR DISEASE CONTROL

SEC. 1101-7. Notwithstanding any other provision of law, there are authorized to be appropriated to carry out the activities of the Center for Disease Control under—

(1) section 301 of the Public Health Service Act (relating to (A) research on chronic diseases, immunization, and environmental hazards; (B) research, training, and scientific and technical services concerning occupational safety and health; (C) epidemic services; and (D) technical development and application activities);

(2) section 307 of such Act (relating to international cooperative endeavors concerning chronic diseases, immunization, environmental hazards, epidemic services, and technical development and application activities);

(3) section 310 of such Act (relating to the conduct of conferences and the issuance of health information concerning epidemic services and technical development and application activities);

(4) section 311 of such Act (relating to cooperative activities concerning (A) chronic diseases; (B) immunization; (C) environmental hazards; (D) research, training, and scientific and technical services in occupational safety and health; (E) epidemic services; and (F) technical development and application activities);

(5) subsections (a) and (j) of section 312 of such Act (as redesignated by section 1107-3(c) of this Act);

1 (6) section 322(c) of such Act (as redesignated and amended by section
2 1101-4 of this Act);

3 (7) sections 321(a) and 325 of such Act;

4 (8) section 327 of such Act (relating to (A) immunization activities; (B)
5 research, training, and scientific and technical services in occupational
6 safety and health; (C) epidemic services; and (D) technical development
7 and application activities);

8 (9) section 352 of such Act (relating to epidemic services and technical
9 development and assistance activities);

10 (10) section 353 of such Act (relating to technical development and ap-
11 plication activities);

12 (11) sections 361 through 369 of such Act;

13 (12) section 1101 of such Act (relating to the control of chronic dis-
14 eases);

15 (13) section 1107 of such Act (relating to the control of chronic dis-
16 eases);

17 (14) title III of such Act (relating to program management);

18 (15) title XVII of such Act (relating to program management);

19 (16) section 20 of the Occupational Safety and Health Act of 1970 (re-
20 lating to research concerning occupational safety and health);

21 (17) section 21 of such Act (relating to training concerning occupational
22 safety and health);

23 (18) other provisions of such Act (relating to scientific and technical
24 services concerning occupational safety and health and program manage-
25 ment for such services); and

26 (19) the provisions of the Federal Mine Safety and Health Act of 1977
27 relating to research and scientific and technical services concerning occu-
28 pational safety and health and program management for such services,
29 \$201,100,000 for the fiscal year ending September 30, 1982, and \$211,050,000
30 for the fiscal year ending September 30, 1983, of which not less than
31 \$24,000,000 shall be available in each such fiscal year for programs to immunize
32 children against immunizable diseases.

33 OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH

34 SEC. 1101-8. Notwithstanding any other provision of law, there are author-
35 ized to be appropriated to carry out the activities of the Office of the Assistant
36 Secretary for Health under—

37 (1) section 301 of the Public Health Service Act (relating to (A) re-
38 search concerning health services and program support and program man-
39 agement for such research; (B) health statistics activities and program sup-
40 port and program management for such activities; (C) research concerning
41 health care technology and program support and program management for

1 such research; (D) activities concerning smoking and health; (E) health
 2 promotion activities; (F) program support activities for health maintenance
 3 organizations; (G) physical fitness and sports medicine activities; (H) inter-
 4 national health activities; and (I) management, program direction, and sup-
 5 port services activities for the Public Health Service);

6 (2) section 304 of such Act (relating to research concerning health serv-
 7 ices and health statistics activities);

8 (3) sections 305 and 306 of such Act;

9 (4) section 308 of such Act (relating to research concerning health serv-
 10 ices, health care technology, and health statistics activities);

11 (5) sections 309, 1303, 1304, 1305, 1317, 1701, 1708, and 1709 of
 12 such Act; and

13 (6) sections 1201 and 1202 of such Act (as redesignated by subpara-
 14 graphs (B) and (C), respectively, of section 1104-5(b)(2) of this Act),

15 \$304,200,000 for the fiscal year ending September 30, 1982, and \$319,410,000
 16 for the fiscal year ending September 30, 1983.

17 ST. ELIZABETH'S HOSPITAL

18 SEC. 1101-9. Notwithstanding any other provision of law, there are author-
 19 ized to be appropriated to carry out the activities of St. Elizabeth's Hospital
 20 \$98,900,000 for the fiscal year ending September 30, 1982, and \$103,845,000
 21 for the fiscal year ending September 30, 1983.

22 FOOD AND DRUG ADMINISTRATION

23 SEC. 1101-10. Notwithstanding any other provisions of law, there are author-
 24 ized to be appropriated to carry out the activities of the Food and Drug Adminis-
 25 tration \$336,000,000 for the fiscal year ending September 30, 1982, and
 26 \$352,800,000 for the fiscal year ending September 30, 1983.

27 ADOLESCENT FAMILY LIFE AND PREGNANCY CARE PROGRAMS

28 SEC. 1101-11. Notwithstanding any other provision of law, there are author-
 29 ized to be appropriated for adolescent family life and pregnancy care programs
 30 \$30,000,000 for the fiscal year ending September 30, 1982, and \$30,000,000 for
 31 the fiscal year ending September 30, 1983.

32 NATIONAL SCIENCE FOUNDATION

33 SEC. 1101-12. Notwithstanding any other provision of law, there are author-
 34 ized to be appropriated to carry out the functions of the National Science Foun-
 35 dation \$1,044,500,000 for the fiscal year ending September 30, 1982, and
 36 \$1,108,000,000 for the fiscal year ending September 30, 1983.

37 HEALTH PLANNING

38 SEC. 1101-13. Notwithstanding any other provision of law, there are author-
 39 ized to be appropriated not to exceed \$131,000,000 for the fiscal year ending
 40 September 30, 1981, to carry out title XV of the Public Health Service Act.

1 Subpart 2—Health Services Block Grant

2 SHORT TITLE

3 SEC. 1104-1. This subpart may be cited as the "Health Services Block Grant
4 Act of 1981".

5 STATEMENT OF PURPOSE

6 SEC. 1104-2. It is the purpose of this subpart to assist each State in—

7 (1) assuring access to quality health services at reasonable cost for its
8 residents and in particular, for residents with limited means and residents
9 who live in areas with limited availability of health services;

10 (2) encouraging the use of ambulatory health services;

11 (3) assuring the most appropriate, effective, and efficient utilization of
12 health care facilities and personnel;

13 (4) exercising its health care responsibilities in a flexible manner and
14 with a minimum of Federal requirements;

15 (5) providing health services to migratory and seasonal agricultural
16 workers, medically underserved populations, coal miners, and individuals
17 at home; and

18 (6) providing health services relating to medical emergencies, mental
19 health, alcoholism and alcohol abuse, and drug abuse.

20 BLOCK GRANT

21 SEC. 1104-3. Subpart I of part D of title III of the Public Health Service Act
22 is amended to read as follows:

23 "Subpart I—Health Services Block Grant

24 "AUTHORIZATION OF APPROPRIATIONS

25 "SEC. 328. For the purpose of carrying out the provisions of this subpart,
26 there are authorized to be appropriated \$850,000,000 for fiscal year 1982 and
27 for each of the three succeeding fiscal years.

28 "ALLOTMENTS; APPLICATIONS; REQUIREMENTS

29 "SEC. 329. (a) From amounts appropriated under section 328 for any fiscal
30 year, the Secretary shall allot to each State an amount which bears the same
31 ratio to the total amount appropriated under section 328 for that fiscal year as
32 the total amount provided or allotted by the Secretary for fiscal year 1981 to the
33 State and to entities in the State under section 301 of this Act for State mental
34 health services demonstrations, under this section and sections 328, 329, 330,
35 339, 340, 340A, 1202, 1203, and 1204 of this Act (as such sections were in
36 effect on September 30, 1981), under sections 302, 310, and 311 of the Compre-
37 hensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilita-
38 tion Act of 1970 (as such sections were in effect on September 30, 1981), under
39 sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilita-
40 tion Act (as such sections were in effect on September 30, 1981), under sections
41 202, 203, 204, and 211 of the Community Mental Health Centers Act (as such

1 sections were in effect on September 30, 1981), and under section 427(a) of the
 2 Federal Mine Safety and Health Act of 1977 (as such section was in effect on
 3 September 30, 1981), bore to the total amount provided or allotted by the Secre-
 4 tary under such sections and title to all States and to entities in all States from
 5 appropriations for fiscal year 1981.

6 "(b) Each State desiring to receive an allotment for a fiscal year under this
 7 subpart shall submit an application to the Secretary. Each such application shall
 8 be in such form as the Secretary shall require. Each such application shall con-
 9 tain assurances that the legislature of the State has complied with the provisions
 10 of subsection (c) and that the State will meet the conditions enumerated in sub-
 11 section (d).

12 "(c) After the expiration of the first fiscal year in which a State receives funds
 13 under this subpart, no funds shall be allotted to such State for any fiscal year
 14 under this subpart unless the legislature of the State conducts public hearings on
 15 the proposed use and distribution of funds to be provided under this subpart for
 16 such fiscal year.

17 "(d) As part of the annual application required by subsection (b), the chief
 18 executive officer of each State shall certify that the State agrees to—

19 "(1) use the funds available under this subpart for the purposes de-
 20 scribed in section 330A and otherwise in accordance with the requirements
 21 of this subpart;

22 "(2)(A) make grants to public and private nonprofit entities (other than
 23 State agencies) in the State (hereafter in paragraphs (3), (5), (6), (7), and
 24 (8) referred to as 'community health centers') for the planning, develop-
 25 ment, and operation of such centers in an amount which is equal to—

26 "(i) for fiscal year 1982, 85 per centum of the total amount pro-
 27 vided by the Secretary for fiscal year 1981 to community health cen-
 28 ters in the State under section 330 of this Act (as such section was in
 29 effect on September 30, 1981);

30 "(ii) for fiscal year 1983, 80 per centum of such total amount;

31 "(iii) for fiscal year 1984, 70 per centum of such total amount; and

32 "(iv) for fiscal year 1985, 60 per centum of such total amount;

33 "(B) make grants to public and private nonprofit entities (other than
 34 State agencies) in the State (hereafter in paragraphs (3), (9), (10), and (11)
 35 referred to as 'community mental health centers') for the planning, devel-
 36 opment, and operation of such centers in an amount which is equal to—

37 "(i) for fiscal year 1982, 75 per centum of the total amount pro-
 38 vided by the Secretary for fiscal year 1981 to community mental
 39 health centers in the State under sections 202, 203, 204, and 211 of
 40 the Community Mental Health Centers Act (as such sections were in
 41 effect on September 30, 1981);

1 “(ii) for fiscal year 1983, 70 per centum of such total amount;

2 “(iii) for fiscal year 1984, 60 per centum of such total amount; and

3 “(iv) for fiscal year 1985, 50 per centum of such total amount; and

4 “(C) make grants to public and private nonprofit entities (other than
5 State agencies) in the State for the planning, development, and operation
6 of migrant health centers in an amount which is equal to—

7 “(i) for fiscal year 1982, 85 per centum of the total amount pro-
8 vided by the Secretary for fiscal year 1981 to migrant health centers
9 in the State under section 329 of this Act (as such section was in
10 effect on September 30, 1981);

11 “(ii) for fiscal year 1983, 80 per centum of such total amount;

12 “(iii) for fiscal year 1984, 70 per centum of such total amount; and

13 “(iv) for fiscal year 1985, 60 per centum of such total amount;

14 “(3) establish reasonable criteria to evaluate the effective performance of
15 community health centers, community mental health centers, and migrant
16 health centers and procedural and substantive independent State review
17 procedures relating to the failure by the State to provide funds for any
18 such center;

19 “(4) except as provided in subsection (e), for fiscal years 1982 and 1983
20 only, make a grant from the amounts referred to in section 330A(a)(1) to
21 each community health center, community mental health center, and mi-
22 grant health center in the State (as each such term was defined by section
23 330 of this Act, section 201 of the Community Mental Health Centers
24 Act, and section 329 of this Act, respectively, as such sections were in
25 effect on September 30, 1981) which received a grant under such section
26 in fiscal year 1981;

27 “(5) only make grants from amounts referred to in section 330A(a)(1)
28 for the planning, development, and operation of community health centers
29 in the State which serve—

30 “(A) populations of an urban or rural area with a shortage of per-
31 sonal health services, including urban and rural areas in which there
32 exist unusual local conditions which are a barrier to access to or the
33 availability of personal health services; or

34 “(B) a population group having a shortage of such services;

35 “(6) require each community health center in the State which receives a
36 grant from amounts referred to in section 330A(a)(1) to provide for all
37 residents of the area which the center serves (hereafter referred to in this
38 section as a ‘catchment area’)—

39 “(A) comprehensive primary health services which are appropriate
40 to the area to be served, such as—

1 “(i) services of physicians and, where feasible, services of phy-
2 sicians’ assistants and nurse clinicians;

3 “(ii) diagnostic laboratory and radiologic services;

4 “(iii) preventive health services (including children’s eye and
5 ear examinations to determine the need for vision and hearing
6 correction, perinatal services, well child services, and family
7 planning services);

8 “(iv) emergency medical services;

9 “(v) transportation services as required for adequate patient
10 care;

11 “(vi) preventive dental services; and

12 “(vii) pharmaceutical services;

13 “(B) referral to providers of supplemental health services; and

14 “(C) information on the availability and proper use of health serv-
15 ices;

16 “(7) require, from each community health center in the State which ap-
17 plies for a grant from amounts referred to in section 330A(a)(1) for the
18 planning, development, and operation of such center, an application
19 which—

20 “(A) specifies the need of the population or area proposed to be
21 served by the community health center for primary comprehensive
22 health services, including the services described in subparagraph (A)
23 of paragraph (6); and

24 “(B) describes activities to initiate and encourage continuing com-
25 munity involvement in the development and operation of the center;

26 “(8) make grants for the planning, development, and operation of a com-
27 munity health center only if the State determines that—

28 “(A) the primary health services of the center will be available and
29 accessible in the center’s catchment area promptly, as appropriate,
30 and in a manner which assures continuity;

31 “(B) the center will provide any specified primary health services
32 that the State determines are necessary to meet the specific health
33 needs of the area to be served by the applicant;

34 “(C) the center (i) has or will have a contractual or other arrange-
35 ment with the agency of the State which administers or supervises
36 the administration of a State plan approved under title XIX of the
37 Social Security Act for the payment of all or a part of the center’s
38 costs in providing health services to persons who are eligible for
39 medical assistance under such a State plan, or (ii) has made or will
40 make every reasonable effort to enter into such an arrangement;

1 “(D) the center has made or will make and will continue to make
2 every reasonable effort to collect appropriate reimbursement for its
3 costs in providing health services to persons who are entitled to insur-
4 ance benefits under title XVIII of the Social Security Act, to medical
5 assistance under a State plan approved under title XIX of such Act,
6 or to assistance for medical expenses under any other public assist-
7 ance program or private health insurance program; and

8 “(E) the center has developed an ongoing referral relationship with
9 one or more hospitals;

10 “(9) make grants to community mental health centers in the State from
11 amounts referred to in section 330A(a)(1) for the provision of comprehen-
12 sive mental health services—

13 “(A) principally to individuals residing in a defined geographic area
14 (hereafter referred to in this section as a ‘mental health service area’),
15 with special attention to individuals who are chronically mentally ill;
16 and

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

21 “(10) require that any community mental health center in the State re-
22 ceiving a grant from amounts referred to in section 330A(a)(1) provide—

23 “(A) outpatient services, including specialized services for the
24 mental health of children and the mental health of the elderly;

25 “(B) 24-hour a day emergency care services;

26 “(C) day treatment or other partial hospitalization services;

27 “(D) screening for patients being considered for admission to State
28 institutions to determine the appropriateness of such admission; and

29 “(E) consultation and education services which promote the pre-
30 vention and control of rape and the proper treatment of the victims of
31 rape;

32 “(11) require any community mental health center in the State applying
33 for a grant from amounts referred to in section 330A(a)(1) to provide as-
34 surances to the State that—

35 “(A) the community mental health center has made or will make
36 and will continue to make every reasonable effort to collect appropri-
37 ate reimbursement for its costs in providing services to persons who
38 are entitled to insurance benefits under title XVIII of the Social Se-
39 curity Act, to medical assistance under a State plan approved under
40 title XIX of such Act, or to assistance for medical expenses under

1 any other public assistance program or private health insurance pro-
2 gram; and

3 "(B) the community mental health center will engage in appropri-
4 ate activities to initiate and encourage continuing community involve-
5 ment in the development and operation of the center;

6 "(12) provide that—

7 "(A) in each fiscal year, the State may use for planning and admin-
8 istering the funds available under this subpart an amount not to
9 exceed 10 percent of its allotment under this subpart for such year;
10 and

11 "(B) the State will pay from non-Federal sources the remaining
12 costs of planning and administering the plan and will not use Federal
13 funds for such remaining costs;

14 "(13) provide that—

15 "(A) fiscal control and fund accounting procedures will be estab-
16 lished as may be necessary to assure the proper disbursement of and ac-
17 counting for Federal funds paid to the State under this subpart, in-
18 cluding procedures for monitoring the amounts referred to in section
19 330A(a)(1); and

20 "(B) at least every year the State shall prepare an audit of its ex-
21 penditures of amounts received under this subpart and amounts trans-
22 ferred to carry out the purposes of this subpart; and

23 "(14) permit and cooperate with Federal investigations undertaken in
24 accordance with section 330B.

25 The Secretary may not prescribe the manner in which the States will comply
26 with the provisions of this subsection.

27 "(e) A State shall be required to make a grant to a community health center, a
28 community mental health center, or a migrant health center under paragraph (4)
29 of subsection (d) unless—

30 "(1) the State recommends—

31 "(A) based on Federal findings or administrative actions with re-
32 spect to any such center made or commenced prior to the date such
33 State begins to carry out programs relating to community health cen-
34 ters, community mental health centers, or migrant health centers, as
35 the case may be, under the provisions of this subpart, in accordance
36 with section 1104-4 of the Health Services Block Grant Act of
37 1981; or

38 "(B) based on a review of such center in accordance with the crite-
39 ria and procedures required under paragraph (3) of subsection (d),
40 that the State not be required to provide a grant to such center under
41 paragraph (4) of subsection (d); and

1 “(2) the Secretary approves the recommendation of the State under
2 paragraph (1) based upon a substantive and procedural review of the
3 record made by the State in making its recommendation under this subsec-
4 tion.

5 “(f)(1) In addition to the requirements of subsection (d), the chief executive of
6 each State shall prepare and furnish to the Secretary a plan which contains
7 provisions describing how the State will carry out the assurances contained in
8 subsection (d). The chief executive of each State may revise any plan prepared
9 under this paragraph and shall furnish the revised plan to the Secretary.

10 “(2) Each plan prepared under paragraph (1) of this subsection shall be made
11 available for public inspection within the State in such a manner as will facilitate
12 review of, and comment on, the plan.

13 “(g) Each audit required by paragraph (13)(B) of subsection (d) shall be con-
14 ducted by an entity independent of any agency administering activities carried
15 out under this subpart and shall be conducted in accordance with generally ac-
16 cepted accounting principles. Within thirty days after the completion of each
17 audit, the chief executive officer of the State shall submit a copy of such audit to
18 the legislature of the State and to the Secretary.

19 “(h) The State shall repay to the United States amounts found not to have
20 been expended in accordance with this subpart or the Secretary may offset such
21 amounts against any other amount to which the State is or may become entitled
22 under this subpart.

23 “(i) The Comptroller General of the United States shall, from time to time,
24 evaluate the expenditures by States of grants under this subpart in order to
25 assure that expenditures are consistent with the provisions of this subpart and to
26 determine the effectiveness of the State in accomplishing the purposes of this
27 subpart.

28 "PAYMENTS TO STATES

29 "SEC. 330. The Secretary shall make payment in accordance with section
30 203 of the Intergovernmental Cooperation Act of 1968 and after receiving the
31 application required by section 329, to each State from its allotment under sec-
32 tion 329(a) from amounts appropriated for any fiscal year under section 328.

33 "USE OF FUNDS

34 "SEC. 330A. (a)(1) Except as provided under subsection (b) or subsection (c),
35 amounts paid under section 330 and amounts transferred under other provisions
36 of law for use under this subpart may be used by a State for the provision of
37 health services and for related activities, including planning, administration, oper-
38 ation, and education—

39 “(A) for migratory and seasonal agricultural workers, medically under-
40 served populations, coal miners, and individuals at home; and

1 “(B) for health services, emergency medical services, mental health
2 services, and services for alcoholism, alcohol abuse, and drug abuse.

3 “(2) The Secretary may provide technical assistance to States in planning and
4 operating activities to be carried out under this subpart.

5 “(b)(1) Amounts described in subsection (a) may not be used for—

6 “(A) cash payments to intended recipients of health services;

7 “(B) the purchase or improvement of land, or the purchase, construc-
8 tion, or permanent improvement (other than minor remodeling) of any
9 building or other facility; or

10 “(C) satisfying any requirement for the expenditure of non-Federal funds
11 as a condition for the receipt of Federal funds.

12 “(2) The Secretary may waive the limitation contained in paragraph (1)(B)
13 upon the request of a State if the Secretary finds that there are extraordinary
14 circumstances to justify the waiver and that granting the waiver will assist in
15 carrying out this subpart.

16 “(c)(1) A State may transfer for use under other provisions of Federal law
17 providing for preventive health services or maternal and child health services—

18 “(A) up to 2½ percent of the amounts paid to the State under section
19 330 for fiscal year 1982;

20 “(B) up to 5 percent of the amounts paid to the State under such sec-
21 tion for fiscal year 1983; and

22 “(C) up to 7½ percent of the amount paid to the State under such sec-
23 tion for each of the fiscal years 1984 and 1985.

24 “(2) The State shall inform the Secretary of any transfer of funds under this
25 subsection.

26 “(d) A State shall expend amounts referred to in subsection (a) by the end of
27 the fiscal year following the fiscal year for which they were appropriated.

28 “WITHHOLDING

29 “SEC. 330B. (a)(1) The Secretary shall, after adequate notice and an opportu-
30 nity for a hearing conducted within the affected State, withhold funds from any
31 State which does not utilize its allotment in accordance with the provisions of this
32 subpart and the assurances such State provided under section 329.

33 “(2) The Secretary shall respond in an expeditious and speedy manner to
34 complaints of a substantial or serious nature that a State has failed to use funds
35 in accordance with the provisions of this subpart or the assurances provided by
36 the State under section 329. For the purpose of this paragraph a violation of any
37 one of the assurances contained in section 329(d) that constitutes a disregard of
38 that assurance shall be considered a serious complaint.

39 “(3) The Secretary may not withhold funds under this subsection from a State
40 for a minor failure to comply with the provisions of this subpart.

1 “(b)(1) The Secretary shall conduct in several States in each fiscal year inves-
2 tigations of the use of funds received by the States under this subpart in order to
3 evaluate compliance with the provisions of this subpart.

4 “(2) Whenever the Secretary determines that there is a pattern of complaints
5 from any State in any fiscal year, he shall conduct an investigation of the use of
6 funds received under this subpart by that State in order to insure compliance with
7 the provisions of this subpart.

8 “(3) The Comptroller General of the United States may conduct an investiga-
9 tion of the use of funds received under this subpart by a State in order to insure
10 compliance with the provisions of this subpart.

11 “(c) Pursuant to an investigation conducted under subsection (b), a State shall
12 make appropriate books, documents, papers, and records available to the Secre-
13 tary or the Comptroller General of the United States, or any of their duly author-
14 ized representatives, for examination, copying, or mechanical reproduction on or
15 off the premises of the appropriate entity upon a reasonable request therefor.

16 “(d) In conducting any investigation under subsection (b), the Secretary or the
17 Comptroller General of the United States may not request any information not
18 readily available to such State or require that any information be compiled, col-
19 lected, or transmitted in any new form not already available.

20 “NONDISCRIMINATION PROVISION

21 “SEC. 330C: (a) No person shall on the ground of race, color, national origin,
22 or sex be excluded from participation in, be denied the benefits of, or be subjected
23 to discrimination under, any program or activity funded in whole or in part with
24 funds made available under this subpart. Any prohibition against discrimination
25 on the basis of age under the Age Discrimination Act of 1975 or with respect to
26 an otherwise qualified handicapped individual as provided in section 504 of the
27 Rehabilitation Act of 1973 shall also apply to any such program or activity.

28 “(b) Whenever the Secretary determines that a State that has received a pay-
29 ment under this subpart has failed to comply with subsection (a) of this section or
30 an applicable regulation, he shall notify the chief executive officer of the State
31 and shall request him to secure compliance. If within a reasonable period of time,
32 not to exceed sixty days, the chief executive officer fails or refuses to secure
33 compliance, the Secretary is authorized to (1) refer the matter to the Attorney
34 General with a recommendation that an appropriate civil action be instituted, (2)
35 exercise the powers and functions provided by title VI of the Civil Rights Act of
36 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation
37 Act of 1973, as may be applicable, or (3) take such other action as may be
38 provided by law.

39 “(c) When a matter is referred to the Attorney General pursuant to subsection
40 (b) of this section, or whenever he has reason to believe that the State is engaged
41 in a pattern or practice in violation of the provisions of this section, the Attorney

1 General may bring a civil action in any appropriate United States district court
2 for such relief as may be appropriate, including injunctive relief."

3 TRANSITION PROVISIONS

4 SEC. 1104-4. (a) The purpose of this section is to permit for fiscal year 1982
5 only States to choose between operating programs under the block grant estab-
6 lished by subpart I of part D of title III of the Public Health Service Act (as
7 amended by section 1104-3 of this Act) or operating programs under the provi-
8 sions of law (other than provisions relating to authorizations of appropriations,
9 allotment, or distribution of project grants among States) in effect on September
10 30, 1981, but amended by section 1104-3 of this Act or repealed by section
11 1101-5 of this Act.

12 (b)(1) Notwithstanding any other provision of law, from the amounts allotted to
13 a State under section 329 of the Public Health Service Act (as amended by
14 section 1104-3 of this Act), a State may choose, for fiscal year 1982 only, to
15 carry out programs under the provisions of subpart I of part D of title III of the
16 Public Health Service Act (as amended by section 1104-3 of this Act) or to carry
17 out such programs under the provisions of law (other than provisions relating to
18 authorizations of appropriations, allotment, or the distribution of project grants
19 among States) in effect on September 30, 1981, but amended by section 1104-3
20 of this Act or repealed by section 1104-5 of this Act. The provisions of the
21 preceding sentence apply to the provisions of law referred to in such sentence
22 even if there is a specific termination provision or other provision of law ending
23 any program subject to this Act.

24 (2) By September 1, 1981, or within 30 days after the date of enactment of
25 this Act, whichever is later, each State shall transmit a notice to the Secretary of
26 Health and Human Services describing—

27 (A) which programs the State will operate in fiscal year 1982 under
28 subpart I of part D of title III of the Public Health Service Act (as
29 amended by section 1104-3 of this Act);

30 (B) which programs the State will operate in such fiscal year under the
31 provisions of law (other than provisions relating to authorizations of appro-
32 priations, allotment, or the distribution of project grants among States) in
33 effect on September 30, 1981, but amended by section 1104-3 of this Act
34 or repealed by section 1104-5 of this Act; and

35 (C) the date selected by the State under paragraph (3) that the State
36 will phase in the carrying out of the programs referred to in subparagraph
37 (B) under the provisions of subpart I of part D of the Public Health Serv-
38 ice Act (as amended by section 1104-3 of this Act).

39 (3) Each State selecting the option under paragraph (1) to carry out programs
40 under the provisions of law (other than provisions of law relating to authoriza-
41 tions of appropriations, allotment, or the distribution of project grants among

1 States) in effect on September 30, 1981, but amended by section 1104-3 of this
 2 Act or repealed by section 1104-5 of this Act, may phase in carrying out pro-
 3 grams under the provisions of subpart I of part D of title III of the Public Health
 4 Service Act (as amended by section 1104-3 of this Act) on October 1, 1981,
 5 January 1, 1982, April 1, 1982, or July 1, 1982.

6 (4) A State may revise the date on which it will phase in carrying out pro-
 7 grams under subpart I of part D of the Public Health Service Act (as amended by
 8 section 1104-3 of this Act) by transmitting, at least 120 days before such revised
 9 date, a notice of such revision to the Secretary of Health and Human Services,
 10 except that such revised date may only be one of the dates specified in paragraph
 11 (3).

12 (5) If a State selects the option under paragraph (1) to carry out one or more
 13 programs under the provisions of law (other than provisions of law relating to
 14 authorizations of appropriations, allotment, or the distribution of project grants
 15 among States) in effect on September 30, 1981, but amended by section 1104-3
 16 of this Act or repealed by section 1104-5 of this Act, the Secretary of Health
 17 and Human Services shall be the administrator of each such program during the
 18 period for which the State has selected such option. The Secretary shall deduct
 19 any amounts expended in carrying out any such program from the amount allot-
 20 ted under section 329 of the Public Health Service Act (as amended by section
 21 1104-3 of this Act) to the State selecting the option under paragraph (1).

22 (c) The Secretary of Health and Human Services shall provide such assistance
 23 to the States as the States may require in order to carry out the provisions of this
 24 section.

25 REPEALS AND CONFORMING AMENDMENTS

26 SEC. 1104-5. (a)(1) Section 217(g), subparts III and IV of part D of title III,
 27 sections 1201, 1202, 1203, 1204, 1205(d), 1206, 1207(a), 1208, 1209, and
 28 1210, and part B of title XII of the Public Health Service Act are repealed.

29 (2) Section 427(a) of the Federal Mine Safety and Health Act of 1977 is
 30 repealed. Subsections (b) and (c) of section 427 of such Act are redesignated as
 31 subsections (a) and (b), respectively.

32 (3) Part A of title III of the Comprehensive Alcohol Abuse and Alcoholism
 33 Prevention, Treatment, and Rehabilitation Act of 1970 is repealed.

34 (4) Sections 409 and 411 of the Drug Abuse Prevention, Treatment, and Re-
 35 habilitation Act are repealed.

36 (5) The Community Mental Health Centers Act is repealed.

37 (6) Section 101, part B of title I, titles II and III, and sections 502, 602, 801,
 38 and 806 of the Mental Health Systems Act are repealed.

39 (b)(1) Section 2(f) of the Public Health Service Act is amended by striking out
 40 "1201(2),".

41 (2)(A) Title XII of such Act is amended by striking out—

1 **"PART A—ASSISTANCE FOR EMERGENCY MEDICAL SERVICES SYSTEMS"**

2 (B) Section 1205 of such Act is redesignated as section 1201.

3 (C) Section 1207(b) of such Act is redesignated as section 1202.

4 (3) The second sentence of section 455(a) of such Act is amended by striking
5 out ", the Mental Retardation Facilities and Community Mental Health Centers
6 Construction Act of 1963 (other than part C of title II), and the Mental Health
7 Systems Act".

8 (4) Section 507 of such Act is amended by striking out ", appropriations avail-
9 able under the Community Mental Health Centers Act for construction and staff-
10 ing of community mental health centers and alcoholism and narcotic addiction,
11 drug abuse, and drug dependence facilities,".

12 (5) Section 513 of such Act is amended by striking out "the Mental Retarda-
13 tion Facilities Construction Act, the Community Mental Health Centers Act,".

14 (6) Section 1513(e)(1)(A)(i) of such Act is amended by striking out ", the Com-
15 munity Mental Health Centers Act, the Mental Health Systems Act, sections
16 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act,
17 or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment,
18 and Rehabilitation Act of 1970".

19 (7) Section 1521(d)(2)(A) of such Act is amended—

20 (A) by striking out ", the Community Mental Health Centers Act," and
21 inserting in lieu thereof "or"; and

22 (B) by striking out ", and the Drug Abuse Office and Treatment Act of
23 1972".

24 (8) Section 1524(c)(6)(A) of such Act is amended by striking out "the Commu-
25 nity Mental Health Centers Act, section 409 or 410 of the Drug Abuse Office
26 and Treatment Act of 1972, or the Comprehensive Alcohol Abuse and Alcohol-
27 ism Prevention, Treatment, and Rehabilitation Act of 1970,".

28 (9) Section 427(b) of the Federal Mine Safety and Health Act of 1977 (as
29 redesignated by subsection (a)(2) of this section) is amended by striking out the
30 first sentence and by striking out "subsection (b)" and inserting in lieu thereof
31 "subsection (a)".

32 (10) Section 2(b)(1) of the Comprehensive Alcohol Abuse and Alcoholism Pre-
33 vention, Treatment, and Rehabilitation Act of 1970 is amended by striking out
34 "and direct Federal assistance to community-based programs to meet the urgent
35 needs of special populations,".

36 (11) The first sentence of section 101(a) of such Act is amended by striking out
37 "and part C of the Community Mental Health Centers Act".

38 (12) Section 201(b)(2) of such Act is amended—

39 (A) by striking out subparagraph (B), and

40 (B) by striking out "(A)" before "Consistent".

1 (13)(A) Section 102 of the Drug Abuse Prevention, Treatment, and Rehabili-
2 tation Act is amended—

3 (i) by striking out “and to community-based programs to meet the
4 urgent needs of special populations” in paragraph (1), and

5 (ii) by striking out paragraph (2).

6 (B) Paragraphs (3) and (4) of such section are redesignated as paragraphs (2)
7 and (3), respectively.

8 (14) Section 406(a) of such Act is amended—

9 (A) by inserting “and” after the semicolon in paragraph (2);

10 (B) by striking out the semicolon and “and” at the end of paragraph (3)
11 and inserting in lieu thereof a period; and

12 (C) by striking out paragraph (4).

13 (15) Section 413(b)(2) of such Act is amended—

14 (A) by striking out subparagraph (B); and

15 (B) by striking out “(A)” before “Consistent”.

16 (16) The table of sections of title IV of such Act is amended by striking out the
17 items relating to sections 409 and 411.

18 (17) Title I of the Mental Health Systems Act is amended—

19 (A) by striking out “PART A—DEFINITIONS”;

20 (B) by striking out “OTHER” in the section heading for section 102;
21 and

22 (C) by striking out paragraphs (3), (4), (6), and (7) of section 102, and
23 by redesignating paragraph (5) of such section as paragraph (3).

24 (18) The table of contents in the first section of such Act is amended by
25 striking out the items relating to sections 101, 105, 106, 107, 201 through 208,
26 301 through 303, 305 through 309, 315 through 317, 321, 325 through 328,
27 502, 602, 901, and 806, parts A and B of title I, title II, title III, and parts A,
28 B, C, D, and E of title III.

29 The table of section 102 in such table of contents is amended to read as
30 follows:

“Sec. 102. Definitions.”.

31 (19) Section 601(a) of such Act is amended—

32 (A) by striking out “community mental health centers and other” in
33 paragraph (5); and

34 (B) by striking out paragraph (6).

35 EFFECTIVE DATE

36 SEC. 1104-6. The amendments made by section 1104-3 and the amendments
37 and repeals made by section 1104-5 shall take effect on October 1, 1981.

1 **SUPPART 3—PREVENTIVE HEALTH SERVICES BLOCK GRANT**

2 **SHORT TITLE**

3 **SEC. 1107-1.** This subpart may be cited as the "Preventive Health Services
4 Block Grant Act of 1981".

5 **STATEMENT OF PURPOSE**

6 **SEC. 1107-2.** It is the purpose of this subpart to assist each State in—

7 (1) assuring access to preventive health services for its residents, and in
8 particular, for residents with limited means;

9 (2) providing comprehensive public health services, controlling rodents,
10 fluoridating water supplies, undertaking hypertension activities, preventing
11 and controlling venereal disease, preventing and controlling tuberculosis,
12 providing family planning services, deterring smoking and the use of alco-
13 hol among children and adolescents, and carrying out activities relating to
14 adolescent pregnancy; and

15 (3) otherwise undertaking health promotion and disease prevention ef-
16 forts to reduce preventable morbidity and mortality and improve the qual-
17 ity of life.

18 **BLOCK GRANT**

19 **SEC. 1107-3.** (a) Part B of title III of the Public Health Service Act is
20 amended by inserting after the heading for such part the following:

21 **"SUBPART I—SPECIAL PROGRAMS".**

22 (b) Sections 314, 315, 316, and 318 of such Act are repealed.

23 (c) Section 317 of such Act is redesignated as section 312 and section 320 of
24 such Act is redesignated as section 313.

25 (d) Part B of title III of such Act is further amended by adding at the end
26 thereof the following new subpart:

27 **"SUBPART II—PREVENTIVE HEALTH BLOCK GRANT**

28 **"AUTHORIZATION OF APPROPRIATIONS**

29 **"SEC. 314.** For the purpose of carrying out the provisions of this subpart,
30 there are authorized to be appropriated \$194,000,000 for fiscal year 1982 and
31 for each of the three succeeding fiscal years.

32 **"ALLOTMENTS; APPLICATIONS; REQUIREMENTS**

33 **"SEC. 315. (a)** From the amounts appropriated under section 314 for any fiscal
34 year, the Secretary shall allot to each State an amount which bears the same
35 ratio to the total amount appropriated under section 314 for that fiscal year as
36 the total amount provided or allotted by the Secretary for fiscal year 1981 to the
37 State and to entities in the State under section 314(d) of this Act, under section
38 317 of this Act for rodent control, hypertension, and fluoridation activities, under
39 sections 318, 1001, 1003, and 1005 of this Act, and under sections 401 and 402
40 of the Health Services and Centers Amendments of 1978 (as such sections and
41 title were in effect on September 30, 1981), bore to the total amount provided or

1 allotted by the Secretary under such sections and title to all States and to entities
2 in all States from appropriations for fiscal year 1981.

3 "(b) Each State desiring to receive an allotment for a fiscal year under this
4 subpart shall submit an application to the Secretary. Each such application shall
5 be in such form as the Secretary shall require. Each such application shall con-
6 tain assurances that the legislature of the State has complied with the provisions
7 of subsection (c) and that the State will meet the conditions enumerated in sub-
8 section (d).

9 "(c) After the expiration of the first fiscal year in which a State receives funds
10 under this subpart, no funds shall be allotted to such State for any fiscal year
11 under this subpart unless the legislature of the State conducts public hearings on
12 the proposed use and distribution of funds to be provided under this subpart for
13 such fiscal year.

14 "(d) As part of the annual application required by subsection (b), the chief
15 executive officer of each State shall certify that the State agrees to—

16 "(1) use the funds available under this subpart for the purposes de-
17 scribed in section 317 and otherwise in accordance with the requirements
18 of this subpart;

19 "(2) provide that the acceptance by any individual of family planning
20 services or population growth information (including educational materials)
21 provided through amounts referred to in section 317(a)(1) shall be volun-
22 tary and shall not be a prerequisite to eligibility for or receipt of any other
23 service or assistance from, or to participation in, any other program of the
24 entity or individual that provided such service or information;

25 "(3) provide that—

26 "(A) in each fiscal year, the State may use for planning and admin-
27 istering the funds available under this subpart an amount not to
28 exceed 10 percent of its allotment under subsection (a) for such year;
29 and

30 "(B) the State will pay from non-Federal sources the remaining
31 costs of planning and administering the plan and will not use Federal
32 funds for such remaining costs;

33 "(4) provide that—

34 "(A) fiscal control and fund accounting procedures will be estab-
35 lished as may be necessary to assure the proper disbursement of and ac-
36 counting for Federal funds paid to the State under this subpart, in-
37 cluding procedures for monitoring the amounts referred to in section
38 317(a)(1); and

39 "(B) at least every year each State shall prepare an audit of its
40 expenditures of amounts received under this subpart and amounts
41 transferred to carry out the purposes of this subpart; and

1 “(5) permit and cooperate with Federal investigations undertaken in ac-
2 cordance with section 318.

3 The Secretary may not prescribe the manner in which the States will comply
4 with the provisions of this subsection.

5 “(e)(1) In addition to the requirements of subsection (d), the chief executive of
6 each State shall prepare and furnish to the Secretary a plan which contains
7 provisions describing how the State will carry out the assurances contained in
8 subsection (d). The chief executive of each State may revise any plan prepared
9 under this paragraph and shall furnish the revised plan to the Secretary.

10 “(2) Each plan prepared under paragraph (1) of this subsection shall be made
11 available for public inspection within the State in such a manner as will facilitate
12 review of, and comment on, the plan.

13 “(f) Each audit required by paragraph (4)(B) of subsection (d) shall be conduct-
14 ed by an entity independent of any agency administering activities or services
15 carried out under this subpart and shall be conducted in accordance with general-
16 ly accepted accounting principles. Within thirty days after the completion of each
17 audit, the chief executive officer of the State shall submit a copy of such audit to
18 the legislature of the State and to the Secretary.

19 “(g) The State shall repay to the United States amounts found not to have
20 been expended in accordance with this subpart or the Secretary may offset such
21 amounts against any other amount to which the State is or may become entitled
22 under this subpart.

23 “(h) The Comptroller General of the United States shall, from time to time,
24 evaluate the expenditures by States of grants under this subpart in order to
25 assure that expenditures are consistent with the provisions of this subpart and to
26 determine the effectiveness of the State in accomplishing the purposes of this
27 subpart.

28 “PAYMENTS TO STATES

29 “SEC. 316. (a) The Secretary shall make payments, in accordance with section
30 203 of the Intergovernmental Cooperation Act of 1968 and after receiving the
31 application required by section 315(b), to each State from its allotment under
32 section 315(a) from amounts appropriated for any fiscal year under section 314.

33 “(b) The Secretary, at the request of a State, may reduce the amount of any
34 payment under subsection (a) by—

35 “(1) the fair market value of any supplies (including vaccines and other
36 preventive agents) or equipment furnished the State, and

37 “(2) the amount of the pay, allowances, and travel expenses of any offi-
38 cer or employee of the Government when detailed to the State and the
39 amount of any other costs incurred in connection with the detail of such
40 officer or employee,

1 when the furnishing of supplies or equipment or the detail of an officer or employ-
 2 ee is for the convenience of and at the request of the State and for the purpose of
 3 conducting activities described in section 317. The amount by which any pay-
 4 ment is so reduced shall be available for payment by the Secretary of the costs
 5 incurred in furnishing the supplies or equipment or in detailing the personnel, on
 6 which the reduction of the payment is based, and the amount shall be deemed to
 7 be part of the payment and shall be deemed to have been paid to the State.

8 "USE OF FUNDS

9 "SEC. 317. (a)(1) Except as provided in subsection (b) or (c), amounts paid
 10 under section 316 and amounts transferred under other provisions of law for use
 11 under this subpart may be used by a State for—

12 "(A) hypertension control activities;

13 "(B) health incentive activities;

14 "(C) risk reduction and health education activities;

15 "(D) venereal disease activities;

16 "(E) fluoridation activities;

17 "(F) rat control activities;

18 "(G) voluntary family planning services which shall offer a broad range
 19 of acceptable and effective family planning methods (including natural
 20 family planning methods); and

21 "(H) adolescent health services.

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

24 "(b)(1) Amounts described in subsection (a) may not be used for—

25 "(A) cash payments to intended recipients of health services;

26 "(B) the purchase or improvement of land, or the purchase, construction
 27 or permanent improvement (other than minor remodeling) of any building
 28 or other facility;

29 "(C) satisfying any requirement for the expenditure of non-Federal funds
 30 as a condition for the receipt of Federal funds; or

31 "(D) programs where abortion is a method of family planning.

32 "(2) The Secretary may waive the provisions of paragraph (1)(B) upon the
 33 request of a State if the Secretary finds that there are extraordinary circum-
 34 stances to justify the waiver and that granting the waiver will assist in carrying
 35 out this subpart.

36 "(c) From the amounts paid to a State under section 315 from amounts appro-
 37 priated for a fiscal year, a State may transfer up to 5 percent for use under other
 38 provisions of Federal law providing for support of health or social services or for
 39 meeting home energy and emergency assistance needs. The State shall inform
 40 the Secretary of any such transfer of funds.

1 “(d) A State shall expend amounts referred to in subsection (a)(1) by the end of
2 the fiscal year following the fiscal year for which they were appropriated.

3 “WITHHOLDING

4 “SEC. 318. (a)(1) The Secretary shall, after adequate notice and an opportuni-
5 ty for a hearing conducted within the affected State, withhold funds from any
6 State which does not utilize its allotment in accordance with the provisions of this
7 subpart and the assurances such State provided under section 315.

8 “(2) The Secretary shall respond in an expeditious and speedy manner to
9 complaints of a substantial or serious nature that a State has failed to use funds
10 in accordance with the provisions of this subpart or the assurances provided by
11 the State under section 315. For the purpose of this paragraph a violation of any
12 one of the assurances contained in section 315(d) that constitutes a disregard of
13 that assurance shall be considered a serious complaint.

14 “(3) The Secretary may not withhold funds under this subsection from a State
15 for a minor failure to comply with the provisions of this subpart.

16 “(b)(1) The Secretary shall conduct in several States in each fiscal year inves-
17 tigations of the use of funds received by the States under this subpart in order to
18 evaluate compliance with the provisions of this subpart.

19 “(2) Whenever the Secretary determines that there is a pattern of complaints
20 from any State in any fiscal year, he shall conduct an investigation of the use of
21 funds received under this subpart by that State in order to insure compliance with
22 the provisions of this subpart.

23 “(3) The Comptroller General of the United States may conduct an investiga-
24 tion of the use of funds received under this subpart by a State in order to insure
25 compliance with the provisions of this subpart.

26 “(c) Pursuant to an investigation conducted under subsection (b), a State shall
27 make appropriate books, documents, papers, and records available to the Secre-
28 tary or the Comptroller General of the United States, or any of their duly author-
29 ized representatives, for examination, copying, or mechanical reproduction on or
30 off the premises of the appropriate entity upon a reasonable request therefor.

31 “(d) In conducting any investigation under subsection (b), the Secretary or the
32 Comptroller General of the United States may not request any information not
33 readily available to such State or require that any information be compiled, col-
34 lected, or transmitted in any new form not already available.

35 “NONDISCRIMINATION PROVISION

36 “SEC. 319. (a) No person shall on the ground of race, color, national origin, or
37 sex be excluded from participation in, be denied the benefits of, or be subjected to
38 discrimination under, any program or activity funded in whole or in part with
39 funds made available under this subpart. Any prohibition against discrimination
40 on the basis of age under the Age Discrimination Act of 1975 or with respect to

1 an otherwise qualified handicapped individual as provided in section 504 of the
2 Rehabilitation Act of 1973 shall also apply to any such program or activity.

3 "(b) Whenever the Secretary determines that a State that has received a pay-
4 ment under this subpart has failed to comply with subsection (a) of this section or
5 an applicable regulation, he shall notify the chief executive officer of the State
6 and shall request him to secure compliance. If within a reasonable period of time,
7 not to exceed sixty days, the chief executive officer fails or refuses to secure
8 compliance, the Secretary is authorized to (1) refer the matter to the Attorney
9 General with a recommendation that an appropriate civil action be instituted, (2)
10 exercise the powers and functions provided by title VI of the Civil Rights Act of
11 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation
12 Act of 1973, as may be applicable, or (3) take such other action as may be
13 provided by law.

14 "(c) When a matter is referred to the Attorney General pursuant to subsection
15 (b) of this section, or whenever he has reason to believe that the State is engaged
16 in a pattern or practice in violation of the provisions of this section, the Attorney
17 General may bring a civil action in any appropriate United States district court
18 for such relief as may be appropriate, including injunctive relief."

19 TRANSITION PROVISIONS

20 SEC. 4. (a) The purpose of this section is to permit for fiscal year 1982 only
21 States to choose between operating programs under the block grant established
22 by subpart II of part B of title III of the Public Health Service Act (as added by
23 section 1107-3(d) of this Act) or operating programs under the provisions of law
24 (other than provisions relating to authorizations of appropriations, allotment, or
25 distribution of project grants among States) repealed by sections 1107-3(b) and
26 1107-5 of this Act.

27 (b)(1) Notwithstanding any other provision of law, from the amounts allotted to
28 a State under section 315 of the Public Health Service Act (as added by section
29 1107-3(d) of this Act), a State may choose, for fiscal year 1982 only, to carry
30 out programs under the provisions of subpart II of part B of title III of the Public
31 Health Service Act (as added by section 1107-3(d) of this Act) or to carry out
32 such programs under the provisions of law (other than provisions relating to
33 authorizations of appropriations, allotment, or the distribution of project grants
34 among States) in effect on September 30, 1981, but repealed by sections
35 1107-3(b) and 1107-5 of this Act. The provisions of the preceding sentence
36 apply to the provisions of law referred to in such sentence even if there is a
37 specific termination provision or other provision of law ending any program sub-
38 ject to this Act.

39 (2) By September 1, 1981, or within 30 days after the date of enactment of
40 this Act, whichever is later, each State shall transmit a notice to the Secretary of
41 Health and Human Services describing—

(A) which programs the State will operate in fiscal year 1982 under subpart II of part B of title III of the Public Health Service Act (as added by section 1107-3(d) of this Act);

(B) which programs the State will operate in such fiscal year under the provisions of law (other than provisions relating to authorizations of appropriations, allotment, or the distribution of project grants among States) in effect on September 30, 1981, but repealed by sections 1107-3(b) and 1107-5 of this Act; and

(C) the date selected by the State under paragraph (3) that the State will phase in the carrying out of the programs referred to in subparagraph (B) under the provisions of subpart II of part B of the Public Health Service Act (as added by section 1107-3(d) of this Act).

(3) Each State selecting the option under paragraph (1) to carry out programs under the provisions of law (other than provisions of law relating to authorizations of appropriations, allotment, or the distribution of project grants among States) in effect on September 30, 1981, but repealed by sections 1107-3(b) and 1107-5 of this Act, may phase in carrying out programs under the provisions of subpart II of part B of title III of the Public Health Service Act (as added by section 1107-3(d) of this Act) on October 1, 1981, January 1, 1982, April 1, 1982, or July 1, 1982.

(4) A State may revise the date on which it will phase in carrying out programs under subpart II of part B of the Public Health Service Act (as added by section 1107-3(d) of this Act) by transmitting, at least 120 days before such revised date, a notice of such revision to the Secretary of Health and Human Services, except that such revised date may only be one of the dates specified in paragraph (3).

(5) If a State selects the option under paragraph (1) to carry out one or more programs under the provisions of law (other than provisions of law relating to authorizations of appropriations, allotment, or the distribution of project grants among States) in effect on September 30, 1981, but repealed by sections 1107-3(b) and 1107-5 of this Act, the Secretary of Health and Human Services shall be the administrator of each such program during the period for which the State has selected such option. The Secretary shall deduct any amounts expended in carrying out any such program from the amount allotted under section 315 of the Public Health Service Act (as added by section 1107-3(d) of this Act) to the State selecting the option under paragraph (1).

(c) The Secretary of Health and Human Services shall provide such assistance to the States as the States may require in order to carry out the provisions of this section.

REPEALS AND CONFORMING AMENDMENTS

SEC. 1107-5. (a)(1) Title X of the Public Health Service Act is repealed.

1 (2) Sections 401 and 402 of the Health Services and Centers Amendments of
2 1978 are repealed.

3 (b)(1) Section 2(f) of the Public Health Service Act is amended by striking out
4 "314(g)(4)(B), 318(c)(1)," and by striking out "1002(c), 1201(2),".

5 (2)(A) The second sentence of section 311(a) of such Act is amended—

6 (i) by inserting "and with respect to other public health matters" after
7 "diseases", and

8 (ii) by striking out "and in carrying out the purposes of section 314".

9 (B) The first sentence of section 311(b) of such Act is amended by striking out
10 "the purposes of section 314" and inserting in lieu thereof "public health activi-
11 ties".

12 (C) The first sentence of section 311(c)(1) of such Act is amended by striking
13 out "or condition referred to in section 317(f)" and by striking out "involving or
14 resulting from disasters or any such disease".

15 (D) The second sentence of section 311(c)(1) of such Act is amended by strik-
16 ing out "resulting from disasters or any disease or condition referred to in section
17 317(f)".

18 (3)(A) Section 312(a) of such Act (as redesignated by section 1107-3(c) of this
19 Act) is amended to read as follows:

20 "(a) The Secretary may make grants to States and, in consultation with State
21 authorities, to political subdivisions of States and to other public entities to assist
22 them in meeting the costs of establishing and maintaining preventive health pro-
23 grams to immunize individuals against immunizable diseases."

24 (B) Section 312(b)(3) of such Act (as redesignated by section 1107-3(c) of this
25 Act) is amended by striking out "and in those cases where the applicant is a
26 State, that such program will be provided, where appropriate, in a manner con-
27 sistent with any plan in effect under an application approved under section 315".

28 (C) Section 312(h) of such Act (as redesignated by section 1107-3(c) of this
29 Act) is amended—

30 (i) by striking out "and conditions" each place it appears, and

31 (ii) by striking out "for each of the programs listed in subsection (j)".

32 (D) Section 312(j) of such Act (as redesignated by section 1107-3(c) of this
33 Act) is amended—

34 (i) by striking out paragraphs (2) through (5);

35 (ii) by striking out "(A)" after "(1)";

36 (iii) by striking out "subparagraph (B)" and inserting in lieu thereof
37 "paragraph (1)";

38 (iv) by striking out "(B)" before "No" and inserting in lieu thereof
39 "(2)";

40 (v) by striking out "subparagraph (A)" and inserting in lieu thereof
41 "paragraph (1)"; and

1 (vi) by redesignating clauses (i) through (v) of paragraph (2) (as redesign-
 2 nated by the amendment made by clause (iv) of this paragraph) as subpar-
 3 agraphs (A) through (E), respectively.

4 (E) The section heading for section 312 of such Act (as redesignated by section
 5 1107-3(c) of this Act) is amended by striking out "PREVENTIVE HEALTH SERV-
 6 ICES" and inserting instead "IMMUNIZATIONS".

7 EFFECTIVE DATE

8 SEC. 1107-6. The amendments and repeals made by section 1107-3 and the
 9 repeals and amendments made by section 1107-5 shall take effect on October 1,
 10 1981.

11 PART B—EDUCATION RECONCILIATION AMENDMENTS

12 DECLARATION OF POLICY

13 SEC. 1111. The provisions of this part, and the amendments made by this part,
 14 are enacted to carry out reductions in authorizations of appropriations required
 15 by House Concurrent Resolution 115, Ninety-seventh Congress.

16 GENERAL LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS

17 SEC. 1112. No sums may be authorized to be appropriated for the fiscal year
 18 1981, for the fiscal year 1982, or for the fiscal year 1983 to carry out any
 19 activity of the Department of Education (or predecessor agency), the National
 20 Endowment for the Arts, or the National Endowment for the Humanities unless
 21 (1) there was an appropriation for the activity in fiscal year 1980, or (2) there is a
 22 specific authorization of appropriations for the activity in this part or in an
 23 amendment made by this part.

24 ELEMENTARY AND SECONDARY EDUCATION

25 SEC. 1113. (a)(1) Title I of the Elementary and Secondary Education Act of
 26 1965 (hereafter in this section referred to as the "Act") is amended—

27 (A) by inserting "(a)" after "SEC. 102."; and

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

29 "(b) Notwithstanding any other provision of this title there are authorized to be
 30 appropriated not to exceed \$3,104,317,000 for the fiscal year 1981,
 31 \$3,348,000,000 for the fiscal year 1982, and \$3,348,000,000 for the fiscal year
 32 1983. The Secretary of Education shall assure that the amount available for each
 33 separate program authorized by this title has the same ratio to the amount appro-
 34 priated in each such fiscal year as the amount available to each such program in
 35 fiscal year 1980 had to the total amount appropriated for this title in the fiscal
 36 year 1980."

37 (2) The section heading of section 102 of the Act is amended to read as
 38 follows:

39 "DURATION AND AMOUNT OF ASSISTANCE".

40 (b) Section 241 of the Act is amended—

1 (1) by striking out "There" and inserting in lieu thereof "(a) Subject to
2 subsection (b), there", and

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

4 "(b) No sums may be appropriated in excess of \$31,500,000 for the fiscal year
5 1981, \$40,000,000 for the fiscal year 1982, and \$40,000,000 for the fiscal year
6 1983, to carry out the provisions of this part. Notwithstanding the provisions of
7 section 242 the Secretary shall assure that amounts available for fiscal years
8 1981, 1982, and 1983 for the program known as Reading is Fundamental under
9 part B of this title are not less than the amounts available for such program in
10 fiscal year 1980."

11 (c)(1) Part A of title III is amended by adding at the end thereof the following
12 new section:

13 "LIMITATIONS ON AUTHORIZATIONS OF APPROPRIATIONS

14 "SEC. 304. (a)(1) Notwithstanding any other provision of this title no funds
15 shall be authorized to be available for any program that is not authorized specifi-
16 cally by the provisions of this title including the authorization for discretionary
17 projects under section 303 of this title.

18 "(2)(A) Not to exceed \$8,750,000 shall be available for fiscal year 1981 for
19 the National Diffusion program conducted under this part.

20 "(B) Not to exceed \$2,745,000 shall be available for fiscal year 1981 for the
21 Cities in Schools program conducted under this part.

22 "(b) Notwithstanding any other provision of this title, no funds shall be author-
23 ized to be available for fiscal years 1981, 1982, and 1983 for programs described
24 in part D, part F, part G, part H, part I, part J, and part K of this title."

25 (2) Section 314 of the Act is amended—

26 (A) by striking out "and for each of the four succeeding fiscal years"
27 and inserting in lieu thereof "and for the fiscal year 1980", and

28 (B) by adding at the end thereof the following new sentence: "There are
29 authorized to be appropriated \$1,380,000 for the fiscal year 1981 to carry
30 out the provisions of this part."

31 (3) Section 323 of the Act is amended—

32 (A) by striking out "and for each of the four succeeding fiscal years"
33 and inserting in lieu thereof "and for the fiscal year 1980", and

34 (B) by adding at the end thereof the following new sentence: "There are
35 authorized to be appropriated \$3,150,000 for the fiscal year 1981 to carry
36 out the provisions of this part."

37 (4) Section 336 of the Act is amended—

38 (A) by striking out "not less than" and inserting in lieu thereof "not
39 more than", and

1 (B) by striking out "for each fiscal year" and inserting in lieu thereof
 2 "for each of the fiscal years 1979 and 1980, not more than \$1,356,000
 3 shall be available for the fiscal year 1981,".

4 (5) Section 387(a) of the Act is amended—

5 (A) by striking out "each of the four succeeding fiscal years" and insert-
 6 ing in lieu thereof "and the fiscal year 1980"; and

7 (B) by adding at the end thereof the following new sentence: "There are
 8 authorized to be appropriated \$3,000,000 for the fiscal year 1981, to carry
 9 out the provisions of this part.".

10 (d)(1) Section 402(a)(1) of the Act is amended by inserting after "paragraph
 11 (2)" the following: "and subsection (e)".

12 (2) Section 402(b)(1) of the Act is amended by inserting after "paragraph (2)"
 13 the following: "and subsection (e)".

14 (3) Section 402(c)(1) of the Act is amended by inserting after "paragraph (2)"
 15 the following: "and subsection (e)".

16 (4) Section 402(d) of the Act is amended by striking out "There" and inserting
 17 in lieu thereof "Subject to subsection (e), there".

18 (5) Section 402 of the Act is amended by adding at the end thereof the follow-
 19 ing new subsection:

20 "(e)(1) Notwithstanding any other provision of this title, there are authorized
 21 to be appropriated for obligation by the Secretary under part B not to exceed
 22 \$161,000,000 for the fiscal year 1981. .

23 "(2) Notwithstanding any other provision of this title, there are authorized to
 24 be appropriated to carry out part C of this title not to exceed \$66,130,000 for the
 25 fiscal year 1981.

26 "(3) If the amount available for part B of this title in fiscal year 1981 is less
 27 than the amount available for fiscal year 1980 no funds may be expended on any
 28 other program except the library resources authorized under the provisions of
 29 such part B."

30 (e)(1)(A) Section 510(b)(1) of the Act is amended by striking out "and for each
 31 succeeding fiscal year ending prior to October 1, 1983" and inserting in lieu
 32 thereof "and for the fiscal year 1980".

33 (B) Section 510(c)(2) of the Act is amended by striking out "and for each
 34 succeeding fiscal year ending prior to October 1, 1983" and inserting in lieu
 35 thereof "and for the fiscal year 1980".

36 (2)(A) Section 523(a) of the Act is amended by striking out "There" and in-
 37 serting in lieu thereof "Except as provided in subsection (d), there".

38 (B) Section 523 of the Act is amended by adding at the end thereof the follow-
 39 ing new subsection:

1 “(d) Notwithstanding any other provision of this title, there are authorized to
2 be appropriated not to exceed \$42,075,000 for the fiscal year 1981 to carry out
3 the provisions of this part.”.

4 (3) Section 531(c) of the Act is amended by striking out “(1)” and by inserting
5 after “fiscal year” the following: “ending prior to October 1, 1980”.

6 (f)(1)(A) Section 604(b)(1) of the Act is amended by striking out “There” and
7 inserting in lieu thereof “Except as provided in subsection (d), there”.

8 (B) Section 604(b)(2) of the Act is amended by striking out “There” and in-
9 serting in lieu thereof “Except as provided in subsection (d), there”.

10 (C) Section 604(b)(3) of the Act is amended by striking out “There” and in-
11 serting in lieu thereof “Except as provided in subsection (d), there”.

12 (2) Section 604(c) of the Act is amended by striking out “There” and inserting
13 in lieu thereof “Except as provided in subsection (d), there”.

14 (3) Section 604 of the Act is amended by adding at the end thereof the follow-
15 ing new subsection:

16 “(d)(1) Notwithstanding any other provision of this title, there are authorized
17 to be appropriated to carry out the provisions of this title and the provisions of
18 title IV of the Civil Rights Act of 1964 not to exceed \$186,312,000 for the fiscal
19 year 1981.

20 “(2) Notwithstanding any other provision of this title, none of the funds availa-
21 ble for fiscal year 1981, 1982, or 1983, to carry out the provisions of this part,
22 may be expended for grants from apportionments under section 605.”.

23 (g)(1)(A) Section 702(b)(1) of the Act is amended by striking out “For” and
24 inserting in lieu thereof “Except as provided in subsection (c), for”.

25 (B) Section 702(b)(2) of the Act is amended by striking out “There” and in-
26 serting in lieu thereof “Except as provided in subsection (c), there”.

27 (2) Section 702 of the Act is amended by adding at the end thereof the follow-
28 ing new subsection:

29 “(c) Notwithstanding any other provision of this title, there are authorized to
30 be appropriated to carry out the provisions of this title not to exceed
31 \$157,467,000 for fiscal year 1981, not to exceed \$163,000,000 for fiscal year
32 1982, and not to exceed \$163,000,000 for fiscal year 1983.”.

33 (h) Section 804(b) of the Act is amended by striking out “\$60,000,000 for the
34 fiscal year 1981, \$50,000,000 for the fiscal year 1982, and \$40,000,000 for the
35 fiscal year 1983” and inserting in lieu thereof “\$3,174,000 for the fiscal year
36 1981”.

37 (i)(1) Section 903(a) of the Act is amended by striking out “, \$35,000,000 for
38 the fiscal year 1981, \$40,000,000 for the fiscal year 1982, and \$50,000,000 for
39 the fiscal year 1983” and inserting in lieu thereof “\$6,280,000 for the fiscal year
40 1981”.

1 (2)(A) Section 922(c) of the Act is amended by striking out “, and for each of
2 the three succeeding fiscal years”.

3 (B) Section 922(c) of the Act is further amended by adding at the end thereof
4 the following new sentence: “No sums may be authorized to be appropriated for
5 fiscal year 1981, for fiscal year 1982, or for fiscal year 1983, to carry out the
6 provisions of this part.”.

7 (3)(A) Section 938 of the Act is amended by striking out “, and each of the
8 three succeeding fiscal years”.

9 (B) Section 938 of the Act is further amended by adding at the end thereof the
10 following new sentence: “For the purpose of carrying out this part there are
11 authorized to be appropriated \$8,125,000 for the fiscal year 1981.”.

12 (4)(A) Section 942 of the Act is amended by striking out “four succeeding
13 fiscal years” and inserting in lieu thereof “the succeeding fiscal year”.

14 (B) Section 942 of the Act is further amended by adding at the end thereof the
15 following new sentence: “No sums may be authorized to be appropriated for
16 fiscal year 1981.”.

17 (5) Section 957 of the Act is amended by striking out “1983” and inserting in
18 lieu thereof “1980, and \$2,250,000 for the fiscal year 1981”.

19 HIGHER EDUCATION

20 SEC. 1114. (a)(1)(A) Section 105 of the Higher Education Act of 1965 (hereaf-
21 ter in this section referred to as the “Act”) is amended by inserting “(a)” after
22 the section designation and by adding at the end thereof the following new sub-
23 section:

24 “(b) Notwithstanding any other provision of this part, no sums may be author-
25 ized to be appropriated for fiscal year 1981, for fiscal year 1982, or for fiscal year
26 1983, to carry out the provisions of this part.”.

27 (B) The heading of section 105 of the Act is amended to read as follows:
28 “AUTHORIZATION: LIMITATION ON AUTHORIZATION”.

29 (2)(A) Section 119 of the Act is amended by adding at the end thereof the
30 following new subsection:

31 “(d) Notwithstanding any other provision of this part, there are authorized to
32 be appropriated \$2,200,000 for the fiscal year 1981, and no sums may be appro-
33 priated for fiscal year 1982, or for fiscal year 1983, to carry out the provisions of
34 this part.”.

35 (B) The heading of section 119 is amended to read as follows:

36 “APPROPRIATIONS; LIMITATIONS AND PAYMENTS”.

37 (b) Section 201 of the Act is amended by adding at the end thereof the follow-
38 ing new subsection:

39 “(d) Notwithstanding any other provision of this title—

40 “(1) there are authorized to be appropriated to carry out part A not to
41 exceed \$2,998,000 for the fiscal year 1981, not to exceed \$5,000,000 for

1 the fiscal year 1982, and not to exceed \$5,000,000 for the fiscal year
2 1983;

3 "(2) there are authorized to be appropriated to carry out part B not to
4 exceed \$917,000 for the fiscal year 1981, not to exceed \$1,200,000 for
5 the fiscal year 1982, and not to exceed \$1,200,000 for the fiscal year
6 1983; and

7 "(3) there are authorized to be appropriated to carry out part C not to
8 exceed \$6,000,000 for the fiscal year 1981, not to exceed \$8,000,000 for
9 the fiscal year 1982, and not to exceed \$8,000,000 for the fiscal year
10 1983."

11 (c)(1) Section 347 of the Act is amended by adding at the end thereof the
12 following new subsection:

13 "(f) Notwithstanding any other provision of this title, there are authorized to
14 be appropriated to carry out parts A, B, and C not to exceed \$120,000,000 for
15 the fiscal year 1981, not to exceed \$129,600,000 for the fiscal year 1982, and
16 not to exceed \$129,600,000 for the fiscal year 1983."

17 (2) The section heading of section 347 of the Act is amended to read as fol-
18 lows:

19 "AUTHORIZATIONS; LIMITATIONS".

20 (d)(1)(A) Section 411 of the Act is amended by adding at the end thereof the
21 following new subsection:

22 "(d)(1) Notwithstanding any other provision of this subpart, no sums may be
23 authorized to be appropriated in excess of \$2,604,000,000 for the fiscal year
24 1981, \$2,820,000,000 for the fiscal year 1982, and \$3,000,000,000 for the fiscal
25 year 1983, for making payments on the basis of entitlements established under
26 this subpart.

27 "(2) If the Secretary determines that it is necessary to waive any provision of
28 this subpart to meet the authorizations specified in paragraph (1) of this subsec-
29 tion, the Secretary shall notify the Committee on Labor and Human Resources of
30 the Senate and the Committee on Education and Labor of the House of Repre-
31 sentatives. The notification shall contain a description of each provision of this
32 subpart that the Secretary proposes to waive and the reasons for the waiver. The
33 Secretary may waive each provision contained in the notification submitted under
34 this paragraph if the Committee on Labor and Human Resources of the Senate
35 and the Committee on Education and Labor of the House of Representatives
36 within 30 days after the receipt approve of the waiver of that provision. Before
37 the Secretary may act under this subparagraph, each such committee must ap-
38 prove of the waiver of each provision requested in the notification."

39 (B)(i) Section 413A of the Act is amended by adding at the end thereof the
40 following new subsection:

1 “(c) Notwithstanding any other provision of this subpart, there are authorized
2 to be appropriated not to exceed \$370,000,000 for the fiscal year 1981, not to
3 exceed \$400,000,000 for the fiscal year 1982, and not to exceed \$400,000,000
4 for the fiscal year 1983.”.

5 (ii) The heading of such section is amended to read as follows:

6 “PURPOSE; APPROPRIATIONS AUTHORIZED; LIMITATIONS”.

7 (C)(i) Section 415A of the Act is amended by adding at the end thereof the
8 following new subsection:

9 “(c) Notwithstanding any other provision of the title, there are authorized to
10 be appropriated not to exceed \$76,750,000 for the fiscal year 1981, not to
11 exceed \$76,750,000 for the fiscal year 1982, and not to exceed \$76,750,000 for
12 the fiscal year 1983, for payments to States under this subpart.”.

13 (ii) The heading of such section is amended to read as follows:

14 “PURPOSE; APPROPRIATIONS AUTHORIZED; LIMITATIONS”.

15 (D)(i) Section 417A of the Act is amended by adding at the end thereof the
16 following new subsection:

17 “(f) Notwithstanding any other provision of this title, there are authorized to
18 be appropriated not to exceed \$156,500,000 for the fiscal year 1981, not to
19 exceed \$169,500,000 for the fiscal year 1982, and not to exceed \$186,000,000
20 for the fiscal year 1983, for the purpose of making grants and contracts under
21 this subpart.”.

22 (ii) The heading of such section is amended to read as follows:

23 “PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATION; LIMITATIONS”.

24 (E) Section 418A of the Act is amended by adding at the end thereof the
25 following new subsection:

26 “(c) Notwithstanding any other provision of this title, there are authorized to
27 be appropriated \$7,303,000 for the fiscal year 1981, \$7,553,000 for the fiscal
28 year 1982, and \$7,553,000 for the fiscal year 1983, to carry out the provisions
29 of this subpart.”.

30 (F) Section 420 of the Act is amended by adding at the end thereof the follow-
31 ing new subsection:

32 “(h) Notwithstanding any other provision of this section, there are authorized
33 to be appropriated \$6,019,000 for the fiscal year 1981, and no sums may be
34 authorized to be appropriated in excess of \$5,000,000 for fiscal year 1981, and
35 no sums may be authorized to be appropriated for the fiscal year 1982 and the
36 fiscal year 1983, to carry out the provisions of this section.”.

37 (2)(A) Section 441 of the Act is amended by adding at the end thereof the
38 following new subsection:

39 “(c) Notwithstanding any other provision of this title, there are authorized to
40 be appropriated \$550,000,000 for the fiscal year 1981, \$550,000,000 for the

1 fiscal year 1982, and \$550,000,000 for the fiscal year 1983, to carry out this
2 part.”.

3 (B) The section heading of such section is amended to read as follows:

4 “PURPOSE; APPROPRIATIONS AUTHORIZED; LIMITATIONS”.

5 (e)(1)(A) Section 511 of the Act is amended by adding at the end thereof the
6 following new subsection:

7 “(c) Notwithstanding any other provision of this title, there are authorized to
8 be appropriated \$22,500,000 for the fiscal year 1981 to carry out the provisions
9 of this part.”.

10 (B) The section heading of such section is amended to read as follows:

11 “STATEMENT OF PURPOSE; AUTHORIZATION OF APPROPRIATIONS;
12 LIMITATIONS”.

13 (2)(A) Section 531 of the Act is amended by inserting “(a)” after the section
14 designation and by adding at the end thereof the following new subsection:

15 “(b) Notwithstanding any other provision of this title, there are authorized to
16 be appropriated \$9,100,000 for the fiscal year 1981 to carry out the provisions of
17 this part.”.

18 (B) The section heading of such section is amended to read as follows:

19 “AUTHORIZATION OF APPROPRIATIONS; LIMITATIONS”.

20 (3) Section 546 of the Act is amended—

21 (A) by striking out “There” and inserting in lieu thereof “Subject to the
22 second sentence of this section, there”, and

23 (B) by adding at the end thereof the following new sentence: “No sums
24 may be authorized to be appropriated for fiscal year 1981, for fiscal year
25 1982, or for fiscal year 1983, to carry out the provisions of this part.”.

26 (f)(1) Section 607 of the Act is amended by striking out “There” and inserting
27 in lieu thereof “Subject to section 623, there”.

28 (2) Section 613 of the Act is amended by striking out “There” and inserting in
29 lieu thereof “Except as provided in section 623, there”.

30 (3) Part C of title VI is amended by adding after section 622 the following new
31 section:

32 “LIMITATIONS ON AUTHORIZATIONS OF APPROPRIATIONS

33 “SEC. 623. Notwithstanding any other provision of this title, there are author-
34 ized to be appropriated \$20,000,000 for the fiscal year 1981, \$22,000,000 for
35 the fiscal year 1982, and \$22,000,000 for the fiscal year 1983, to carry out the
36 provisions of this title.”.

37 (g)(1) Section 702 of the Act is amended by inserting “(a)” after the section
38 designation and by inserting at the end thereof the following new subsection:

39 “(b) Notwithstanding any other provision of this title, there are authorized to
40 be appropriated \$26,000,000 for the fiscal year 1981, \$25,000,000 for the fiscal

1 year 1982, and \$25,000,000 for the fiscal year 1983, to carry out the provisions of this title.”.

3 (2) The section heading of such section is amended to read as follows:

4 “APPROPRIATIONS AUTHORIZED; LIMITATIONS”.

5 (3) Section 733 of the Act is amended by adding at the end thereof the following new subsection:

7 “(c) Notwithstanding any other provision of this title—

8 “(1) no sums may be authorized to be appropriated for the revolving loan and insurance fund for fiscal year 1981 under this section; and

10 “(2) there are authorized to be appropriated \$18,300,000 for the fiscal year 1982 and \$1,800,000 for the fiscal year 1983 for the revolving loan and insurance fund authorized by this section.”.

13 (h)(1) Section 801 of the Act is amended by adding at the end thereof the following new subsection:

15 “(d) Notwithstanding any other provision of this title, there are authorized to be appropriated \$23,000,000 for the fiscal year 1981, \$18,400,000 for the fiscal year 1982, and \$20,000,000 for the fiscal year 1983, to carry out the provisions of this title.”.

19 (2) The section heading of such section is amended to read as follows:

20 “APPROPRIATIONS AUTHORIZED; LIMITATIONS”.

21 (i)(1) Section 901(c) of the Act is amended by striking out “There” and inserting in lieu thereof “Except as provided in section 900, there”.

23 (2) Section 924 of the Act is amended by striking out “There” and inserting in lieu thereof “Except as provided in section 900, there”.

25 (3) Section 931(c) of the Act is amended by striking out “There” and inserting in lieu thereof “Except as provided in section 900, there”.

27 (4) Section 942 of the Act is amended by striking out “There” and inserting in lieu thereof “Except as provided in section 900, there”.

29 (5) Section 953 of the Act is amended by striking out “There” and inserting in lieu thereof “Except as provided in section 900, there”.

31 (6) Title IX of the Act is amended by inserting before the section heading for part A the following new section:

33 “LIMITATIONS ON AUTHORIZATIONS OF APPROPRIATIONS

34 “SEC. 900. Notwithstanding any other provision of this title, there are authorized to be appropriated not to exceed \$20,000,000 for the fiscal year 1981, not to exceed \$20,000,000 for the fiscal year 1982, and not to exceed \$20,000,000 for the fiscal year 1983, to carry out the provisions of this part, of which \$15,000,000 shall be available for part A, \$4,000,000 shall be available for part D, and \$1,000,000 shall be available for part E for the fiscal year 1981, and \$19,000,000 shall be available for part A and \$1,000,000 shall be available for part E for each of the fiscal years 1982 and 1983.”.

1 (j)(1) Section 1005 of the Act is amended by inserting "(a)" after the section
2 designation and by adding at the end thereof the following new subsection:

3 "(b) Notwithstanding any other provision of this title, there are authorized to
4 be appropriated not to exceed \$13,500,000 for the fiscal year 1981, not to
5 exceed \$15,000,000 for the fiscal year 1982, and not to exceed \$15,000,000 for
6 the fiscal year 1983, to carry out this title."

7 (2) The section heading of such section is amended to read as follows:

8 "AUTHORIZATION OF APPROPRIATIONS; LIMITATIONS".

9 **FEDERAL IMPACT AID PROGRAM**

10 SEC. 1115. Section 5 of the Act of September 30, 1950 (Public Law 874,
11 Eighty-first Congress) is amended by adding at the end thereof the following new
12 subsection:

13 "LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEARS
14 1981, 1982, AND 1983

15 "(h)(1) Subject to the provisions of paragraph (2), notwithstanding any other
16 provision of this Act, there are authorized to be appropriated for the purpose of
17 making payments to local educational agencies under sections 2, 3, and 4 not to
18 exceed \$631,750,000 for the fiscal year 1981, not to exceed \$200,000,000 for
19 the fiscal year 1982, and not to exceed \$200,000,000 for the fiscal year 1983.

20 "(2) In carrying the reductions required by paragraph (1) of this subsection,
21 the Secretary shall pro rata reduce the entitlements of local educational agencies
22 under section 2, section 3(a), section 3(b) but only with respect to children who
23 reside on, or who reside with a parent employed on, property which is described
24 in section 403(1)(c), and section 4. No allocation or payment may be made to any
25 such agency for each such year with respect to the number of children who are
26 described in subsection (b) of section 3 unless such children are described in the
27 first sentence of this paragraph."

28 **VOCATIONAL, ADULT, AND CAREER EDUCATION PROGRAMS**

29 SEC. 1116. (a)(1) Section 102(a) of the Vocational Education Act of 1963
30 (hereafter in this subsection referred to as the "Act") is amended—

31 (A) by striking out "\$1,325,000,000 for fiscal year 1981, and
32 \$1,485,000,000 for fiscal year 1982,";

33 (B) by inserting "(1)" after the subsection designation (a); and

34 (C) by adding at the end thereof the following:

35 "(2)(A) There are authorized to be appropriated \$518,139,000 for the fiscal
36 year 1981, \$490,000,000 for the fiscal year 1982, and \$490,000,000 for the
37 fiscal year 1983, to carry out subpart 2 of this part.

38 "(B) There are authorized to be appropriated \$93,323,000 for the fiscal year
39 1981, \$163,300,000 for the fiscal year 1982, and \$163,300,000 for the fiscal
40 year 1983, for the purpose of carrying out subpart 3 of this part."

41 (2) Section 103(a)(1)(A) of the Act is amended—

1 (A) by inserting "(i)" after the subparagraph designation (A);

2 (B) by inserting after "subsection (d) of this section" a comma and the
3 following: "and division (ii) of this subparagraph"; and

4 (C) by inserting at the end thereof the following new division:

5 "(ii) The amount reserved under division (i) for subpart 2 of part B, shall not
6 exceed \$7,477,000 for the fiscal year 1981, \$9,500,000 for the fiscal year 1982,
7 and \$9,500,000 for the fiscal year 1983."

8 (3) Section 102(b) of the Act is amended by striking out "\$50,000,000 for the
9 fiscal year 1981, and \$50,000,000 for the fiscal year 1982" and inserting in lieu
10 thereof "\$14,954,000 for the fiscal year 1981, \$23,600,000 for the fiscal year
11 1982, and \$23,600,000 for the fiscal year 1983".

12 (4) Section 102(c) of the Act is amended by striking out "\$80,000,000 for the
13 fiscal year 1981, and \$80,000,000 for the fiscal year 1982" and inserting in lieu
14 thereof the following: "\$30,347,000 for the fiscal year 1981, and \$30,000,000
15 for each of the fiscal years 1982 and 1983".

16 (5) Section 102(d) is amended by striking out "1982" and inserting in lieu
17 thereof the following: "1980, and \$3,738,000 for the fiscal year 1981,
18 \$4,400,000 for the fiscal year 1982, and \$4,400,000 for the fiscal year 1983".

19 (6) Section 105(f)(1) of the Act is amended by striking out "\$10,000,000 for
20 the fiscal year 1981, and \$10,000,000 for the fiscal year 1982" and inserting in
21 lieu thereof "\$6,500,000 for the fiscal year 1981, and \$4,000,000 for each of the
22 fiscal years 1982 and 1983".

23 (7) Section 183 of the Act is amended by striking out "\$90,000,000 for the
24 fiscal year ending September 30, 1981, and \$80,000,000 for the fiscal year
25 ending September 30, 1982" and inserting in lieu thereof "\$3,960,000 for the
26 fiscal year 1981, and \$3,000,000 for each of the fiscal years 1982 and 1983".

27 (8) The first sentence of the Act of February 23, 1917 (Public Law 347, Sixty-
28 fourth Congress), commonly known as the Smith-Hughes Act, is amended by
29 adding "(a)" after "That" and by adding at the end thereof the following new
30 subsection:

31 "(b) Notwithstanding any other provision of this Act, there are authorized to
32 be appropriated not to exceed \$7,200,000 for the fiscal year 1981, not to exceed
33 \$7,200,000 for the fiscal year 1982, and not to exceed \$7,200,000 for the fiscal
34 year 1983."

35 (b)(1) Section 315(a) of the Adult Education Act is amended by striking out
36 "\$250,000,000 for the fiscal year 1981; \$270,000,000 for the fiscal year 1982;
37 and \$290,000,000 for the fiscal year 1983" and inserting in lieu thereof the
38 following: "\$100,000,000 for the fiscal year 1981; \$122,000,000 for the fiscal
39 year 1982; and \$122,000,000 for the fiscal year 1983".

1 (2) Section 315(a) of the Adult Education Act is further amended by inserting
 2 "(1)" after the subsection designation (a), and by adding at the end thereof the
 3 following new paragraph:

4 "(2) Funds appropriated in the fiscal years 1981, 1982, and 1983, shall only
 5 be available for grants to States pursuant to section 304 of this Act."

6 (3) Section 315(b) of the Adult Education Act is amended by inserting "(1)"
 7 after the subsection designation (b) and by adding at the end thereof the following
 8 new paragraph:

9 "(2) No sums may be authorized to be appropriated for fiscal year 1981, for
 10 fiscal year 1982 or for fiscal year 1983, for carrying out paragraph (1) of this
 11 subsection."

12 (c)(1) Section 4 of the Career Education Incentive Act is amended by striking
 13 out "\$100,000,000 for the fiscal year 1981, \$50,000,000 for the fiscal year
 14 1982, and \$25,000,000 for the fiscal year 1983".

15 (2) Section 4(a) of the Career Education Incentive Act is amended by inserting
 16 "(1)" after the subsection designation (a) and by adding at the end thereof the
 17 following new paragraph:

18 "(2) There are authorized to be appropriated \$10,000,000 for the fiscal year
 19 1981, and no sums may be authorized to be appropriated for fiscal year 1982 or
 20 for fiscal year 1983, to carry out the provisions of this Act."

21 (3) Section 11(c) of the Career Education Incentive Act is amended by striking
 22 out "1983" and inserting in lieu thereof "1981".

23 MISCELLANEOUS EDUCATION PROGRAMS

24 SEC. 1117. (a) Section 405(j)(1) of the General Education Provisions Act,
 25 relating to the National Institute of Education is amended—

26 (1) by striking out "There" and inserting in lieu thereof "Except as pro-
 27 vided in paragraph (3) there"; and

28 (2) by adding at the end thereof the following new paragraph:

29 "(3) There are authorized to be appropriated \$65,614,000 for the fiscal year
 30 1981, \$59,000,000 for the fiscal year 1982, and \$59,000,000 for the fiscal year
 31 1983."

32 (b) Section 406(g) of the General Education Provisions Act relating to the
 33 National Center for Education Statistics is amended to read as follows:

34 "(g) The amount available for salaries and expenses of the Center and for
 35 grants and contracts under subsection (e) of this section shall not exceed, in the
 36 aggregate, \$8,947,000 for the fiscal year 1981, \$8,900,000 for the fiscal year
 37 1982, and \$8,900,000 for the fiscal year 1983."

38 (c) Section 209(a) of the Museum Services Act is amended by striking out
 39 "\$25,000,000 for the fiscal year 1981, \$30,000,000 for the fiscal year 1982,
 40 \$35,000,000 for the fiscal year 1983" and inserting in lieu thereof the following:

1 "\$12,900,000 for the fiscal year 1981, \$9,600,000 for the fiscal year 1982,
2 \$9,600,000 for the fiscal year 1983".

3 (d) There are authorized to be appropriated to Howard University not to
4 exceed \$133,983,000 for the fiscal year 1981, \$133,983,000 for the fiscal year
5 1982, and \$133,983,000 for the fiscal year 1983.

6 (e) There are authorized to be appropriated for the purpose of providing assist-
7 ance to land-grant colleges under the Act of August 30, 1890 (26 Stat. 317, 7
8 U.S.C. 322; commonly referred to as the "Second Morrill Act") or any other
9 similar provision of Federal law providing assistance to land-grant colleges, not
10 to exceed \$2,800,000 for the fiscal year 1981, not to exceed \$2,800,000 for the
11 fiscal year 1982, and not to exceed \$2,800,000 for the fiscal year 1983.

12 (f) Section 4 of the Library Services and Construction Act is amended—

13 (1) by striking out "For" in subsection (a) and inserting in lieu thereof
14 "Except as provided in subsection (c), for"; and

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

16 "(c) There are authorized to be appropriated not to exceed \$74,500,000 for
17 the fiscal year 1981, not to exceed \$84,500,000 for the fiscal year 1982, and not
18 to exceed \$84,500,000 for the fiscal year 1983."

19 (g) Section 552(a) of the Economic Opportunity Act of 1964 is amended by
20 striking out "\$100,000,000 for the fiscal year 1981" and inserting in lieu thereof
21 "\$26,250,000 for the fiscal year 1981".

22 (h) Section 1524 of the Education Amendments of 1978, relating to general
23 assistance for the Virgin Islands, is amended—

24 (1) by striking out "each of the four succeeding fiscal years" and insert-
25 ing in lieu thereof "the succeeding fiscal year"; and

26 (2) by adding at the end thereof the following new sentence: "There are
27 authorized to be appropriated \$2,700,000 for the fiscal year 1981, and no
28 sums may be appropriated for fiscal year 1982, or for fiscal year 1983, to
29 carry out the provisions of this section."

30 (i) Section 5 of the Joint Resolution entitled "A Joint Resolution to provide
31 grants for Allen J. Ellender for fellowships to disadvantaged secondary school
32 students and their teachers to participate in a Washington public affairs pro-
33 gram", approved October 19, 1972, is amended by striking out "1982" and
34 inserting in lieu thereof "1983".

35 (j) Section 1527 of the Education Amendments of 1978, relating to television
36 program assistance, is amended by inserting at the end thereof the following new
37 subsection:

38 "(c) There are authorized to be appropriated not to exceed \$6,000,000 for the
39 fiscal year 1981, not to exceed \$6,000,000 for the fiscal year 1982, and not to
40 exceed \$8,000,000 for the fiscal year 1983, to carry out the provisions of this
41 section."

1 (k) Section 406A of the General Education Provisions Act relating to science
2 education programs is amended by striking out "\$2,500,000" in clause (1) and
3 inserting in lieu thereof "\$1,875,000".

4 ENDOWMENTS

5 SEC. 1118. (a)(1) The first sentence of section 11(a)(1)(A) of the National
6 Foundation of the Arts and Humanities Act of 1965 (hereafter in this section
7 referred to as the "Act") is amended by striking out "For" and inserting in lieu
8 thereof "Except as provided in subsection (e), for".

9 (2) The first sentence of section 11(a)(1)(B) of the Act is amended by striking
10 out "For" and inserting in lieu thereof "Except as provided in subsection (e),
11 for".

12 (3) Section 11(a)(2)(A) of the Act is amended by striking out "There" and
13 inserting in lieu thereof "Except as provided in subsection (e), there".

14 (4) Section 11(a)(2)(B) of the Act is amended by striking out "There" and
15 inserting in lieu thereof "Except as provided in subsection (e), there".

16 (5) Section 11(a)(3)(A) of the Act is amended by striking out "There" and
17 inserting in lieu thereof "Except as provided in subsection (e), there".

18 (6) Section 11(a)(3)(B) of the Act is amended by striking out "There" and
19 inserting in lieu thereof "Except as provided in subsection (e), there".

20 (7) Section 11(c)(1) of the Act is amended by striking out "There" and insert-
21 ing in lieu thereof "Except as provided in subsection (e), there".

22 (8) Section 11(c)(2) of the Act is amended by striking out "There" and insert-
23 ing in lieu thereof "Except as provided in subsection (e), there".

24 (b)(1) Section 11 of the Act is amended by adding at the end thereof the
25 following new subsection:

26 "(e)(1) There are authorized to be appropriated to the National Endowment for
27 the Arts not to exceed \$159,100,000 for the fiscal year 1981, not to exceed
28 \$119,300,000 for the fiscal year 1982, and not to exceed \$119,300,000 for the
29 fiscal year 1983.

30 "(2) There are authorized to be appropriated to the National Endowment for
31 the Humanities \$151,700,000 for the fiscal year 1981, \$113,700,000 for the
32 fiscal year 1982, and \$113,700,000 for the fiscal year 1983."

33 (2) The heading of section 11 of the Act is amended to read as follows:

34 "AUTHORIZATION OF APPROPRIATIONS; LIMITATIONS".

35 DEPARTMENTAL MANAGEMENT AND OTHER ACTIVITIES

36 SEC. 1119. Notwithstanding any other provision of law there are authorized to
37 be appropriated—

38 (1) for the management of the Department of Education not to exceed
39 \$243,137,000 for fiscal year 1981, not to exceed \$210,882,000 for fiscal
40 year 1982, and not to exceed \$210,882,000 for fiscal year 1983;

(2) for the office of the Inspector General, the Department of Education, \$11,464,000 for fiscal year 1981, \$10,967,000 for fiscal year 1982, and \$10,967,000 for fiscal year 1983;

(3) for overseas education research and training \$3,000,000 for fiscal year 1981, \$1,000,000 for fiscal year 1982, and \$1,000,000 for fiscal year 1983;

(4) for the Office of Civil Rights, the Department of Education, \$51,902,000 for fiscal year 1981, \$48,028,000 for fiscal year 1982, and \$48,028,000 for fiscal year 1983;

(5) for Cuban-Haitian reception activities \$157,100,000 for fiscal year 1981 and \$20,000,000 for fiscal year 1982;

(6) for Cuban and Haitian domestic activities \$96,000,000 for fiscal year 1981, \$40,000,000 for fiscal year 1982, and \$30,000,000 for fiscal year 1983;

(7) for Indochinese refugee assistance \$596,525,000 for fiscal year 1981, \$360,600,000 for fiscal year 1982, and \$200,000,000 for fiscal year 1983; and

(8) for the sea grant college program \$39,000,000 for the fiscal year 1981, \$35,000,000 for fiscal year 1982, and \$35,000,000 for fiscal year 1983.

No sums may be authorized to be appropriated for Cuban and Haitian reception activities for fiscal year 1983.

STUDENT LOAN AMENDMENTS FOR RECONCILIATION

SEC. 1120. (a)(1) Section 428(a)(2) of the Higher Education Act of 1965 (hereafter in this section referred to as the "Act") is amended to read as follows:

"(2)(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

"(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

"(I) sets forth such student's estimated cost of attendance; and

"(II) sets forth such student's estimated financial assistance; and

"(ii) meet the requirements of subparagraph (B).

"(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if such student's adjusted family income—

"(i) is less than or equal to \$25,000; or

"(ii) is greater than \$25,000, and the eligible institution has provided the lender with a statement evidencing a determination of need and recommending a loan in the amount of such need.

"(C) For the purpose of paragraph (1) and this paragraph—

1 “(i) a student’s estimated cost of attendance means, for the period for
2 which the loan is sought, the tuition and fees applicable to such student
3 together with the institution’s estimate of other expenses reasonably relat-
4 ed to attendance at such institution, including, but not limited to, the cost
5 of room and board, reasonable transportation costs, and costs for books
6 and supplies;

7 “(ii) a student’s estimated financial assistance means, for the period for
8 which the loan is sought, the amount of assistance such student will re-
9 ceive under subparts 1 and 2 of part A, and parts C and E of this title,
10 any amount paid under the Social Security Act to, on the account of the
11 student which would not be paid if he were not a student, and any amount
12 paid the student under chapters 32, 34, and 35 of title 38, United States
13 Code, plus other scholarship, grant, or loan assistance; and

14 “(iii) the determination of need and the amount of a loan recommended
15 by an eligible institution under subparagraph (B)(ii) with respect to a stu-
16 dent shall be determined by subtracting from the estimated cost of attend-
17 ance at the eligible institution the total of the expected family contribution
18 with respect to such student plus any other resources or student financial
19 assistance reasonably available to such student.

20 “(D) The Secretary shall submit a separate schedule of expected family contri-
21 butions to the President of the Senate and the Speaker of the House of Repre-
22 sentatives not later than the submission of, and in accordance with the proce-
23 dures for, the proposed schedule of expected family contributions under section
24 482.”.

25 (2) Section 428(b)(1)(A)(i) of the Act is amended by striking out “section
26 428(a)(2)(B)(i)” and inserting in lieu thereof “section 428(a)(2)(C)(i)”.

27 (b)(1) The matter following section 428(b)(1)(M)(viii) of the Act is amended by
28 striking out “, and that no repayment of principal of any loan for any period of
29 study, training, service, or unemployment described in this clause or any combi-
30 nation thereof shall begin until six months after the completion of such period or
31 combination thereof”.

32 (2) Section 427(a)(2)(C) of the Act is amended by striking out “, and that no
33 repayment of principal of any loan for a period of study, training, service, or
34 unemployment described in this clause or any combination thereof shall begin
35 until six months after the completion of such periods or combinations thereof”.

36 (c)(1)(A) Section 425(a)(1) of the Act is amended by striking out clause (A),
37 and by redesignating clauses (B), (C), and (D) of such paragraph as clauses (A),
38 (B), and (C), respectively.

39 (B) Section 425(a)(2) of the Act is amended—

40 (i) by striking out “(other than an independent student)”, and

1 (ii) by striking out "\$15,000 in the case of any independent student who
2 has not successfully completed a program of undergraduate education,".

3 (2)(A) Section 428(b)(1)(A) of the Act is amended—

4 (i) by striking out "(other than an independent student)", and

5 (ii) by striking out "or not more than \$3,000 in the case of an independ-
6 ent student (defined in accordance with section 482(c)(2)) who has not suc-
7 cessfully completed a program of undergraduate education,".

8 (B) Section 428(b)(1)(B) of the Act is amended—

9 (i) by striking out "(other than an independent student)", and

10 (ii) by striking out "\$15,000 in the case of any independent student who
11 has not successfully completed a program of undergraduate education,".

12 (3) Section 428A(a)(1)(A) of the Act is amended—

13 (A) by striking out ", other than an independent student,".

14 (B) by striking out "\$3,000 (in the case of an independent student (as
15 defined in section 482(c)(2)) who has not successfully completed a program
16 of undergraduate education),",

17 (C) by striking out "(other than an independent student)", and

18 (D) by striking out "\$15,000 in the case of any independent student
19 who has not successfully completed a program of undergraduate educa-
20 tion,".

21 (d)(1) The Act is amended by inserting after section 427A the following new
22 section:

23 "INTEREST RATE ON PARENTAL LOANS

24 "SEC. 427B. (a) With respect to any loan made under section 428B to cover
25 the cost of instruction for any period of instruction beginning on or after July 1,
26 1981, the rate of interest applicable to any borrower shall—

27 "(1) not exceed 9 per centum per annum on the unpaid principal bal-
28 ance of the loan in the case of any borrower who, on the date of entering
29 into the note or other written evidence of that loan, has an outstanding
30 balance of principal or interest on any loan made, insured, or guaranteed
31 under this part, other than a loan for which the interest rate is determined
32 under paragraph (2) or (3) of this subsection;

33 "(2) except as provided in paragraph (3), be 14 per centum per annum
34 on the unpaid principal balance of the loan in the case of any borrower
35 who, on the date of entering into the note or other written evidence of
36 that loan, has no outstanding balance of principal or interest on any loan
37 made, insured, or guaranteed under this part, or who has such an out-
38 standing balance on a loan for which the interest rate is determined under
39 this paragraph; or

40 "(3) be 12 per centum per annum on the unpaid principal balance of the
41 loan in the case of any borrower not subject to paragraph (1) or (2) for any

1 loan to cover the cost of education for any period of enrollment beginning
2 on or after a date which is three months after a determination made under
3 subsection (b).

4 "(b) If for any twelve-month period beginning on or after October 1, 1981, the
5 Secretary, after consultation with the Secretary of the Treasury, determines that
6 the average of the bond equivalent rates of ninety-one-day Treasury bills auc-
7 tioned for such twelve-month period is equal to or less than 14 per centum, the
8 interest rate for loans under this part shall be the rate prescribed in subsection
9 (a)(3) for borrowers described in such subsection.

10 "(c) Nothing in this section shall be construed to prohibit a lender from charg-
11 ing a borrower interest at a rate less than the rate which is applicable under this
12 part."

13 (2) The matter preceding clause (1) of section 427A of the Act is amended by
14 striking out "With" and inserting in lieu thereof "Except as provided in section
15 427B, with".

16 (3) Section 428B(c)(3) of the Act is amended—

17 (A) by striking out "Interest" and inserting in lieu thereof "Except as
18 provided in paragraph (4), interest";

19 (B) by striking out ", except that, if the loan is to cover the cost of
20 education for a period of enrollment which begins on or after a date which
21 is three months after the date on which the Secretary has made a determi-
22 nation under section 427A(b) and that borrower, on the date of entering
23 into the note or other written evidence of the loan, has no obligation to
24 repay any amount of principal or interest on any other loan made under
25 this section with respect to the same student, then the interest shall be at
26 the rate of 8 per centum per annum on the unpaid principal balance of the
27 loan"; and

28 (C) by adding at the end thereof the following new paragraph:

29 "(4) Interest on loans after October 1, 1981, made pursuant to this section
30 shall be at the rate of 14 per centum per annum on the unpaid principal balance
31 of the loan, except that, if the loan is to cover the cost of education for a period of
32 enrollment which begins on or after a date which is three months after the date
33 on which the Secretary has made a determination under section 427B(b) and that
34 borrower, on the date of entering into the note or other written evidence of the
35 loan, has no obligation to repay any amount of principal or interest on any other
36 loan made under this section with respect to the same student, then the interest
37 shall be at the rate of 12 per centum per annum on the unpaid principal balance
38 of the loan."

39 (e)(1) Section 428(c)(2)(D) of the Act is amended by striking out ", but shall
40 not otherwise provide for subrogation of the United States to rights of any insur-
41 ance beneficiary".

1 (2) Section 428(c) of the Act is amended by adding at the end thereof the
2 following new paragraph:

3 “(8) Whenever the Secretary has made a determination that the protection of
4 the Federal fiscal interest so requires, a guaranty agency shall assign to the
5 Secretary any loan for which the Secretary has made payment under a guaranty
6 agreement pursuant to paragraph (1) of this subsection.”.

7 (f) Section 428(e) of the Act is repealed.

8 (g)(1) Section 438(b)(2) of the Act is amended—

9 (A) by redesignating subparagraph (D) as subparagraph (F);

10 (B) by striking out “(D)” in subparagraph (A) and inserting in lieu
11 thereof “(F)”;

12 (C) by striking out “(D)” in subparagraph (B) and inserting in lieu
13 thereof “(F)”;

14 (D) by striking out “(D)” in subparagraph (C) and inserting in lieu
15 thereof “(F)”;

16 (E) by inserting after subparagraph (C) the following new subpara-
17 graphs:

18 “(D) Subject to subparagraph (F) and paragraph (4), the special allowance paid
19 pursuant to this subsection on loans for which the applicable interest rate is 12
20 per centum per annum shall be computed (i) by determining the average of the
21 bond equivalent rates of the ninety-one-day Treasury bills auctioned for such
22 three-month period, (ii) by subtracting 8.5 per centum from such average, and (iii)
23 dividing the resultant per centum by four.

24 “(E) Subject to subparagraph (F) and paragraph (4), the special allowance paid
25 pursuant to this subsection on loans for which the applicable interest rate is 14
26 per centum per annum shall be computed (i) by determining the average of the
27 bond equivalent rates of the ninety-one-day Treasury bills auctioned for such
28 three-month period, (ii) by subtracting 10.5 per centum from such average, and
29 (iii) dividing the resultant per centum by four.”.

30 (2)(A) Section 438(b)(2)(A) of the Act is amended by striking out clause (iii)
31 and by redesignating clause (iv) as clause (iii).

32 (B) Section 438(b)(2)(B) of the Act is amended by striking out clause (iii) and
33 by redesignating clause (iv) as clause (iii).

34 (C) Section 438(b)(2)(C) of the Act is amended by striking out clause (iii) and
35 by redesignating clause (iv) as clause (iii).

36 (3) Section 438 of the Act is amended by redesignating subsection (c) as sub-
37 section (d) and by inserting after subsection (b) the following new subsection:

38 “(c)(1) Notwithstanding subsection (b), the amount of the special allowance
39 which shall be paid under subsection (b)(1) to any holder with respect to loans
40 made on or after October 1, 1981, shall be reduced by an amount equal to—

1 “(A) the maximum amount which the lender was authorized to charge
2 as an origination fee with respect to such loans in accordance with para-
3 graph (2) of this subsection,

4 minus

5 “(B) the sum of the amounts by which preceding payments of the spe-
6 cial allowance with respect to such loans under this section were reduced
7 in accordance with this paragraph.

8 “(2) With respect to any loan made on or after July 1, 1981, each eligible
9 lender under this part is authorized to charge the borrower an origination fee in
10 an amount not to exceed 5 per centum of the principal amount of the loan.”.

11 (4) No eligible lender, no institution of higher education, and no loan officer of
12 an eligible lender will be subject to the Truth in Lending Act or other disclosure
13 requirements as a result of the amendment made by paragraph (3) of this subsec-
14 tion.

15 (5) Section 438(b)(5) of the Act is amended to read as follows:

16 “(5) As used in this section, the term ‘eligible loan’ means a loan—

17 “(A) on which a portion of the interest is paid on behalf of the student
18 and for his account to the holder of the loan under section 428(a); and

19 “(B) which is insured under this part, or made under a program covered
20 by an agreement under section 428(b) of this Act.”.

21 (h)(1) Section 439(a) of the Act is amended—

22 (A) by striking out “insured” wherever it appears in such section; and

23 (B) by inserting after “student loans,” the first time it appears “includ-
24 ing loans which are insured”.

25 (2) Section 439(a) of the Act is further amended by striking out “and” at the
26 end of clause (1), and by inserting before the period at the end of clause (2) a
27 semicolon and the following: “and (3) to assure nationwide the establishment of
28 adequate loan insurance programs for students, to provide for an additional pro-
29 gram of loan insurance for student loans covered by agreements under section
30 428(b) with the Secretary”.

31 (3) Section 439(d)(1) of the Act is amended—

32 (A) by inserting “(A)” after the paragraph designation; and

33 (B) by adding at the end thereof the following:

34 “(B) The Association is further authorized, subject to the provisions of this
35 section—

36 “(i) to undertake any activity with regard to student loans which are not
37 insured or guaranteed as provided for in this subsection as it may under-
38 take with regard to insured or guaranteed student loans. Any warehousing
39 advance made on the security of such loans shall be subject to the provi-
40 sions of paragraph (2) of this subsection to the same extent as a warehous-
41 ing advance made on the security of insured loans;

1 “(ii) to buy, sell, hold, underwrite, and otherwise deal in obligations, the
2 income from which is exempt from taxation under the Internal Revenue
3 Code of 1954, which obligations are issued for the purpose of making or
4 purchasing insured loans;

5 “(iii) to undertake a program of loan insurance pursuant to agreements
6 with the Secretary under sections 428 and 428(2); and

7 “(iv) to undertake any other activity which the Board of Directors of
8 the Association determines to be in furtherance of the programs of insured
9 student loans authorized under this part or will otherwise support the
10 credit needs of students.”.

11 (4) Section 439(l) of the Act is amended by adding at the end thereof the
12 following: “The obligations of the Association shall be deemed to be obligations
13 of the United States for purposes of section 742 of title 31 of the United States
14 Code. For the purpose of the distribution of its property pursuant to section 726
15 of the Bankruptcy Act, the Association shall be deemed a person within the
16 meaning of that Act.”.

17 (i)(1) Section 429 of the Act is amended by adding at the end thereof the
18 following new subsection:

19 “(f) Insurance certificates issued on or after January 1, 1973, pursuant to
20 subsection (a)(1) or (b)(1) of this section, shall be irrevocable with respect to loans
21 covered by such certificates, if the eligible lender (1) makes payment on all pre-
22 miums charged under subsection (c) of this section, (2) exercises due diligence in
23 the making and collection of loans as required by section 1080(d) of this title, and
24 (3) did not, prior to the issuance of any such insurance certificate, have actual
25 knowledge of acts or omissions by the eligible institution which would have ren-
26 dered such loans uninsurable if known.”.

27 (2) The last sentence of section 430(a) of the Act is amended by deleting
28 “pending completion of his due diligence investigation” and by inserting in lieu
29 thereof: “within thirty days after insurance claims are filed by the insurance
30 beneficiary”.

31 (3) Section 430(e) of the Act is further amended by inserting at the end thereof
32 the following: “In determining whether a lender has exercised due diligence in
33 the making, servicing, and collection of a loan, the Secretary shall not hold a
34 lender liable for any violation of applicable law by an eligible institution unless
35 the lender had actual knowledge of the violation if the lender exercised due dili-
36 gence in supervising the eligible institution's performance of loan making, servic-
37 ing or collection services on its behalf. The provisions of this subsection shall
38 apply to all loans covered by insurance under this part on or after January 1,
39 1973, notwithstanding any decision by the Secretary to reject insurance claims
40 on such loans. If, after making insurance payments to a lender under this part,
41 the Secretary determines that a lender has failed to exercise due diligence, he

1 may exercise his authority under section 1082(a)(2) of this title to bring suit
2 against the lender to recover said insurance payments.”.

3 (4) The second sentence of section 430(d) of the Act is amended—

4 (A) by striking out “shall” and inserting in lieu thereof “may (1) require
5 the lender to repay insurance benefits received under this part, (2)”;

6 (B) by inserting before the period at the end thereof a comma and the
7 following: “(3) forgive any such substantial failure by the lender, or (4)
8 fashion such other reasonable remedy as befits the nature and severity of
9 the lender’s noncompliance with the requirements of this part or of appli-
10 cable regulations”.

11 (5) Section 433(b)(1) of the Act is amended by adding at the end thereof the
12 following sentence: “The performance by an eligible institution of functions dele-
13 gated to it by an eligible lender without charge to the lender shall not be prohibit-
14 ed by the Secretary with respect to any loans on which Federal insurance under
15 this part has been issued since January 1, 1973.”.

16 (j)(1) Section 482(a)(1) of the Act is amended by striking out everything after
17 the comma following the words “family income, which,” and inserting in lieu
18 thereof the following: “together with any amendments published in the Federal
19 Register, no later than August 15, 1981, May 15, 1982, any May 15 of each
20 succeeding year, shall become effective July 1 of the calendar year which suc-
21 ceeds such calendar year, except as is otherwise provided in paragraph (2).
22 During the thirty-day period following publication of a schedule and any amend-
23 ment to a schedule, the Secretary shall provide interested parties with an oppor-
24 tunity to present their views and make recommendations with respect to such
25 schedule or amendment. Such schedule shall be adjusted annually.”.

26 (2) Section 482(a)(2) of the Act is amended to read as follows:

27 “(2) The schedule of expected family contributions required for each academic
28 year, including any amendments thereto published pursuant to paragraph (1),
29 shall be transmitted to the President of the Senate and the Speaker of the House
30 of Representatives not later than the time of its publication in the Federal Regis-
31 ter. If either the Senate or House of Representatives adopts, prior to October 1,
32 1981, July 1, 1982, or July 1 of any succeeding year following the submission of
33 such schedule and any amendments thereto as required by this paragraph, a
34 resolution of disapproval of such schedule or amendments, in whole or in part,
35 the Secretary shall publish a new schedule of expected family contributions in the
36 Federal Register not later than fifteen days after the adoption of such resolution
37 of disapproval. Such new schedule shall take into consideration such recommen-
38 dations as may be made in either House in connection with such resolution. If
39 within fifteen days following the submission of the revised schedule, either the
40 Senate or the House of Representatives again adopts a resolution of disapproval,
41 in whole or in part, of such revised schedule, the Secretary shall publish a new

1 schedule of expected family contributions in the Federal Register not later than
2 fifteen days after the adoption of such resolution of disapproval. This procedure
3 shall be repeated until neither the Senate nor the House of Representatives
4 adopts a resolution of disapproval. The Secretary shall publish together with each
5 new schedule a statement identifying the recommendations made in either House
6 in connection with such resolution of disapproval and explaining his reasons for
7 the new schedule."

8 (3) The first sentence of section 431(d)(1) of the General Education Provisions
9 Act is amended by inserting after "final regulation" the first time it appears the
10 following: "(except expected family contribution schedules and any amendments
11 thereto promulgated pursuant to section 1089(a)(1) and (2) of this title)".

12 (k) Section 464(c)(1)(D) of the Act is amended by inserting after "1980," the
13 following: "or 7 per centum in the case of any loan made on or after October 1,
14 1981".

15 (l) The Act is further amended by inserting after section 438 the following new
16 section:

17 "COMMITTEE TO REVIEW FINANCIAL INCENTIVES AND FEES

18 "SEC. 138A. (a) In order to assure that current formulae and procedures used
19 to determine, (1) special allowances, (2) origination and insurance fees, and (3)
20 the reasonableness and the equity of the rates of Federal reinsurance, there is
21 established a Committee to review the process of determining student loan spe-
22 cial allowances and other fees and financial incentives used in the guaranteed
23 student loan program (hereinafter in this section referred to as the 'Committee').
24 The Committee shall be composed of—

25 "(A) the Secretary of Education,

26 "(B) the Secretary of the Treasury,

27 "(C) two representatives of State and/or nonprofit private guaranteed
28 agencies,

29 "(D) two participating eligible lenders who currently are making guar-
30 anteed loans,

31 "(E) two representatives from an eligible postsecondary educational in-
32 stitution, one of which must be a student financial aid administrator,

33 "(F) a student representative,

34 "(G) a representative of the Student Loan Marketing Association, desig-
35 nated by the Board of Directors of the Association, and

36 "(H) a representative from the Higher Education Association.

37 "(b) The Secretary of Education shall appoint the members of the Committee
38 described in clauses (C), (D), (E), (F), and (H) of subsection (a), after consulting
39 with nationally recognized organizations of such persons or agencies.

40 "(c)(1) No later than April 1, 1982, the Committee shall prepare and submit to
41 the President of the Senate and Speaker of the House of Representatives a report

1 of their findings and recommendations for improving the methods or determina-
 2 tion of the financial incentives and fees that are paid lenders, agencies, institu-
 3 tions, or charged to borrowers under title IV, part B of this Act, which they
 4 believe will carry out the objectives set forth for this program.

5 “(2) In developing their recommendations the Committee shall consider—

6 “(A) the experiences of borrowers, eligible lenders, and institutions par-
 7 ticipating in the program,

8 “(B) the administrative costs of various types of lenders, agencies, and
 9 institutions,

10 “(C) relevant and widely available financial indicators which accurately
 11 reflect the costs of capital invested in programs under this part, or substi-
 12 tute financial indicators which equitably represent the cost of such capital,
 13 and

14 “(D) such other factors as the Committee considers necessary to con-
 15 duct this review.

16 “(3) In carrying out its responsibilities under this section, the Committee shall
 17 be given the full cooperation and assistance of the official in the Department of
 18 Education directly responsible for the administration of this part B of title IV of
 19 the Higher Education Act of 1965 and such other appropriate officials of the
 20 Department of Education as the Committee deems appropriate.

21 “(4) In order to assist the Committee to carry out its functions under this
 22 section, the Secretary is authorized to hire consultants, and to enter into con-
 23 tracts, and pay the costs of such contracts from funds regularly appropriated for
 24 the purpose of administering programs authorized by this part.

25 “(5) The Secretary shall convene the first session of the Committee within
 26 sixty days after the date of enactment of the Education Amendments of 1981.
 27 The Chairman of the Committee shall be selected by those members who are not
 28 officials of the Federal Government from among themselves.

29 “(6) The Committee is not authorized to employ permanent employees or to
 30 lease or obtain the use of permanent offices or to take other steps to extend its
 31 period of service beyond the time necessary to complete its responsibilities under
 32 this section.

33 “(7) The Committee shall cease to exist ten days after the submission of the
 34 report prescribed in paragraph (1) of this subsection.”

35 (m) The amendments by this section shall take effect July 1, 1981, except that
 36 the amendment made by subsection (a) shall take effect on October 1, 1981.

37 PART C—ELEMENTARY AND SECONDARY EDUCATION BLOCK GRANT

38 SEC. 1121. This part may be cited as the “Elementary and Secondary Educa-
 39 tion Program Consolidation and Improvement Act”.

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

DECLARATION OF POLICY

SEC. 1121-1. The Congress declares it to be the policy of the United States to continue to provide financial assistance to State and local educational agencies to meet the special needs of educationally deprived children, on the basis of entitlements calculated under title I of the Elementary and Secondary Education Act of 1965, but to do so in a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary Federal supervision, direction, and control. Further, the Congress recognizes the special educational needs of children of low-income families, and that concentrations of such children in local educational agencies may adversely affect their ability to provide educational programs which will meet the needs of such children. The Congress also finds that Federal assistance for this purpose will be more effective if education officials, principals, teachers, and supporting personnel are freed from overly prescriptive regulations and administrative burdens which are not necessary for fiscal accountability and make no contribution to the instructional program.

DURATION OF ASSISTANCE

SEC. 1121-2. During the period beginning October 1, 1981, and ending September 30, 1984, the Secretary shall, in accordance with the provisions of this part, make payments to State educational agencies for grants made on the basis of entitlements created under title I of the Elementary and Secondary Education Act of 1965 and calculated in accordance with provisions of that title in effect on September 30, 1981.

APPLICABILITY OF TITLE I PROVISIONS OF LAW

SEC. 1121-3. (a) PROGRAM ELIGIBILITY.—Except as otherwise provided in this part, the Secretary shall make payments based upon the amount of, and eligibility for, grants as determined under the following provisions of title I of the Elementary and Secondary Education Act in effect on September 30, 1981:

(1) Part A—“Programs Operated by Local Education Agencies”:

(A) Subpart 1—“Basic Grants”; and

(B) Subpart 2—“Special Grants”.

(2) Part B—“Programs Operated by State Agencies”:

(A) Subpart 1—“Programs for Migratory Children”;

(B) Subpart 2—“Programs for Handicapped Children”;

(C) Subpart 3—“Programs for Neglected and Delinquent Children”; and

(D) Subpart 4—“General Provisions for State Operated Programs”.

(b) ADMINISTRATIVE PROVISIONS.—The Secretary, in making the payments and determinations specified in subsection (a), shall continue to use the following

1 provisions of title I of the Elementary and Secondary Education Act as in effect
2 on September 30, 1981:

3 (1) Part E—"Payments":

4 (A) Section 191—"Payment Methods";

5 (B) Section 192—"Amount of Payments to Local Educational
6 Agencies";

7 (C) Section 193— Adjustments Where Necessitated by Appropri-
8 ations"; and

9 (D) Section 194—"Payments for State Administration", subject to
10 sub,section (d) of this section.

11 (2) Part F—"General Provisions":

12 (A) Section 197—"Limitation on Grants to Puerto Rico"; and

13 (B) Section 198—"Definitions" and conforming amendments to
14 other Acts, except that only those definitions applicable to this part
15 shall be used.

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

19 (d) **AMENDMENT.**—Section 194(a)(1) of the Elementary and Secondary Edu-
20 cation Act of 1965 is amended by striking out "1.5 per centum" and inserting in
21 lieu thereof "1 per centum".

22 **AUTHORIZED PROGRAMS**

23 **SEC. 1121-4. (a) GENERAL.**—Each State and local educational agency shall
24 use the payments under this subpart for programs and projects (including the
25 acquisition of equipment and, where necessary, the construction of school facili-
26 ties) which are designed to meet the special educational needs of educationally
27 deprived children.

28 (b) **PROGRAM DESIGN.**—State agency programs shall be designed to serve
29 those categories of children counted for eligibility for grants under section
30 1121-3(a)(2) in accordance with the requirements of this part.

31 (c) **PROGRAM DESCRIPTION.**—A local education agency may use funds re-
32 ceived under this subpart only for programs and projects which are designed to
33 meet the special educational needs of educationally deprived children identified in
34 accordance with section 1121-5(b)(2), and which are included in an application
35 for assistance approved by the State educational agency. Such programs and
36 projects may include the acquisition of equipment and instructional materials,
37 employment of special instructional and counseling and guidance personnel, em-
38 ployment and training of teacher aides, payments to teachers of amounts in
39 excess of regular salary schedules as a bonus for service in schools serving proj-
40 ect areas, the training of teachers, the construction, where necessary, of school
41 facilities, other expenditures authorized under title I of the Elementary and Sec-

1 ondary Education Act as in effect September 30, 1981, and planning for such
2 programs and projects.

3 APPROVAL OF APPLICATIONS

4 **SEC. 1121-5. (a) APPLICATION BY LOCAL EDUCATIONAL AGENCY.**—A local
5 educational agency may receive a grant under this subpart for any fiscal year if it
6 has on file with the State educational agency an application which describes the
7 programs and projects to be conducted with such assistance for a period of not
8 more than three years, and such application has been approved by the State
9 educational agency.

10 **(b) APPLICATION ASSURANCES.**—The application described in subsection (a)
11 shall be approved if it provides assurances satisfactory to the State educational
12 agency that the programs and projects described—

13 (1)(A) are conducted in attendance areas of such agency having the
14 highest concentrations of educationally deprived children;

15 (B) are located in all attendance areas of an agency which has a uni-
16 formly high concentration of such children; or

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

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

25 (3) are of sufficient size, scope, and quality to give reasonable promise
26 of substantial progress toward meeting the special educational needs of the
27 children being served;

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

33 (5) make provision for services to educationally deprived children attend-
34 ing private elementary and secondary schools in accordance with section
35 1121-6.

36 PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

37 **SEC. 1121-6. (a) GENERAL REQUIREMENTS.**—To the extent consistent with
38 the number of educationally deprived children in the school district of the local
39 educational agency who are enrolled in private elementary and secondary
40 schools, such agency shall make provisions for including special educational serv-
41 ices and arrangements (such as dual enrollment, educational radio and television,

1 and mobile educational services and equipment) in which such children can par-
 2 ticipate and which meet the requirements of sections 1121-4(c), 1121-5(b) (2),
 3 (3), and (4), and 1121-7(d). Expenditures for educational services and arrange-
 4 ments pursuant to this section for educationally deprived children in private
 5 schools shall be equal (taking into account the number of children to be served
 6 and the special educational needs of such children) to expenditures for children
 7 enrolled in the public schools of the local educational agency.

8 (b) **BYPASS PROVISION.**—(1) If a local educational agency is prohibited by law
 9 from providing for the participation in special programs for educationally de-
 10 prived children enrolled in private elementary and secondary schools as required
 11 by subsection (a), the Secretary shall waive such requirements, and shall arrange
 12 for the provision of services to such children through arrangements which shall
 13 be subject to the requirements of subsection (a).

14 (2) If the Secretary determines that a local educational agency has substantial-
 15 ly failed to provide for the participation on an equitable basis of educationally
 16 deprived children enrolled in private elementary and secondary schools as re-
 17 quired by subsection (a), he shall arrange for the provision of services to such
 18 children through arrangements which shall be subject to the requirements of sub-
 19 section (a), upon which determination the provisions of subsection (a) shall be
 20 waived.

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

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

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

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

39 (B) If a State or local educational agency is dissatisfied with the Secretary's
 40 final action after a proceeding under subparagraph (A) of this paragraph, it may
 41 within sixty days after notice of such action, file with the United States court of

1 appeals for the circuit in which such State is located a petition for review of that
2 action. A copy of the petition shall be forthwith transmitted by the clerk of the
3 court to the Secretary. The Secretary thereupon shall file in the court the record
4 of the proceedings on which he based his action, as provided in section 2112 of
5 title 28, United States Code.

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

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

17 GENERAL PROVISIONS

18 SEC. 1121-7. (a) MAINTENANCE OF EFFORT.—(1) Except as provided in
19 paragraph (2), a local educational agency may receive funds under this subpart
20 for any fiscal year only if the State educational agency finds that either the
21 combined fiscal effort per student or the aggregate expenditures of that agency
22 and the State with respect to the provision of free public education by that
23 agency for the preceding fiscal year was not less than 90 per centum of such
24 combined fiscal effort or aggregate expenditures for the second preceding fiscal
25 year.

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

33 (3) The State educational agency may waive, for one fiscal year only, the
34 requirements of this subsection if the State educational agency determines that
35 such a waiver would be equitable due to exceptional or uncontrollable circum-
36 stances such as a natural disaster or a precipitous and unforeseen decline in the
37 financial resources of the local educational agency.

38 (b) FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NON-FED-
39 ERAL FUNDS.—A local educational agency may use funds received under this
40 subpart only so as to supplement and, to the extent practical, increase the level of
41 funds that would, in the absence of such Federal funds, be made available from

1 non-Federal sources for the education of pupils participating in programs and
 2 projects assisted under this subpart, and in no case may such funds be so used as
 3 to supplant such funds from such non-Federal sources.

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

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

15 (A) a districtwide salary schedule;

16 (B) a policy to ensure equivalence among schools in teachers, adminis-
 17 trators, and auxiliary personnel; and

18 (C) a policy to ensure equivalence among schools in expenditures from
 19 general funds for curriculum materials and instructional supplies.

20 Unpredictable changes in pupil-teacher ratios which occur after the beginning of
 21 a school year shall not be included as a factor in determining comparability of
 22 services.

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

29 (e) ALLOCATION OF FUNDS IN CERTAIN STATES.—In any State in which a
 30 large number of local educational agencies overlap county boundaries, the State
 31 educational agency is authorized to make allocations of basic grants and special
 32 incentive grants directly to local educational agencies without regard to counties,
 33 if such allocations were made during the fiscal year 1981, except that (1) precise-
 34 ly the same factors are used to determine the amount of such grants to counties,
 35 and (2) a local educational agency dissatisfied with such determination is afforded
 36 an opportunity for a hearing on the matter by the State educational agency.

37 Subpart 2—Consolidation of Federal Programs for Elementary and Secondary
 38 Education

39 STATEMENT OF PURPOSE

40 SEC. 1122-1. (a)(1) It is the purpose of this subpart to consolidate the pro-
 41 gram authorizations contained in titles II, III (except part A), IV, V, VI, VIII,

1 and IX of the Elementary and Secondary Education Act of 1965 as well as the
 2 Drug and Alcohol Abuse Education Act, part A and section 532 of title V of the
 3 Higher Education Act of 1965 and part B of title V of the Economic Opportunity
 4 Act of 1964, section 3(a)(1) of the National Science Foundation Act of 1950
 5 relating to precollege science teacher training, into a single authorization of
 6 grants to States for the same purposes set forth in the provisions of law specified
 7 in this sentence, but to be used in accordance with the educational needs and
 8 priorities of State and local educational agencies as determined by such agencies.
 9 It is the further purpose and intent of Congress to assist State and local educa-
 10 tional agencies to improve elementary and secondary education (including pre-
 11 school education) for children attending both public and private schools, and to do
 12 so in a manner designed to greatly reduce the enormous administrative and pa-
 13 perwork burden imposed on schools at the expense of their ability to educate
 14 children.

15 (2) The basic responsibility for the administration of funds made available
 16 under this subpart is in the State educational agencies, but it is the intent of
 17 Congress that this responsibility be carried out with a minimum of paperwork and
 18 that the responsibility for the design and implementation of programs assisted
 19 under the subpart shall be mainly that of local educational agencies, school super-
 20 intendents and principals, and classroom teachers and supporting personnel, be-
 21 cause they have the most direct contact with students and are most directly
 22 responsible to parents.

23 AUTHORIZATION OF APPROPRIATIONS

24 SEC. 1122-2. There is authorized to be appropriated \$584,226,000 for the
 25 fiscal year 1982, \$583,926,000 for fiscal year 1983, and such sums as may be
 26 necessary for fiscal year 1984, to carry out the provisions of this subpart.

27 ALLOTMENTS TO STATES

28 SEC. 1122-3. (a) From the sums appropriated to carry out this subpart in any
 29 fiscal year, the Secretary shall reserve not to exceed 1 per centum for payments
 30 to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific
 31 Islands, and the Northern Mariana Islands, to be allotted in accordance with
 32 their respective needs. The Secretary shall reserve an additional amount, not to
 33 exceed 5 per centum of the sums appropriated, to carry out the purposes of
 34 section 1222-41. From the remainder of such sums the Secretary shall allot to
 35 each State an amount which bears the same ratio to the amount of such remain-
 36 der as the school-age population of the State bears to the school-age population
 37 of all States, except that no State shall receive less than an amount equal to 0.6
 38 per centum of such remainder.

39 (b) For the purposes of this section:

40 (1) The term "school-age population" means the population aged five
 41 through seventeen.

(2) The term "States" includes the fifty States, the District of Columbia, and Puerto Rico.

STATE APPLICATIONS

SEC. 1122-4. (a) Any State which desires to receive grants under this subpart shall file an application with the Secretary which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this subpart;

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

(A) public and private elementary and secondary schoolchildren;

(B) classroom teachers;

(C) parents of elementary and secondary schoolchildren;

(D) local boards of education;

(E) local and regional school administrators (including principals and superintendents); and

(F) institutions of higher education;

to advise the State educational agency on the allocation among authorized functions of funds (not to exceed 20 per centum of the amount of the State's allotment) reserved for State use under section 1122-5(a), and on the planning, development, support, implementation, and evaluation of State programs assisted under this subpart;

(3) sets forth the planned allocation of funds among subchapters I, II, and III of this subpart and among the authorized programs and projects which are to be implemented, including administrative costs of carrying out the responsibilities of the State educational agency under this subpart, from the amounts reserved for State educational agency programs;

(4) provides for timely public dissemination of the information provided pursuant to paragraphs (2) and (3);

(5) beginning with fiscal year 1984, provides for an annual evaluation of the effectiveness of programs assisted under this subpart, which shall include comments of the advisory committee, and shall be made available to the public; and

(6) contains assurances that there is compliance with the specific requirements of this subpart.

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

ALLOCATION TO LOCAL EDUCATIONAL AGENCIES

SEC. 1122-5. (a) From the sum made available each year under section 1122-3, the State educational agency shall distribute not less than 80 per centum to local educational agencies within such State according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as—

- (1) children from low-income families,
- (2) children living in economically depressed urban areas, and
- (3) children living in sparsely populated areas.

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

(c) From the funds paid to it pursuant to sections 1122-3 and 1122-4 during each fiscal year, the State educational agency shall distribute to each local educational agency which has submitted an application as required in section 1122-6 the amount of its allocation as determined under subsection (a).

LOCAL APPLICATIONS

SEC. 1122-6. (a) A local educational agency may receive its allocation of funds under this subpart for any year in which it has on file with the State educational agency an application which—

(1) sets forth the planned allocation of funds among subchapters I, II, and III of this subpart and for the programs authorized by such parts which it intends to support;

(2) provides assurances of compliance with provisions of this subpart relating to such programs, including the participation of children enrolled in private, nonprofit schools in accordance with section 1122-52;

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

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

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

6 (c) Each local educational agency shall have complete discretion, subject only
 7 to the provisions of this subpart, in determining how funds the agency receives
 8 under this section shall be divided among the purposes of this subpart in accord-
 9 ance with the application submitted under this section.

10 Subchapter I—Basic Skills Development

11 USE OF FUNDS

12 SEC. 1122-11. Funds allocated for use under this subchapter shall be used by
 13 State and local educational agencies to develop and implement a comprehensive
 14 and coordinated program designed to improve elementary and secondary school
 15 instruction in the basic skills of reading, mathematics, and written and oral com-
 16 munication, as formerly authorized by title II of the Elementary and Secondary
 17 Education Act of 1965, relating to basic skills improvement.

18 STATE LEADERSHIP AND SUPPORT SERVICES

19 SEC. 1122-12. (a) In order to achieve the purposes of this subchapter, State
 20 educational agencies may use funds reserved for State programs to make grants
 21 to and enter into contracts with local educational agencies, institutions of higher
 22 education, and other public and private agencies, organizations, and institu-
 23 tions—

24 (1) to carry out planning, research and development, demonstration proj-
 25 ects, training of leadership personnel, short term and regular session
 26 teacher training institutes; and

27 (2) for the development of instructional materials, the dissemination of
 28 information, and technical assistance to local educational agencies.

29 Each State educational agency may also use such funds for technical assistance
 30 and training for personnel of the State educational agency.

31 (b) State educational agencies may support activities designed to enlist the
 32 assistance of parents and volunteers working with schools to improve the per-
 33 formance of children in the basic skills. Such activities may include—

34 (1) the development and dissemination of materials that parents may use
 35 in the home to improve their children's performance in those skills; and

36 (2) voluntary training activities for parents to encourage and assist them
 37 to help their children in developing basic skills;

38 except that such activities conducted in local areas shall be conducted by local
 39 educational agencies.

SCHOOL LEVEL PROGRAMS

SEC. 1122-13. (a) Planning by a local educational agency for the use of funds the agency allocates for this subchapter (from its allotment under section 1122-5) shall make provision for the participation of children enrolled in private elementary and secondary schools (and of teachers in such schools) in accordance with section 1122-52, and shall be developed in conjunction with and involve continuing consultation with teachers and principals in such district. Such planning shall include a systematic strategy for improving basic skills instruction for all children which provides for planning and implementation at the school building level, involving teachers, administrators, and (to the extent practicable) parents, and utilizing all available resources in a comprehensive program. The programs shall include—

(1) diagnostic assessment to identify the needs of all children in the school;

(2) the establishment of learning goals and objectives for children and for the school;

(3) to the extent practicable, pre-service and in-service training and development programs for teachers, administrators, teacher aides and other support personnel, designed to improve instruction in the basic skills;

(4) activities designed to enlist the support and participation of parents to aid in the instruction of their children; and

(5) procedures for testing students and for evaluation of the effectiveness of programs for maintaining a continuity of effort for individual children.

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

Subchapter II—Educational Improvement and Support Services

STATEMENT OF PURPOSE

SEC. 1122-21. It is the purpose of this subchapter to permit State educational agencies to use Federal funds (directly, and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title IV, relating to educational improvement, resources, and support, title V, relating to State leadership, title VI, relating to emergency school aid, of the Elementary and Secondary Education Act of 1965, section 3(a)(1) of the National Science Foundation Act of 1950, relating to precollege science teacher training, and part A and section 532 of title V of the Higher Education Act of 1965, relating to the Teacher Corps and teacher centers, in accordance with the planned allocation of funds set forth in the applications under

1 sections 1122-4 and 1122-5, in conformity with the other requirements of this
2 subpart.

3 AUTHORIZED ACTIVITIES

4 SEC. 1122-22. Programs and projects authorized under this subchapter in-
5 clude—

6 (1) the acquisition and utilization—

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

11 (B) of instructional equipment and materials suitable for use in pro-
12 viding education in academic subjects for use by children and teachers
13 in elementary and secondary schools which shall be used for instruc-
14 tional purposes only,

15 which takes into account the needs of children in both public and private
16 schools based upon periodic consultation with teachers, librarians, media
17 specialists, and private school officials;

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

23 (3) programs designed to assist local educational agencies, upon their
24 request, to more effectively address educational problems caused by the
25 isolation or concentration of minority group children in certain schools if
26 such assistance is not conditioned upon any requirement that a local edu-
27 cational agency which assigns students to schools on the basis of geo-
28 graphic attendance areas adopt any other method of student assignment,
29 and that such assistance is not made available for the transportation of
30 students or teachers or for the acquisition of equipment for such transpor-
31 tation;

32 (4) comprehensive guidance, counseling, and testing programs in ele-
33 mentary and secondary schools and State and local support services neces-
34 sary for the effective implementation and evaluation of such programs (in-
35 cluding those designed to help prepare students for employment);

36 (5) programs and projects to improve the planning, management and im-
37 plementation of educational programs, including fiscal management, by
38 both State and local educational agencies, and the cooperation of such
39 agencies with other public agencies;

40 (6) programs and projects to assist in teacher training and in-service
41 staff development, particularly to better prepare both new and in-service

personnel to deal with contemporary teaching and learning requirements and to provide assistance in the teaching and learning of educationally deprived students; and

(7) programs and projects to assist local educational agencies to meet the needs of children in schools undergoing desegregation and to assist such agencies to develop and implement plans for the elimination of desegregation on the basis of race, sex, or national origin in the school of such agencies.

Subchapter III—Special Projects

STATEMENT OF PURPOSE

SEC. 1122-31. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title III, relating to special projects, title VIII, relating to community schools, and title IX, relating to gifted and talented children, educational proficiency standards, women's educational equity, safe schools program, and ethnic heritage program, of the Elementary and Secondary Education Act of 1965, the Alcohol and Drug Abuse Education Act and part B of title V of the Economic Opportunity Act of 1964, relating to Follow Through programs, in accordance with the planned allocation of funds set forth in the applications under sections 1122-4 and 1122-5, in conformity with the other requirements of this subpart.

AUTHORIZED ACTIVITIES

SEC. 1122-32. Programs and projects authorized under this subchapter include—

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

(A) programs in alcohol and drug abuse prevention, including primary prevention and early intervention programs in schools which may include developing in educational personnel and students skills in planning and conducting comprehensive prevention programs, training drug and alcohol education specialists and group leaders, peer group and individual counseling, student involvement in intellectual, cultural, and social alternatives to drug and alcohol abuse, promoting parent and community involvement in substance abuse prevention and disseminating information on drug abuse prevention;

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

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

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

(E) consumer education;

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

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

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

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

(2) the use of public education facilities as community centers operated by a local education agency in conjunction with other local governmental agencies and community organizations and groups to provide educational, recreational, health care, cultural, and other related community and human services for the community served in accordance with the needs, interests, and concerns of the community and the agreement and conditions of the governing board of the local educational agency; and

(3) additional programs, including—

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

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

(C) programs designed to ensure equity for women in educational opportunities at all educational levels (including adult women who desire further education or are unemployed or underemployed);

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

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

Subchapter IV—Secretary's Discretionary Funds

DISCRETIONARY PROGRAM AUTHORIZED

SEC. 1122-41. (a) From the sums reserved by the Secretary pursuant to the second sentence of section 1122-3(a)(1) the Secretary is authorized to carry out directly or through grants to or contracts with State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions, programs and projects which—

(1) provide a national source for gathering and disseminating information on the effectiveness of programs designed to meet the special educational needs of educationally deprived children, and others served by this part, and for assessing the needs of such individuals;

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

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

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

(b) From the funds reserved for the purposes of this section, the Secretary shall first fund the Inexpensive Book Distribution Program (as carried out through "Reading is Fundamental") as formerly authorized by part C of title II of the Elementary and Secondary Education Act of 1965, and the "Arts in Education" Program as formerly authorized by part C of title III of such Act, at least in amounts necessary to sustain the activities described in this sentence at the level of operations during fiscal year 1981, and then utilize the remainder of such funds for the other authorized activities described in subsection (a).

Subchapter V—General Provisions

MAINTENANCE OF EFFORT; FEDERAL FUNDS SUPPLEMENTARY

SEC. 1122-51. (a)(1) Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this subpart for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public educa-

1 tion for the preceding fiscal year was not less than 90 per centum of such com-
2 bined fiscal effort or aggregate expenditures for the second preceding fiscal year.

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

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

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

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

20 **PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS**

21 **SEC. 1122-52. (a)(1)** To the extent consistent with the number of children in
22 the school district of a local educational agency which is eligible to receive funds
23 under this subpart or which serves the area in which a program or project assist-
24 ed under this subpart is located who are enrolled in private nonprofit elementary
25 and secondary schools, such agency after consultation with appropriate private
26 school officials, shall provide for the benefit of such children in such schools
27 secular, neutral, and nonideological services, materials, and equipment including
28 the participation of the teachers of such children (and other educational personnel
29 serving such children) in training programs, and the repair, minor remodeling, or
30 construction of public facilities as may be necessary for their provision (consistent
31 with subsection (c) of this section), or, if such service, materials, and equipment
32 are not feasible or necessary in one or more such private schools as determined
33 by the local educational agency after consultation with the appropriate private
34 school officials, shall provide such other arrangements as will assure equitable
35 participation of such children in the purposes and benefits of this subpart.

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

1 (b) Expenditures for programs pursuant to subsection (a) shall be equal (con-
2 sistent with the number of children to be served) to expenditures for programs
3 under this subpart for children enrolled in the public schools of the local educa-
4 tional agency, taking into account the needs of the individual children and other
5 factors which relate to such expenditures, and when funds available to a local
6 educational agency under this subpart are used to concentrate programs or proj-
7 ects on a particular group, attendance area, or grade or age level, children en-
8 rolled in private schools who are included within the group, attendance area, or
9 grade or age level selected for such concentration shall, after consultation with
10 the appropriate private school officials, be assured equitable participation in the
11 purposes and benefits of such programs or projects.

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

16 (2) The provision of services pursuant to this section shall be provided by
17 employees of a public agency or through contract by such public agency with a
18 person, an association, agency, or corporation who or which, in the provision of
19 such services, is independent of such private school and of any religious organiza-
20 tions, and such employment or contract shall be under the control and supervision
21 of such public agency, and the funds provided under this subpart shall not be
22 commingled with State or local funds.

23 (d) If a State is prohibited by law from providing for the participation in pro-
24 grams of children enrolled in private elementary and secondary schools, as re-
25 quired by this section, the Secretary shall waive such requirements and shall
26 arrange for the provision of services to such children through arrangements
27 which shall be subject to the requirements of this section.

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

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

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

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

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

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

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

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

29 REPEALS

30 SEC. 1122-53. Effective October 1, 1981, the provisions of—

31 (1) titles II, III (except part A), IV, V, VI, VIII, and IX of the Ele-
 32 mentary and Secondary Education Act of 1965;

33 (2) part A and section 532 of title V of the Higher Education Act of
 34 1965;

35 (3) the Alcohol and Drug Abuse Education Act; and

36 (4) part B of title V of the Economic Opportunity Act of 1964;

37 are repealed.

38 Subpart 3—General Provisions

39 FEDERAL REGULATIONS

40 SEC. 1123-1. (a) The Secretary is authorized to issue regulations—

1 (1) relating to the discharge of duties specifically assigned to the Secre-
2 tary under this part;

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

5 (3) which are deemed necessary to reasonably insure that there is com-
6 pliance with the specific requirements and assurances required by this part.

7 (b) In all other matters relating to the details of planning, developing, imple-
8 menting, and evaluating programs and projects by State and local educational
9 agencies the Secretary shall not issue regulations, but may consult with appropri-
10 ate State, local, and private educational agencies and, upon request, provide
11 technical assistance, information, and suggested guidelines designed to promote
12 the development and implementation of effective instructional programs and to
13 otherwise assist in carrying out the purposes of this part.

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

16 WITHHOLDING OF PAYMENTS

17 SEC. 1123-2. (a) Whenever the Secretary after reasonable notice to any State
18 educational agency and an opportunity for a hearing on the record, finds that
19 there has been a failure to comply substantially with any assurances required to
20 be given or conditions required to be met under this part the Secretary shall
21 notify such agency of these findings and that beginning sixty days after the date
22 of such notification, further payments will not be made to the State under this
23 part, or affected subpart thereof (or, in his discretion, that the State educational
24 agency shall reduce or terminate further payments under the part or affected
25 subpart thereof, to specified local educational agencies or State agencies affected
26 by the failure) until he is satisfied that there is no longer any such failure to
27 comply. Until he is so satisfied, (1) no further payments shall be made to the
28 State under the part or affected subpart thereof, or (2) payments by the State
29 educational agency under the part or affected subpart thereof shall be limited to
30 local educational agencies and State agencies not affected by the failure, or (3)
31 payments to particular local educational agencies shall be reduced, as the case
32 may be.

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

36 JUDICIAL REVIEW

37 SEC. 1123-3. (a) If any State is dissatisfied with the Secretary's action under
38 section 1123-2(a), such State may, within sixty days after notice of such action,
39 file with the United States court of appeals for the circuit in which such State is
40 located a petition for review of that action. A copy of the petition shall be forth-
41 with transmitted by the clerk of the court to the Secretary. The filing of such

1 petition shall act to suspend any withholding of funds by the Secretary pending
 2 the judgment of the court and prior to a final action on any review of such
 3 judgment. The Secretary thereupon shall file in the court the record of the pro-
 4 ceedings on which he based his action, as provided in section 2112 of title 28,
 5 United States Code.

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

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

17 AVAILABILITY OF APPROPRIATIONS

18 SEC. 1123-4. Notwithstanding any other provision of law, unless expressly in
 19 limitation of this section, funds appropriated in any fiscal year to carry out activi-
 20 ties under this part shall become available for obligation on July 1 of such fiscal
 21 year and shall remain available for obligation until the end of the succeeding
 22 fiscal year.

23 DEFINITIONS

24 SEC. 1123-5. (a) Except as otherwise provided herein as used in this part—

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

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

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

32 (4) the term "local educational agency" means a public board of educa-
 33 tion or other public authority legally constituted within a State for either
 34 administrative control or direction of, or to perform a service function for,
 35 public elementary or secondary schools in a city, county, township, school
 36 district, or other political subdivision of a State, or such combination of
 37 school districts or counties as are recognized in a State as an administra-
 38 tive agency for its public elementary or secondary schools. Such term in-
 39 cludes any other public institution or agency having administrative control
 40 and direction of a public elementary or secondary school;

(5) the term "parent" includes a legal guardian or other person standing in loco parentis;

(6) the term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that such term does not include any education provided beyond grade twelve;

(7) the term "elementary school" means a day or residential school which provides elementary education, as determined under State law, and the term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade twelve;

(8) the term "construction" includes the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities;

(9) the term "equipment" includes machinery, utilities, and building equipment and any necessary enclosure or structures to house them, and includes all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books, periodicals, documents, and other related materials; and

(10) the term "school facilities" means classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading, and improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.

(b) Any term used in provisions referenced by section 1121-3 and not defined in this section shall have the same meaning as that term was given in title I of the Elementary and Secondary Education Act of 1965 in effect prior to October 1, 1981.

APPLICATION OF OTHER LAWS

SEC. 1123-6. Sections 434, 435, and 436 of the General Educations Provisions Act (relating to "State Educational Agency Monitoring and Agency Application") shall not apply to programs authorized under this part except to the extent that they relate to fiscal control and fund accounting procedures (including the title to property acquired with Federal funds), and shall not be construed to authorize the Secretary to require any reports or take any actions not specifically authorized by this part.

PART D—AGING, FAMILY AND HUMAN SERVICES RECONCILIATION

AMENDMENTS

Subpart 1—Older Americans

OLDER AMERICANS ACT OF 1965

SEC. 1131-1. (a)(1) Subject to subsection (b) of this section, there are authorized to be appropriated \$749,555,000 for the fiscal year 1982, and \$793,312,000 for the fiscal year 1983 to carry out the Older Americans Act of 1965 other than title V of that Act.

(2) Subject to subsection (b) of this section, there are authorized to be appropriated \$277,100,000, for the fiscal year 1982, and \$293,726,000 for the fiscal year 1983 to carry out title V of the Older Americans Act of 1965.

(b) No sums may be appropriated for the fiscal year 1982 or the fiscal year 1983 as authorized by subsection (a) unless the Older Americans Amendments of 1981 have been enacted.

Subpart 2—Home Energy Block Grant

SHORT TITLE

SEC. 1132-1. This subpart may be cited as the "Home Energy Assistance Block Grant Act".

HOME ENERGY GRANTS AUTHORIZED

SEC. 1132-2. (a) The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to States to assist eligible households to meet the costs of home energy. Not more than 10 percent of the funds available to each State under this subpart may be used by the State for low-income residential weatherization or other energy related home repair.

(b) There are authorized to be appropriated \$1,875,000,000 for the fiscal year 1982 and for each of the four succeeding fiscal years to carry out the provisions of this subpart.

DEFINITIONS

SEC. 1132-3. As used in this subpart—

(1) "household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;

(2) "home energy" means a source of heating or cooling in residential dwellings;

(3) "lower living standard income level" means the income level, adjusted for (A) family size, and (B) regional, metropolitan, and nonmetropolitan differences (or, as the State at its option may select, a single level from among the levels adjusted under this clause as applicable to such State), determined annually by the Secretary of Labor based upon the most recent "lower living standard family budget" issued by the Secretary of Labor;

1 (4) "Secretary" means the Secretary of Health and Human Services;

2 (5) "State" means each of the several States and the District of Colum-
3 bia; and

4 (6) "energy crisis intervention" means weather related and supply
5 shortage emergencies.

6 STATE ALLOCATIONS .

7 SEC. 1132-4. (a)(1) The Secretary shall, from 99.9 percent of the amount
8 appropriated under section 1132-2 for each fiscal year, allot to each State an
9 amount equal to such 99.9 percent multiplied by the State's allotment percent-
10 age.

11 (2)(A) For purposes of paragraph (1), a State's allotment percentage is the
12 percentage which the amount the State was eligible to receive under the allot-
13 ment formulas of the Home Energy Assistance Act of 1980 bears to the total
14 amount available for allotment under such formulas.

15 (B) For purposes of subparagraph (A), the allotment formulas of the Home
16 Energy Assistance Act of 1980 shall be treated as including the rules provided
17 by, and the rules referred to in, section 101(j) of Public Law 96-536.

18 (3) If the sums appropriated for any fiscal year for making block grants under
19 this subpart are not sufficient to pay in full the total amount allocated to a State
20 under paragraph (1) of this subsection for each fiscal year, the amount which all
21 States will receive under this subpart for such year shall be ratably reduced.

22 (4) For the purpose of this subsection, the term "State" does not include the
23 Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the
24 Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

25 (b)(1) The Secretary shall apportion the 1/10 of 1 percent remaining in each
26 fiscal year on the basis of need between the Commonwealth of Puerto Rico,
27 Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and
28 the Trust Territory of the Pacific Islands.

29 (2) Each jurisdiction to which paragraph (1) applies may receive grants under
30 this subpart on an application submitted to the Secretary containing provisions
31 which describe the programs for which assistance is sought under this subpart,
32 and which are consistent with the requirements of section 6 of this subpart.

33 (c) Of the funds available to each State under subsection (a), a reasonable
34 amount based on data from prior years shall be reserved by each State for energy
35 crisis intervention.

36 (d)(1) If, with respect to any State, the Secretary—

37 (A) receives a request from the governing body of an Indian tribe or
38 tribal organization within the State that assistance under this title be made
39 directly to such tribe or organization, and

1 (B) determines that the members of such tribe or tribal organization
2 would be better served by means of grants made directly to provide bene-
3 fits under this subpart,

4 the Secretary shall reserve from amounts which would otherwise be allotted to
5 such State under this subpart for the fiscal year the amount determined under
6 paragraph (2).

7 (2) The Secretary shall reserve for the purpose of paragraph (1) from sums that
8 would otherwise be allotted to such State not less than 100 percent of an amount
9 which bears the same ratio to the State's allotment for the fiscal year involved as
10 the population of all eligible Indians for whom a determination under this para-
11 graph has been made bears to the population of all eligible households in such
12 State.

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

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

20 (5) The terms "Indian tribe" and "tribal organization" have the same meaning
21 given such terms in section 4(b) and section 4(c) of the Indian Self-Determination
22 and Education Assistance Act (25 U.S.C. 450b).

23 APPLICATIONS AND REQUIREMENTS

24 SEC. 1132-5. (a) Each State desiring to receive an allotment for a fiscal year
25 under this subpart shall submit an application to the Secretary. Each such appli-
26 cation shall be in such form as the Secretary shall require. Each such application
27 shall contain assurances by the chief executive officer of the State that the State
28 will comply with subsection (b) and will meet the conditions enumerated in sub-
29 section (c).

30 (b) After the expiration of the first fiscal year in which a State received funds
31 under this subpart, no funds shall be allotted to such State for any fiscal year
32 under this subpart unless the legislature of the State conducts public hearings on
33 the proposed use and distribution of funds to be provided under this subpart for
34 such fiscal year.

35 (c) As part of the annual application required by subsection (a), the chief ex-
36 ecutive officer of each State shall certify that the State agrees to—

37 (1) use the funds available under this subpart for the purposes described
38 in section 2 and otherwise in accordance with the requirements of this sub-
39 part;

40 (2) describe households in the State eligible for assistance and give pri-
41 ority to households with incomes equal to or less than the lower living

1 standard income level or, in the case of a one person household, with an
2 income equal to or less than 125 percent of poverty;

3 (3) conduct outreach activities designed to assure that eligible house-
4 holds, especially households with elderly individuals or handicapped indi-
5 viduals, or both, are made aware of the assistance available under this
6 subpart;

7 (4) coordinate its activities under this subpart with similar and related
8 programs run by the Federal Government and such State, particularly
9 low-income weatherization programs;

10 (5) describe the amount of assistance to be provided to or on behalf of
11 participating households assuring (A) that priority is given to households
12 with lowest incomes and to eligible households having at least one elderly
13 or handicapped individual, and (B) that the highest level of assistance is
14 provided to households with lowest incomes and the highest energy costs
15 in relation to income;

16 (6) give special consideration in the designation of local administrative
17 agencies to any local public or private nonprofit agency which is receiving
18 Federal funds under any low income energy assistance program or weath-
19 erization program on the date of the enactment of this subpart, except that
20 (A) the State shall, before giving such special consideration, determine that
21 the agency involved meets program and fiscal requirements established by
22 the State, and (B) if there is no such agency because of a change in the
23 assistance furnished to programs for economically disadvantaged persons,
24 then the State shall give special consideration in the designation of local
25 administrative agencies to any successor agency which is operated in sub-
26 stantially the same manner as the predecessor agency which did receive
27 funds in the fiscal year preceding the fiscal year for which the determina-
28 tion is made;

29 (7) if the State chooses to pay home energy suppliers directly, establish
30 procedures to—

31 (A) notify each participating household of the amount of assistance
32 paid on its behalf,

33 (B) assure that the home energy supplier will charge the eligible
34 household, in the normal billing process, the difference between the
35 actual cost of the home energy and the amount of the payment made
36 by the State under this subpart,

37 (C) assure that the home energy supplier will provide assurances
38 that any agreement entered into with a home energy supplier under
39 this clause will contain provisions to assure that no household receiv-
40 ing assistance under this subpart will be treated any differently be-

1 cause of such assistance under applicable provisions of State law or
2 public regulatory requirements, and

3 (D) assure that any home energy supplier receiving direct pay-
4 ments agrees not to discriminate, either in the cost of the goods sup-
5 plied or the services provided, against the eligible household on
6 whose behalf payments are made;

7 (8) provide assurances that the State will treat owners and renters equi-
8 tably under the program assisted under this subpart;

9 (9) provide that—

10 (A) in each fiscal year, the State may use for planning and admin-
11 istering the funds available under this subpart an amount not to
12 exceed 10 percent of its allotment under this subpart for such year;

13 (B) the State will pay from non-Federal sources the remaining
14 costs of planning and administering the plan and will not use Federal
15 funds for such remaining costs;

16 (10) provide that fiscal control and fund accounting procedures will be
17 established as may be necessary to assure the proper disbursement of and ac-
18 counting for Federal funds paid to the State under this subpart, including
19 procedures for monitoring the assistance provided under this subpart, and
20 provide that at least every year each State shall prepare an audit of its
21 expenditures of amounts received under this subpart and amounts trans-
22 ferred to carry out the purposes of this subpart; and

23 (11) permit and cooperate with Federal investigations undertaken in ac-
24 cordance with section 1132-8.

25 The Secretary may not prescribe the manner in which the States will comply
26 with the provisions of this subsection.

27 (d)(1) In addition to the requirements of subsection (c), the chief executive of
28 each State shall prepare and furnish to the Secretary a plan which contains
29 provisions describing how the State will carry out the assurances contained in
30 subsection (c). The chief executive of each State may revise any plan prepared
31 under this paragraph and shall furnish the revised plan to the Secretary.

32 (2) Each plan prepared under paragraph (1) of this subsection shall be made
33 available for public inspection within the State in such a manner as will facilitate
34 review of, and comment on, the plan.

35 (e) Each audit required by clause (10) of subsection (c) shall be conducted by
36 an entity independent of any agency administering activities or services carried
37 out under this subpart and shall be conducted in accordance with generally ac-
38 cepted accounting principles. Within thirty days after the completion of each
39 audit, the chief executive officer of the State shall submit a copy of such audit to
40 the legislature of the State and to the Secretary.

1 (f) The State shall repay to the United States amounts found not to have been
 2 expended in accordance with this subpart or the Secretary may offset such
 3 amounts against any other amount to which the State is or may become entitled
 4 under this subpart.

5 (g) The Comptroller General of the United States shall, from time to time,
 6 evaluate the expenditures by States of grants under this subpart in order to
 7 assure that expenditures are consistent with the provisions of this subpart and to
 8 determine the effectiveness of the State in accomplishing the purposes of this
 9 subpart.

10 NONDISCRIMINATION PROVISIONS

11 SEC. 1132-6. (a) No person shall on the ground of race, color, national origin,
 12 or sex be excluded from participation in, be denied the benefits of, or be subjected
 13 to discrimination under, any program or activity funded in whole or in part with
 14 funds made available under this subpart. Any prohibition against discrimination
 15 on the basis of age under the Age Discrimination Act of 1975 or with respect to
 16 an otherwise qualified handicapped individual as provided in section 504 of the
 17 Rehabilitation Act of 1973 shall also apply to any such program or activity.

18 (b) Whenever the Secretary determines that a State that has received a pay-
 19 ment under this subpart has failed to comply with subsection (a) of this section or
 20 an applicable regulation, he shall notify the chief executive officer of the State
 21 and shall request him to secure compliance. If within a reasonable period of time,
 22 not to exceed sixty days, the chief executive officer fails or refuses to secure
 23 compliance, the Secretary is authorized to (1) refer the matter to the Attorney
 24 General with a recommendation that an appropriate civil action be instituted, (2)
 25 exercise the powers and functions provided by title VI of the Civil Rights Act of
 26 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation
 27 Act of 1973, as may be applicable, or (3) take such other action as may be
 28 provided by law.

29 (c) When a matter is referred to the Attorney General pursuant to subsection
 30 (b) of this section, or whenever he has reason to believe that the State is engaged
 31 in a pattern or practice in violation of the provisions of this section, the Attorney
 32 General may bring a civil action in any appropriate United States district court
 33 for such relief as may be appropriate, including injunctive relief.

34 PAYMENTS TO STATES

35 SEC. 1132-7. (a) From its allotment under section 1132-4, the Secretary shall
 36 make payments to each State in accordance with section 203 of the Intergovern-
 37 mental Cooperation Act of 1968 (42 U.S.C. 4213), for use under this subpart.

38 (b) Payments to a State from its allotment for any fiscal year must be expend-
 39 ed by the State in such fiscal year or in the succeeding fiscal year.

WITHHOLDING

1

2 SEC. 1132-8. (a)(1) The Secretary shall, after adequate notice and an opportu-
3 nity for a hearing conducted within the affected State, withhold funds from any
4 State which does not utilize its allotment in accordance with the provisions of this
5 subpart and the assurances such State provided under section

6 (2) The Secretary shall respond in an expeditious and speedy manner to com-
7 plaints of a substantial or serious nature that a State has failed to use funds in
8 accordance with the provisions of this subpart or the assurances provided by the
9 State under section 1132-5. For the purpose of this paragraph a violation of any
10 one of the assurances contained in section 1132-5(c) that constitutes a disregard
11 of that assurance shall be considered a serious complaint.

12 (3) The Secretary may not withhold funds under this subsection from a State
13 for a minor failure to comply with the provisions of this subpart.

14 (b)(1) The Secretary shall conduct in several States in each fiscal year investi-
15 gations of the use of funds received by the States under this subpart in order to
16 evaluate compliance with the provisions of this subpart.

17 (2) Whenever the Secretary determines that there is a pattern of complaints
18 from any State in any fiscal year, he shall conduct an investigation of the use of
19 funds received under this subpart by that State in order to insure compliance with
20 the provisions of this subpart.

21 (3) The Comptroller General of the United States may conduct an investiga-
22 tion of the use of funds received under this subpart by a State in order to insure
23 compliance with the provisions of this subpart.

24 (c) Pursuant to an investigation conducted under subsection (b), a State shall
25 make appropriate books, documents, papers, and records available to the Secre-
26 tary or the Comptroller General of the United States, or any of their duly author-
27 ized representatives, for examination, copying, or mechanical reproduction on or
28 off the premises of the appropriate entity upon a reasonable request therefor.

29 (d) In conducting any investigation under subsection (b), the Secretary or the
30 Comptroller General of the United States may not request any information not
31 readily available to such State or require that any information be compiled, col-
32 lected, or transmitted in any new form not already available.

33 LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

34 SEC. 1132-9. (a) Except as provided in subsection (b), grants made under this
35 subpart may not be used by the State, or by any other person with which the
36 State makes arrangements to carry out the purposes of this subpart, for the
37 purchase or improvement of land, or the purchase, construction, or permanent
38 improvement (other than low-cost residential weatherization or other energy re-
39 lated home repairs) of any building or other facility.

40 (b) The Secretary may waive the limitation contained in subsection (a) upon
41 the State's request for such a waiver if he finds that the request describes ex-

1 traordinary circumstances to justify the purchase of land or the construction of
2 facilities (or the making of permanent improvements) and that permitting the
3 waiver will contribute to the State's ability to carry out the purposes of this
4 subpart.

5 STUDIES

6 SEC. 1132-10. The Secretary, after consultation with the Secretary of
7 Energy, shall provide for the collection of data, including—

- 8 (1) information concerning home energy consumption,
- 9 (2) the cost and type of fuels used,
- 10 (3) the type of fuel used by various income groups,
- 11 (4) the number and income levels of households assisted by this subpart,
- 12 and
- 13 (5) any other information which the Secretary determines to be reason-
14 ably necessary to carry out the provisions of this subpart.

15 REPEAL

16 SEC. 1132-11. Effective October 1, 1981, the Home Energy Assistance Act
17 of 1980 is repealed.

18 Subpart 3—Community Services Block Grant

19 SHORT TITLE

20 SEC. 1133-1. This subpart may be cited as the "Community Services Block
21 Grant Act".

22 COMMUNITY SERVICES GRANTS AUTHORIZED

23 SEC. 1133-2. (a) The Secretary is authorized to make grants in accordance
24 with the provisions of this subpart, to States to ameliorate the causes of poverty
25 in communities within the State.

26 (b) There are authorized to be appropriated \$354,375,000 for the fiscal year
27 1982 and for each of the 4 succeeding fiscal years to carry out the provisions of
28 this subpart.

29 DEFINITIONS

30 SEC. 1133-3. As used in this subpart—

31 (1) The term "poverty line" means the official poverty line established
32 by the Secretary of the Office of Management and Budget.

33 (2) The term "Secretary" means the Secretary of Health and Human
34 Services.

35 (3) The term "State" means each of the several States, the District of
36 Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands,
37 American Samoa, the Commonwealth of the Northern Mariana Islands,
38 and the Trust Territory of the Pacific Islands.

39 STATE ALLOCATIONS

40 SEC. 1133-4. (a)(1) The Secretary shall, from 99 percent of the amount appro-
41 priated under section 1133-2 for each fiscal year, allot to each State an amount

1 which bears the same ratio to such 99 percent as the number of unrelated individ-
 2 uals and families with incomes below the poverty level in such State bears to the
 3 number of such individuals and families in all States, except that no State shall
 4 receive less than one-half of 1 percent of the amount appropriated under section
 5 1132-2 for such year.

6 (2) For the purpose of paragraph (1), the number of unrelated individuals and
 7 families with incomes below the poverty line in each State and all States shall be
 8 based on the most satisfactory data available to the Secretary.

9 (3) For the purpose of this subsection, the term "State" does not include the
 10 Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the
 11 Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

12 (b)(1) The Secretary shall apportion the 1 percent remaining in each fiscal year
 13 on the basis of need between the Commonwealth of Puerto Rico, Guam, Ameri-
 14 can Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust
 15 Territory of the Pacific Islands.

16 (2) Each jurisdiction to which paragraph (1) applies may receive grants under
 17 this subpart upon an application submitted to the Secretary containing provisions
 18 which describe the programs for which assistance is sought under this subpart,
 19 and which are consistent with the requirements of section 5 of this subpart.

20 (c)(1) If, with respect to any State, the Secretary—

21 (A) receives a request from the governing body of an Indian tribe or
 22 tribal organization within the State that assistance under this subpart be
 23 made directly to such tribe or organization, and

24 (B) determines that the members of such tribe or tribal organization
 25 would be better served by means of grants made directly to provide bene-
 26 fits under this subpart,

27 the Secretary shall reserve from amounts which would otherwise be allotted to
 28 such State under this subpart for the fiscal year the amount determined under
 29 paragraph (2).

30 (2) The Secretary shall reserve for the purpose of paragraph (1) from sums that
 31 would otherwise be allotted to such State not less than 100 percent of an amount
 32 which bears the same ratio to the State's allotment for the fiscal year involved as
 33 the population of all eligible Indians for whom a determination under this para-
 34 graph has been made bears to the population of all eligible households in such
 35 State.

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

39 (4) In order for an Indian tribe or tribal organization to be eligible for an award
 40 for a fiscal year under this subsection, it shall submit to the Secretary a plan for

1 such fiscal year which meets such criteria as the Secretary may prescribe by
2 regulation.

3 (5) The terms "Indian tribe" and "tribal organization" have the same meaning
4 given such terms in section 4(b) and section 4(c) of the Indian Self-Determination
5 and Education Assistance Act (25 U.S.C. 450b).

6 APPLICATIONS AND REQUIREMENTS

7 SEC. 1133-5. (a) Each State desiring to receive an allotment for a fiscal year
8 under this subpart shall submit an application to the Secretary. Each such appli-
9 cation shall be in such form as the Secretary shall require. Each such application
10 shall contain assurances by the chief executive officer of the State that the State
11 will comply with subsection (b) and will meet the conditions enumerated in sub-
12 section (c).

13 (b) After the expiration of the first fiscal year in which a State received funds
14 under this subpart, no funds shall be allotted to such State for any fiscal year
15 under this subpart unless the legislature of the State conducts public hearings on
16 the proposed use and distribution of funds to be provided under this subpart for
17 such fiscal year.

18 (c) As part of the annual application required by subsection (a), the chief ex-
19 ecutive officer of each State shall certify that the State agrees to—

20 (1) use the funds available under this subpart—

21 (A) to provide a range of services and activities having a measur-
22 able and potentially major impact on causes of poverty in the commu-
23 nity or those areas of the community where poverty is a particularly
24 acute problem;

25 (B) to provide activities designed to assist participants including the
26 elderly poor—

27 (i) to secure and retain meaningful employment;

28 (ii) to attain an adequate education;

29 (iii) to make better use of available income;

30 (iv) to obtain and maintain adequate housing and a suitable
31 living environment;

32 (v) to obtain emergency assistance through loans or grants to
33 meet immediate and urgent individual and family needs, includ-
34 ing the need for health services, nutritious food, housing and em-
35 ployment-related assistance;

36 (vi) to remove obstacles and solve problems which block the
37 achievement of self-sufficiency;

38 (vii) to achieve greater participation in the affairs of the com-
39 munity; and

40 (viii) to make more effective use of other programs related to
41 the purposes of this title;

1 (C) to provide on an emergency basis for the provision of such sup-
2 plies and services, nutritious foodstuffs, and related services, as may
3 be necessary to counteract conditions of starvation and malnutrition
4 among the poor;

5 (D) to coordinate and establish linkages between governmental and
6 other social services programs to assure the effective delivery of such
7 services to low-income individuals; and

8 (E) to encourage the use of entities in the private sector of the
9 community in efforts to ameliorate poverty in the community;

10 (2)(A) use not less than 95 percent of the funds allotted to the State
11 under section 1133-4 to make grants to political subdivisions of the State
12 for the political subdivisions to use for the purposes described in clause (1)
13 directly or to nonprofit private community organizations which have a
14 board which meets the requirements of clause (3); and

15 (B) provide assurances that the State will not expend more than 5 per-
16 cent of its allotment under section 4 for administrative expenses at the
17 State level;

18 (3) provide assurances that, in the case of a community action agency or
19 nonprofit private organization, each board will be constituted so as to
20 assure that (A) one-third of the members of the board are elected public
21 officials, currently holding office, or their representatives, except that if the
22 number of elected officials reasonably available and willing to serve is less
23 than one-third of the membership of the board, membership on the board
24 of appointive public officials may be counted in meeting such one-third re-
25 quirement, (B) at least one-third of the members are persons chosen in ac-
26 cordance with democratic selection procedures adequate to assure that
27 they are representative of the poor in the area served, and (C) the remain-
28 der of the members are officials or members of business, industry, labor,
29 religious, welfare, education, or other major groups and interests in the
30 community;

31 (4) give special consideration in the designation of local community
32 action agencies under this subpart to any community action agency which
33 is receiving funds under any Federal antipoverty program on the date of
34 the enactment of this subpart, except that (A) the State shall, before
35 giving such special consideration, determine that the agency involved
36 meets program and fiscal requirements established by the State, and (B) if
37 there is no such agency because of a change in the assistance furnished to
38 programs for economically disadvantaged persons, the State shall give spe-
39 cial consideration in the designation of community action agencies to any
40 successor agency which is operated in substantially the same manner as

1 the predecessor agency which did receive funds in the fiscal year preceding
2 the fiscal year for which the determination is made;

3 (5) provide assurances that the State may transfer funds, but not to
4 exceed 5 percent of its allotment under section 1133-4 for the provisions
5 set forth in this subpart to services under the Older Americans Act of
6 1965, the Headstart Program, or the energy crisis intervention program
7 under the Home Energy Block Grant Assistance Act;

8 (6) prohibit any political activities in accordance with subsection (e);

9 (7) prohibit any activities to provide voters and prospective voters with
10 transportation to the polls or provide similar assistance in connection with
11 an election or any voter registration activity;

12 (8) provide for coordination between antipoverty programs in each com-
13 munity, where appropriate with emergency energy crisis intervention pro-
14 grams under the Home Energy Assistance Block Grant Act conducted in
15 that community;

16 (9) provide that fiscal control and fund accounting procedures will be
17 established as may be necessary to assure the proper disbursal of and ac-
18 counting for Federal funds paid to the State under this subpart, including
19 procedures for monitoring the assistance provided under this subpart, and
20 provide that at least every year each State shall prepare an audit of its
21 expenditures of amounts received under this subpart and amounts trans-
22 ferred to carry out the purposes of this subpart; and

23 (10) permit and cooperate with Federal investigations undertaken in ac-
24 cordance with section 1133-9.

25 The Secretary may not prescribe the manner in which the States will comply
26 with the provisions of this subsection.

27 (d)(1) In addition to the requirements of subsection (c), the chief executive of
28 each State shall prepare and furnish to the Secretary a plan which contains
29 provisions describing how the State will carry out the assurances contained in
30 subsection (c). The chief executive of each State may revise any plan prepared
31 under this paragraph and shall furnish the revised plan to the Secretary.

32 (2) Each plan prepared under paragraph (1) of this subsection shall be made
33 available for public inspection within the State in such a manner as will facilitate
34 review of, and comment on, the plan.

35 (e) For purposes of chapter 15 of title 5 of the United States Code any non-
36 profit private organization receiving assistance under this subpart which has re-
37 sponsibility for planning, developing, and coordinating community antipoverty
38 programs shall be deemed to be a State or local agency; and for purposes of
39 clauses (1) and (2) of section 1502(a) of such title any such organization receiving
40 assistance under this subpart shall be deemed to be a State or local agency.

1 (f) Each audit required by clause (9) of subsection (c) shall be conducted by an
 2 entity independent of any agency administering activities or services carried out
 3 under this subpart and shall be conducted in accordance with generally accepted
 4 accounting principles. Within thirty days after the completion of each audit, the
 5 chief executive officer of the State shall submit a copy of such audit to the
 6 legislature of the State and to the Secretary.

7 (g) The State shall repay to the United States amounts found not to have been
 8 expended in accordance with this subpart or the Secretary may offset such
 9 amounts against any other amount to which the State is or may become entitled
 10 under this subpart.

11 (h) The Comptroller General of the United States shall, from time to time,
 12 evaluate the expenditures by States of grants under this subpart in order to
 13 assure that expenditures are consistent with the provisions of this subpart and to
 14 determine the effectiveness of the State in accomplishing the purposes of this
 15 subpart.

16 ADMINISTRATION

17 SEC. 1133-6. (a) There is established in the Department of Health and
 18 Human Services an Office of Community Services. The Office shall be headed by
 19 a Director.

20 (b) The Secretary shall carry out his functions under this subpart through the
 21 Office of Community Services established under subsection (a).

22 NONDISCRIMINATION PROVISIONS

23 SEC. 1133-7. (a) No person shall on the ground of race, color, national origin,
 24 or sex be excluded from participation in, be denied the benefits of, or be subjected
 25 to discrimination under, any program or activity funded in whole or in part with
 26 funds made available under this subpart. Any prohibition against discrimination
 27 on the basis of age under the Age Discrimination Act of 1975 or with respect to
 28 an otherwise qualified handicapped individual as provided in section 504 of the
 29 Rehabilitation Act of 1973 shall also apply to any such program or activity.

30 (b) Whenever the Secretary determines that a State that has received a pay-
 31 ment under this subpart has failed to comply with subsection (a) of this section or
 32 an applicable regulation, he shall notify the chief executive officer of the State
 33 and shall request him to secure compliance. If within a reasonable period of time,
 34 not to exceed sixty days, the chief executive officer fails or refuses to secure
 35 compliance, the Secretary is authorized to (1) refer the matter to the Attorney
 36 General with a recommendation that an appropriate civil action be instituted, (2)
 37 exercise the powers and functions provided by title VI of the Civil Rights Act of
 38 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation
 39 Act of 1973, as may be applicable, or (3) take such other action as may be
 40 provided by law.

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

6 PAYMENTS TO STATES

7 SEC. 1133-8. (a) From its allotment under section 4, the Secretary shall make
 8 payments to each State in accordance with section 203 of the Intergovernmental
 9 Cooperation Act of 1968 (42 U.S.C. 4213), for use under this subpart.

10 (b) Payments to a State from its allotment for any fiscal year must be expend-
 11 ed by the State in such fiscal year or in the succeeding fiscal year.

12 WITHHOLDING

13 SEC. 1133-9. (a)(1) The Secretary shall, after adequate notice and an opportu-
 14 nity for a hearing conducted within the affected State, withhold funds from any
 15 State which does not utilize its allotment in accordance with the provisions of this
 16 subpart and the assurances such State provided under section.

17 (2) The Secretary shall respond in an expeditious and speedy manner to com-
 18 plaints of a substantial or serious nature that a State has failed to use funds in
 19 accordance with the provisions of this subpart or the assurances provided by the
 20 State under section 1133-5. For the purpose of this paragraph a violation of any
 21 one of the assurances contained in section 1133-5(c) that constitutes a disregard
 22 of that assurance shall be considered a serious complaint.

23 (3) The Secretary may not withhold funds under this subsection from a State
 24 for a minor failure to comply with the provisions of this subpart.

25 (b)(1) The Secretary shall conduct in several States in each fiscal year investi-
 26 gations of the use of funds received by the States under this subpart in order to
 27 evaluate compliance with the provisions of this subpart.

28 (2) Whenever the Secretary determines that there is a pattern of complaints
 29 from any State in any fiscal year, he shall conduct an investigation of the use of
 30 funds received under this subpart by that State in order to insure compliance with
 31 the provisions of this subpart.

32 (3) The Comptroller General of the United States may conduct an investiga-
 33 tion of the use of funds received under this subpart by a State in order to insure
 34 compliance with the provisions of this subpart.

35 (c) Pursuant to an investigation conducted under subsection (b), a State shall
 36 make appropriate books, documents, papers, and records available to the Secre-
 37 tary or the Comptroller General of the United States, or any of their duly author-
 38 ized representatives, for examination, copying, or mechanical reproduction on or
 39 off the premises of the appropriate entity upon a reasonable request therefor.

40 (d) In conducting any investigation under subsection (b), the Secretary or the
 41 Comptroller General of the United States may not request any information not

1 readily available to such State or require that any information be compiled, col-
2 lected, or transmitted in any new form not already available.

3 **LIMITATION ON USE OF GRANTS FOR CONSTRUCTION**

4 **SEC. 1133-10.** (a) Except as provided in subsection (b), grants made under
5 this subpart may not be used by the State, or by any other person with which the
6 State makes arrangements to carry out the purposes of this subpart, for the
7 purchase or improvement of land, or the purchase, construction, or permanent
8 improvement (other than low-cost residential weatherization or other energy re-
9 lated home repairs) of any building or other facility.

10 (b) The Secretary may waive the limitation contained in subsection (a) upon
11 the State's request for such a waiver if he finds that the request describes ex-
12 traordinary circumstances to justify the purchase of land or the construction of
13 facilities (or the making of permanent improvements) and that permitting the
14 waiver will contribute to the State's ability to carry out the purposes of this
15 subpart.

16 **REPEAL**

17 **SEC. 1133-11.** Effective October 1, 1981, the Economic Opportunity Act of
18 1964, other than titles VII and X of such subpart, is repealed.

19 **Subpart 4—Headstart Act**

20 **SHORT TITLE**

21 **SEC. 1134-1.** This subpart may be cited as the "Headstart Act".

22 **STATEMENT OF PURPOSE AND POLICY**

23 **SEC. 1134-2.** (a) In recognition of the role which Project Headstart has
24 played in the effective delivery of comprehensive health, educational, nutritional,
25 social, and other services to economically disadvantaged children and their fami-
26 lies, the Act extends the authority for appropriation of funds for that program.

27 (b) In carrying out the provisions of this subpart the Secretary shall continue
28 the administrative arrangement responsible for meeting the needs of migrant and
29 Indian children and shall assure that appropriate funding is provided to meet such
30 needs.

31 **DEFINITIONS**

32 **SEC. 1134-3.** As used in this subpart, the term—

33 (1) "Secretary" means the Secretary of Health and Human Services;

34 (2) "State" means a State, the Commonwealth of Puerto Rico, the Dis-
35 trict of Columbia, Guam, American Samoa, the Virgin Islands, and the
36 Trust Territory of the Pacific Islands; and

37 (3) "financial assistance" includes assistance provided by grant, agree-
38 ment, or contract, and payments may be made in installments and in ad-
39 vance or by way of reimbursement with necessary adjustments on account
40 of overpayments or underpayments.

FINANCIAL ASSISTANCE FOR HEADSTART PROGRAMS

SEC. 1134-4. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 1134-7, 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. 1134-5. There are authorized to be appropriated for carrying out the provisions of this subpart \$820,000,000 for the fiscal year 1982, \$1,007,000,000 for the fiscal year 1983, and \$1,058,357,000 for the fiscal year 1984.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 1134-6. (a)(1) Of the sums appropriated pursuant to section 5 for any fiscal year beginning after September 30, 1980, the Secretary shall allot such sums in accordance with paragraphs (2) and (3) of this subsection.

(2) The Secretary shall reserve 15 per centum of the amount appropriated for each fiscal year for—

(A) Indian and migrant Headstart programs;

(B) payments to Guam, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed 2 per centum of the sums appropriated for any fiscal year;

(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities; and

(D) discretionary payments made by the Secretary.

(3) The Secretary shall allot the remaining 85 per centum of the amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data so that—

(A) each State receives an amount which is equal to the amount the State received for fiscal year 1981; and

(B)(i) 33 1/3 per centum of any amount available after all allotments have been made under clause (A) in such year shall be distributed on the basis of the relative number of children from birth through 18 years of age, on whose behalf payments are made under the program of Aid to Families with Dependent Children under a State plan approved under part A of title IV of the Social Security Act in each State as compared to all States; and

1 (ii) 66 $\frac{2}{3}$ per centum of such amount shall be distributed on the basis of
 2 the relative number of children from birth through 5 years of age living
 3 with families within incomes below the poverty line in each State as com-
 4 pared to all States.

5 (4) For the purpose of this subsection, the term "State" does not include the
 6 Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the
 7 Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

8 (b) Financial assistance extended under this subpart for a Headstart program
 9 shall not exceed 80 per centum of the approved costs of the assisted program or
 10 activities, except that the Secretary may approve assistance in excess of such
 11 percentage if the Secretary determines, in accordance with regulations establish-
 12 ing objective criteria, that such action is required in furtherance of the purposes
 13 of this subpart. Non-Federal contributions may be in cash or in kind, fairly evalu-
 14 ated, including but not limited to plant, equipment, or services. The Secretary
 15 shall not require non-Federal contributions in excess of 20 per centum of the
 16 approved costs of programs or activities assisted under this subpart.

17 (c) No programs shall be approved for assistance under this subpart unless the
 18 Secretary is satisfied that the services to be provided under such program will be
 19 in addition to, and not in substitution for, comparable services previously pro-
 20 vided without Federal assistance. The requirement imposed by the preceding
 21 sentence shall be subject to such regulations as the Secretary may prescribe.

22 (d) The Secretary shall establish policies and procedures designed to assure
 23 that for fiscal year 1976 and thereafter no less than 10 per centum of the total
 24 number of enrollment opportunities in Headstart programs in each State shall be
 25 available for handicapped children (as defined in paragraph (1) of section 602 of
 26 the Education of the Handicapped Act) and that services shall be provided to
 27 meet their special needs. The Secretary shall report to the Congress at least
 28 annually on the status of handicapped children in Headstart programs, including
 29 the number of children being served, their handicapping conditions, and the serv-
 30 ices being provided such children.

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

34 DESIGNATION OF HEADSTART AGENCIES

35 SEC. 1134-7. (a) The Secretary is authorized to designate as a Headstart
 36 agency any local public or private nonprofit agency which (1) has the power and
 37 authority to carry out the purposes of this subpart and perform the functions set
 38 forth in section 8 within a community, and (2) is determined by the Secretary to
 39 be capable of planning, conducting, administering, and evaluating, either directly
 40 or by other arrangements, a Headstart program.

1 (b) For the purposes of this subpart, a community may be a city, county, or
 2 multicounty or multicounty unit within a State, an Indian reservation, or a neigh-
 3 borhood or other area (irrespective of boundaries or political subdivisions) which
 4 provides a suitable organizational base and possesses the commonality of interest
 5 needed to operate a Headstart program.

6 (c) In the administration of the provisions of this section, the Secretary shall
 7 give priority in the designation of Headstart agencies to any local public or pri-
 8 vate nonprofit agency which is receiving funds under any Headstart program on
 9 the date of the enactment of this subpart, except that (1) the Secretary shall,
 10 before giving such priority, determine that the agency involved meets program
 11 and fiscal requirements established by the Secretary, and (2) if there is no such
 12 agency because of a change in the assistance furnished to programs for economi-
 13 cally disadvantaged persons, then the Secretary shall give priority in the designa-
 14 tion of Headstart agencies to any successor agency which is operated in substan-
 15 tially the same manner as the predecessor agency which did receive funds in the
 16 fiscal year preceding the fiscal year for which the determination is made. The
 17 provisions of clause (2) shall apply only to agencies actually operating Headstart
 18 programs.

19 (d) The Secretary shall require that the practice of significantly involving par-
 20 ents and area residents affected by the program in selection of Headstart agen-
 21 cies be continued.

22 POWERS AND FUNCTIONS OF HEADSTART AGENCIES

23 SEC. 1134-8. (a) In order to be designated as a Headstart agency under this
 24 subpart, an agency must have authority under its charter or applicable law to
 25 receive and administer funds under this subpart, funds and contributions from
 26 private or local public sources which may be used in support of a Headstart
 27 program, and funds under any Federal or State assistance program pursuant to
 28 which a public or private nonprofit agency (as the case may be) organized in
 29 accordance with this subpart, could act as grantee, contractor, or sponsor of
 30 projects appropriate for inclusion in a Headstart program. Such an agency must
 31 also be empowered to transfer funds so received, and to delegate powers to other
 32 agencies, subject to the powers of its governing board and its overall program
 33 responsibilities. The power to transfer funds and delegate powers must include
 34 the power to make transfers and delegations covering component projects in all
 35 cases where this will contribute to efficiency and effectiveness or otherwise fur-
 36 ther program objectives.

37 (b) In order to be so designated, a Headstart agency must also (1) establish
 38 effective procedures by which parents and area residents concerned will be en-
 39 abled to directly participate in decisions that influence the character of programs
 40 affecting their interests, (2) provide for their regular participation in the imple-
 41 mentation of such programs, and (3) provide technical and other support needed

1 to enable parents and area residents to secure on their own behalf available
2 assistance from public and private sources.

3 (c)(1) Each Headstart agency shall assure, to the extent feasible, that with
4 respect to health, nutrition, and other services—

5 (A) which are furnished to a child in a Headstart program; and

6 (B) which are furnished with financial assistance made under any other
7 provision of Federal law,

8 the Headstart agency will be reimbursed for such services by the head of the
9 agency providing such financial assistance.

10 (2) The head of each Headstart agency shall coordinate with other programs
11 serving the children in the Headstart agency to carry out the provisions of this
12 subsection.

13 SUBMISSION OF PLANS TO GOVERNORS

14 SEC. 1134-9. In carrying out the provisions of this subpart, no contract,
15 agreement, grant, or other assistance shall be made for the purpose of carrying
16 out a Headstart program within a State unless a plan setting forth such proposed
17 contract, agreement, grant, or other assistance has been submitted to the Gover-
18 nor of the State, and such plan has not been disapproved by the Governor within
19 thirty days of such submission, or, if so disapproved, has been reconsidered by the
20 Secretary and found by the Secretary to be fully consistent with the provisions
21 and in furtherance of the purposes of this subpart. Funds to cover the costs of the
22 proposed contract, agreement, grant, or other assistance shall be obligated from
23 the appropriation which is current at the time the plan is submitted to the Gover-
24 nor. This section shall not, however, apply to contracts, agreements, grants,
25 loans, or other assistance to any institution of higher education in existence on
26 the date of enactment of this subpart.

27 ADMINISTRATIVE REQUIREMENTS AND STANDARDS

28 SEC. 1134-10. (a) Each Headstart agency shall observe standards of organi-
29 zation, management, and administration which will assure, so far as reasonably
30 possible, that all program activities are conducted in a manner consistent with
31 the purposes of this subpart and the objective of providing assistance effectively,
32 efficiently, and free of any taint of partisan political bias or personal or family
33 favoritism. Each such agency shall establish or adopt rules to carry out this
34 section, which shall include rules to assure full staff accountability in matters
35 governed by law, regulations, or agency policy. Each agency shall also provide
36 for reasonable public access to information, including but not limited to public
37 hearings at the request of appropriate community groups and reasonable public
38 access to books and records of the agency or other agencies engaged in program
39 activities or operations involving the use of authority or funds for which it is
40 responsible. Each such agency shall adopt for itself and other agencies using
41 funds or exercising authority for which it is responsible, rules designed to estab-

lish 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 interest; 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 (1) the costs of developing and administering such program, and (2) 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 of such total costs but is, in the judgment of the Secretary, excessive, the Secretary shall forthwith require the recipient of such financial assistance to take such steps prescribed by the Secretary 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 subsection for specific periods of time not to exceed twelve months whenever the Secretary 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 subpart. The Secretary 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 subpart 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. 1134-11. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Headstart programs assisted under this subpart.

1 Except as provided in paragraph (2) of this subsection, such criteria may provide
 2 (A) that children from low-income families shall be eligible for participation in
 3 programs assisted under this subpart if their families income are below the pov-
 4 erty line, or if their families are eligible or in the absence of child care would
 5 potentially be eligible for public assistance; and (B) pursuant to such regulations
 6 as the Secretary shall prescribe that programs assisted under this subpart may
 7 include, to a reasonable extent, participation of children in the area served who
 8 would benefit from such programs but whose families do not meet the low-income
 9 criteria prescribed pursuant to clause (A).

10 (2) Whenever a Headstart program is operated in a community with a popu-
 11 lation of one thousand or less individuals and (A) there is no other preschool
 12 program in the community, (B) the community is located in a medically under-
 13 served area as designated by the Secretary pursuant to section 330(b)(3) of the
 14 Public Health Service Act and is located in a health manpower shortage area as
 15 designated by the Secretary pursuant to section 332(a)(1) of such Act, (C) the
 16 community is in a location which, by reason of remoteness, does not permit
 17 reasonable access to the types of services described in clauses (A) and (B) of this
 18 paragraph, and (D) not less than 50 per centum of the families to be served in the
 19 community are eligible under the eligibility criteria established by the Secretary
 20 under paragraph (1) of this subsection, the Headstart program in each such
 21 locality shall establish the criteria for eligibility, except that no child residing in
 22 such community whose family is eligible under such eligibility criteria shall, by
 23 virtue of such project's eligibility criteria, be denied an opportunity to participate
 24 in such program.

25 (b) The Secretary shall not prescribe any fee schedule or otherwise provide for
 26 the charging of any fees for participation in Headstart programs, unless such
 27 fees are authorized by legislation hereafter enacted. Nothing in this subsection
 28 shall be construed to prevent the families of children who participate in Head
 29 Start programs and who are willing and able to pay the full cost of such partici-
 30 pation from doing so.

31 APPEALS, NOTICE, AND HEARING

32 SEC. 1134-12. The Secretary shall prescribe procedures to assure that—

33 (1) special notice of and an opportunity for a timely and expeditious
 34 appeal to the Secretary will be provided for an agency or organization
 35 which desires to serve as a delegate agency under this subpart and whose
 36 application to the Headstart agency has been wholly or substantially re-
 37 jected or has not been acted upon within a period of time deemed reason-
 38 able by the Secretary, in accordance with regulations which the Secretary
 39 shall prescribe;

40 (2) financial assistance under this subpart shall not be suspended, except
 41 in emergency situations, unless the recipient agency has been given rea-

1 sonable notice and opportunity to show cause why such action should not
2 be taken; and

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

RECORDS AND AUDITS

9 SEC. 1134-13. (a) Each recipient of financial assistance under this subpart
10 shall keep such records as the Secretary shall prescribe, including records which
11 fully disclose the amount and disposition by such recipient of the proceeds of such
12 financial assistance, the total cost of the project or undertaking in connection
13 with which such financial assistance is given or used, the amount of that portion
14 of the cost of the project or undertaking supplied by other sources, and such other
15 records as will facilitate an effective audit.

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

TECHNICAL ASSISTANCE AND TRAINING

SEC. 1134-14. The Secretary may provide, directly or through grants or other arrangements (1) technical assistance to communities in developing, conducting, and administering programs under this subpart, and (2) training for specialized or other personnel needed in connection with Headstart programs.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

26 SEC. 1134-15. (a) The Secretary may provide financial assistance through
27 grants or contracts for research, demonstration, or pilot projects conducted by
28 public or private agencies which are designed to test or assist in the development
29 of new approaches or methods that will aid in overcoming special problems or
30 otherwise in furthering the purposes of this subpart.

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

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

CONTRACTS

37 SEC. 1134-16. (a) The Secretary shall make a public announcement concern-
38 ing—

(1) the Act, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or

1 non-Federal public agency or organization for any research, demonstration,
2 or pilot project under this subpart; and

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

5 (b) The public announcements required by subsection (a)(1) of this section shall
6 be made within thirty days of making such grants or contracts, and the public
7 announcements required by subsection (a)(2) of this section shall be made within
8 ninety days of the receipt of such results.

9 (c) The Secretary shall take necessary action to assure that all studies, propos-
10 als, and data produced or developed with Federal funds employed under this
11 subpart shall become the property of the United States.

12 (d) The Secretary shall publish summaries of the results of activities carried
13 out pursuant to this subpart not later than ninety days after the completion there-
14 of. The Secretary shall submit to the appropriate committees of the Congress
15 copies of all such summaries.

16 EVALUATION

17 SEC. 1134-17. (a) The Secretary shall provide, directly or through grants or
18 contracts, for the continuing evaluation of programs under this subpart, including
19 evaluations that measure and evaluate the impact of programs authorized by this
20 subpart, in order to determine their effectiveness in achieving stated goals, their
21 impact on related programs, and their structure and mechanisms for delivery of
22 services, including, where appropriate, comparisons with appropriate control
23 groups composed of persons who have not participated in such programs. Evalua-
24 tions shall be conducted by persons not directly involved in the administration of
25 the program or project operation.

26 (b) The Secretary shall operate the programs and projects covered by this
27 subpart in accordance with Headstart performance standards. Any revisions in
28 such standards shall result in standards which are no less comprehensive than
29 those in effect on the date of the enactment of the Economic Opportunity Amend-
30 ments of 1978. The extent to which such standards have been met shall be
31 considered in deciding whether to renew or supplement financial assistance au-
32 thorized under this subpart.

33 (c)(1) In carrying out evaluations under this subpart, the Secretary shall estab-
34 lish for each evaluation a working relationship with faculty of a college or univer-
35 sity in the State in which the evaluation is made which will provide or assist in
36 providing the evaluation.

37 (2) In carrying out evaluations under this subpart, the Secretary may require
38 Headstart agencies to provide for independent evaluations.

39 (d) In carrying out evaluations under this subpart, the Secretary shall, when-
40 ever feasible, arrange to obtain the specific views of persons participating in and

1 served by programs and projects assisted under this subpart about such programs
2 and projects.

3 (e) The Secretary shall publish the results of evaluative research and summar-
4 ies of evaluations of program and project impact and effectiveness not later than
5 ninety days after the completion thereof. The Secretary shall submit to the ap-
6 propriate committees of the Congress copies of all such research studies and
7 evaluation summaries.

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

11 POVERTY LINE

12 SEC. 1134-18. (a) The Secretary shall revise annually (or at any shorter inter-
13 val the Secretary deems feasible and desirable) a poverty line which, except as
14 provided in section 11, shall be used as a criterion of eligibility for participation in
15 Headstart programs.

16 (b) The revision required by subsection (a) of this section shall be accomplished
17 by multiplying the official poverty line (as defined by the Office of Management
18 and Budget) by the percentage change in the Consumer Price Index during the
19 annual or other interval immediately preceding the time at which the revision is
20 made.

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

24 COMPARABILITY OF WAGES

25 SEC. 1134-19. The Secretary shall take such action as may be necessary to
26 assure that persons employed in carrying out programs financed under this sub-
27 part shall not receive compensation at a rate which is (1) in excess of the average
28 rate of compensation paid in the area where the program is carried out to a
29 substantial number of the persons providing substantially comparable services, or
30 in excess of the average rate of compensation paid to a substantial number of the
31 persons providing substantially comparable services in the area of the person's
32 immediately preceding employment, whichever is higher, or (2) less than the
33 minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act
34 of 1938.

35 NONDISCRIMINATION PROVISIONS

36 SEC. 1134-20. (a) The Secretary shall not provide financial assistance for any
37 program, project, or activity under this subpart unless the grant or contract with
38 respect thereto specifically provides that no person with responsibilities in the
39 operation thereof will discriminate with respect to any such program, project, or
40 activity because of race, creed, color, national origin, sex, political affiliation, or
41 beliefs.

1 (b) No person in the United States shall on the ground of sex be excluded from
 2 participation in, be denied the benefits of, be subjected to discrimination under, or
 3 be denied employment in connection with any program or activity receiving as-
 4 sistance under this subpart. The Secretary shall enforce the provisions of the
 5 preceding sentence in accordance with section 602 of the Civil Rights Act of
 6 1964. Section 603 of such Act shall apply with respect to any action taken by
 7 the Secretary to enforce such sentence. This section shall not be construed as
 8 affecting any other legal remedy that a person may have if that person is ex-
 9 cluded from participation in, denied the benefits of, subjected to discrimination
 10 under, or denied employment in connection with, any program, project, or activi-
 11 ty receiving assistance under this subpart.

12 **LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES**

13 **SEC. 1134-21.** No individual employed or assigned by any Headstart agency
 14 or other agency assisted under this subpart shall, pursuant to or during the per-
 15 formance of services rendered in connection with any program or activity con-
 16 ducted or assisted under this subpart by such Headstart agency or such other
 17 agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of
 18 any unlawful demonstration, rioting, or civil disturbance.

19 **POLITICAL ACTIVITIES**

20 **SEC. 1134-22. (a)** For purposes of chapter 15 of title 5 of the United States
 21 Code any agency which assumes responsibility for planning, developing, and co-
 22 ordinating Headstart programs and receives assistance under this subpart shall
 23 be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of
 24 section 1502(a) of such Act any agency receiving assistance under this subpart
 25 shall be deemed to be a State or local agency.

26 (b) Programs assisted under this subpart shall not be carried on in a manner
 27 involving the use of program funds, the provision of services, or the employment
 28 or assignment of personnel in a manner supporting or resulting in the identifica-
 29 tion of such programs with (1) any partisan or nonpartisan political activity or
 30 any other political activity associated with a candidate, or contending faction or
 31 group, in an election for public or party office, (2) any activity to provide voters
 32 or prospective voters with transportation to the polls or similar assistance in
 33 connection with any such election, or (3) any voter registration activity. The
 34 Secretary, after consultation with the Office of Personnel Management, shall
 35 issue rules and regulations to provide for the enforcement of this section, which
 36 shall include provisions for summary suspension of assistance or other action
 37 necessary to permit enforcement on an emergency basis.

38 **ADVANCE FUNDING**

39 **SEC. 1134-23.** For the purpose of affording adequate notice of funding availa-
 40 ble under this subpart, appropriations for carrying out this subpart are authorized

1 to be included in an appropriation Act for the fiscal year preceding the fiscal year
2 for which they are available for obligation.

3 **SUBPART 5—DOMESTIC VOLUNTEER SERVICES ACT OF 1973**

4 **SHORT TITLE**

5 **SEC. 1135-1.** This subpart may be cited as the "Domestic Volunteer Service
6 Act Amendments of 1981".

7 **SPECIAL SERVICE LEARNING PROGRAMS**

8 **SEC. 1135-2.** Section 114(a) of the Domestic Volunteer Service Act of 1973
9 (hereafter in this subpart referred to as the "Act") is amended to read as follows:

10 "(a) The Director is authorized to make grants and contracts for projects and
11 programs which encourage and enable students in secondary, secondary vocation-
12 al, and post-secondary schools to participate in service-learning programs on an
13 in- or out-of-school basis in assignments of a character and on such terms and
14 conditions as are described in subsections (a) and (c) of section 103."

15 **SENIOR COMPANIONS PROGRAM**

16 **SEC. 1135-3.** (a) Section 211 of the Act is amended—

17 (1) by striking out subsection (b); and

18 (2) by redesignating subsections (c), (d), (e), and (f) as subsections (b),
19 (c), (d), and (e), respectively.

20 (b) Title II of the Act is amended—

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

22 (2) by inserting after section 212 the following new part:

23 **"PART C—SENIOR COMPANIONS PROGRAM**

24 **"GRANTS AND CONTRACTS FOR THE PROGRAM**

25 **SEC. .** (a) The Director is authorized to make grants to or contracts with
26 public and nonprofit private agencies and organizations to pay part or all of the
27 cost of development and operation of projects (including direct payments to indi-
28 viduals serving under this part in the same manner as provided in section 211(a))
29 designed for the purpose of providing opportunities for low-income persons aged
30 sixty or over to serve as 'senior companions' to persons with exceptional needs.
31 Senior companions may provide services designed to help older persons requiring
32 long-term care, including services to persons receiving home health care, nursing
33 care, home-delivered meals or other nutrition services; services designed to help
34 persons deinstitutionalized from mental hospitals, nursing homes, and other insti-
35 tutions; and services designed to assist persons having developmental disabilities
36 and other special needs for companionship.

37 "(b) The provisions of section 211(d) and 211(e) and such other provisions of
38 part B as the Director determines to be necessary shall apply to the provisions of
39 this part."

40 (c) The heading of part B of the Act is amended to read as follows:

"PART B—FOSTER GRANDPARENT PROGRAM".

(d)(1) The item relating to part B of title II in the table of contents of the Act is amended to read as follows:

"PART B—FOSTER GRANDPARENT PROGRAM".

(2) The table of contents of the Act is amended by inserting after part B the following new part:

"PART C—SENIOR COMPANIONS PROGRAM

"Sec. . Grants and contracts for the program."

(3) The item relating to part C of title II in the table of contents of the Act is amended by striking out "PART C" and inserting in lieu thereof "PART D".

ADMINISTRATIVE AMENDMENTS

SEC. 1135-4. (a) Section 113(c)(2) of the Act is amended by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services".

(b) Section 221 of such Act is amended—

(1) by striking out "the Community Services Administration,"; and

(2) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(c) Section 417(c)(2) of such Act is amended by striking out "Secretary of Health, Education, and Welfare or the Secretary of Health and Human Resources, as the case may be," and inserting in lieu thereof "Secretary of Health and Human Services".

AUTHORIZATION OF APPROPRIATIONS

SEC. 1135-5. (a) Section 501 of the Act is amended to read as follows:

"SEC. 501. There are authorized to be appropriated \$25,763,000 for the fiscal year 1982 and \$15,391,000 for the fiscal year 1983, for the purpose of carrying out programs under title I of this Act."

(b) Section 502(a) of the Act is amended to read as follows: "There are authorized to be appropriated \$28,691,000 for the fiscal year 1982 and \$30,412,000 for the fiscal year 1983, for the purpose of carrying out programs under part A of title II of this Act."

(c) Section 502(b) of the Act is amended to read as follows:

"(b) There are authorized to be appropriated \$49,670,000 for the fiscal year 1982 and \$52,650,000 for the fiscal year 1983, for the purpose of carrying out programs under part B of title II of this Act."

(d) Section 502 of the Act is amended by adding at the end thereof the following new subsection:

"(c) There are authorized to be appropriated \$16,610,000 for fiscal year 1982 and \$17,607,000 for fiscal year 1983, for the purpose of carrying out part C of title II of this Act."

1 (e) Section 504 of the Act is amended by striking out "and", and by inserting
2 after "1981," the following: "September 30, 1982, and September 30, 1983,".

3 (f) Section 505 of the Act is amended by inserting "(a)" after the section
4 designation and by adding at the end thereof the following new subsection:

5 "(b) Notwithstanding any other provision of this Act, no sums may be author-
6 ized to be appropriated in excess of \$150,325,000 for fiscal year 1982 or
7 \$149,945,000 for fiscal year 1983, to carry out the provisions of this Act.".

8 SUBPART 6—CHILD ABUSE AND PREVENTION AND TREATMENT

9 CHILD ABUSE AND PREVENTION AND TREATMENT ACT

10 SEC. 1136-1. (a) Subject to subsection (b) of this section, there are authorized
11 to be appropriated \$7,000,000 for the fiscal year 1982 and \$7,000,000 for the
12 fiscal year 1983, to carry out the provisions of the Child Abuse Prevention and
13 Treatment Act.

14 (b) No sums may be appropriated for the fiscal year 1982 or the fiscal year
15 1983 as authorized by subsection (a) unless a program relating to child abuse
16 prevention and treatment has been enacted after June 15, 1981.

17 SUBPART 7—LEGAL SERVICES

18 LEGAL SERVICES CORPORATION

19 SEC. 1137. Section 1010(a) of the Legal Services Corporation Act (42 U.S.C.
20 1996i(a)) is amended by inserting immediately after the second sentence the fol-
21 lowing new sentence: "There are authorized to be appropriated for purposes of
22 carrying out the activities of the Legal Services Corporation \$100,000,000 for
23 the fiscal year 1982, and \$100,000,000 for the fiscal year 1983.".

24 PART E—LABOR AMENDMENTS FOR RECONCILIATION

25 COST-OF-LIVING INCREASES FOR SURVIVORS UNDER RAILROAD RETIREMENT 26 ACT

27 SEC. 1141. (a) Section 4(g) of the Railroad Retirement Act of 1974 is amend-
28 ed by striking out "shall, with respect to any month, be increased by an amount
29 equal to 30 per centum of the amount of the annuity (before any deductions on
30 account of work) to which such survivor is entitled for such month under the
31 provisions of subsection (f) of this section" and inserting in lieu thereof "shall be
32 increased by an amount equal to 30 per centum of the amount of the annuity
33 (before any deductions on account of work) to which such survivor is entitled
34 under subsection (f) for the later of (A) June 1981, or (B) the first month in which
35 he is entitled to an annuity under subsection (f)".

36 (b) Such section 4(g) is further amended by inserting "(1)" after "(g)" and by
37 adding at the end thereof the following new paragraph:

38 "(2) That portion of the annuity of a survivor of a deceased individual as is
39 determined under paragraph (1) shall, if such survivor became entitled to such
40 annuity on or before June 1, 1981, be increased in the same manner as annuities
41 for individuals are increased under section 3(g) of this Act.".

1 PROHIBIT THE PAYMENT OF NEW WINDFALL DUAL BENEFITS TO CERTAIN
2 INDIVIDUALS

3 SEC. 1143. (a) Section 3(h) of the Railroad Retirement Act of 1974 is amend-
4 ed by adding at the end thereof the following new subdivision:

5 "(6) No amount shall be payable to an individual under subdivision (3) or (4) of
6 this subsection unless the entitlement of such individual to such amount had been
7 determined prior to the later of June 1, 1981, or the date of the enactment of this
8 subdivision."

9 (b) Section 4(e) of the Railroad Retirement Act of 1974 is amended by adding
10 at the end thereof the following new subdivision:

11 "(5) No amount shall be payable to a person under subdivision (1), (2), or (3) of
12 this subsection unless the entitlement of such person to such amount had been
13 determined prior to the later of June 1, 1981, or the date of the enactment of this
14 subdivision."

15 (c) Section 4(n) of the Railroad Retirement Act of 1974 is amended by insert-
16 ing "(1)" after "(h)" and by adding at the end thereof the following new subdivi-
17 sion:

18 "(2) No amount shall be payable to a person under subdivision (1) of this
19 subsection unless the entitlement of such person to such amount had been deter-
20 mined prior to the later of June 1, 1981, or the date of the enactment of this
21 subdivision."

22 (d) The amendments made by this section shall become effective on the later of
23 June 1, 1981, or the date of the enactment of this Act.

24 PART F—EMPLOYMENT AND PRODUCTIVITY RECONCILIATION AMENDMENTS
25 COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

26 SEC. 1151. (a) Section 112 of the Comprehensive Employment and Training
27 Act (hereafter in this section referred to as the "Act") is amended to read as
28 follows:

29 "AUTHORIZATION OF APPROPRIATIONS

30 "SEC. 112. (a) There are authorized to be appropriated \$7,708,126,000 for
31 fiscal year 1981 for the purpose of carrying out this Act of which not more than
32 \$2,444,700,000 shall be for carrying out public service employment programs
33 under part D of title II and title VI.

34 "(b) There are authorized to be appropriated \$3,900,515,000 for fiscal year
35 1982 for the purpose of carrying out this Act of which—

36 "(1) not more than \$1,495,775,000 shall be for carrying out parts A, B,
37 and C of title II,

38 "(2) not more than \$219,015,000 shall be for carrying out title III,

39 "(3) not more than \$406,200,000 shall be for carrying out part A of
40 title IV,

1 “(4) not more than \$628,263,000 shall be for carrying out part B of
2 title IV,

3 “(5) not more than \$766,100,000 shall be for carrying out part C of
4 title IV,

5 “(6) not more than \$309,700,000 shall be for carrying out title VII,
6 and

7 “(7) not more than \$75,462,000 shall be for the expenses of the De-
8 partment of Labor in administering this Act.”.

9 (b) Section 433(a)(1) of the Act is amended by striking out “75” and inserting
10 in lieu thereof “85”.

11 (c) Title IV of the Comprehensive Employment and Training Act is amended
12 by adding at the end of section 402 the following new section:

13 “TRANSFERABILITY OF FUNDS

14 “SEC. 403. (a) Twenty percent of the funds available to a prime sponsor in
15 fiscal year 1982 to carry out part A of this title may, at the prime sponsor’s
16 discretion, be used in accordance with the provisions of part C and 20 percent of
17 the funds available to a prime sponsor in fiscal year 1982 to carry out part C of
18 this title may, at the prime sponsor’s discretion, be used in accordance with the
19 provisions of part A.

20 “(b) Funds available to a prime sponsor under subpart 2 of part A of this title
21 may, at the prime sponsor’s discretion, be used in accordance with the provisions
22 of subpart 3 of part A of this title. Any funds allocated under subpart 2 of part A
23 of this title which are reallocated by the Secretary pursuant to section 108 may,
24 in the Secretary’s discretion, be allocated for use in accordance with the provi-
25 sions of subpart 3 of part A of this title.”.

26 (d) The matter preceding clause (i) of section 202(a)(1)(A) of the Act is amend-
27 ed by striking out “Eighty-five percent” and inserting in lieu thereof “Eighty-six
28 and one-half percent”.

29 (e) Section 202 of the Act is amended by adding the following subsection at the
30 end thereof:

31 “(h) Notwithstanding the provisions of subsections (b), (c), (d), and (e) of this
32 section, not more than 10½ percent of the amounts available for this title shall
33 be available for the purposes specified in such subsections. The Governor of each
34 State may in his own discretion determine the amount of funds to be used for
35 each of the functions specified in such subsections but not to exceed the amounts
36 specified therein.”.

37 THE WAGNER-PEYSER ACT

38 SEC. 1152. Section 5(b) of the Act of June 6, 1933, as amended (commonly
39 known as the Wagner-Peyser Act) is amended by inserting before the period at
40 the end thereof a comma and the following: “but not to exceed \$607,800,000 in
41 the fiscal year beginning October 1, 1981, and the two succeeding fiscal years”.

**PART G—REHABILITATION SERVICES AND EDUCATION OF THE
HANDICAPPED RECONCILIATION AMENDMENTS**

REHABILITATION SERVICES

SEC. 1161. (a)(1)(A) The Rehabilitation Act of 1973 (hereafter in this section referred to as the "Act") is amended by inserting after section 16 the following new section:

"LIMITATION ON AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 17. Notwithstanding any other provision of this Act, there are authorized to be appropriated not to exceed \$967,560,000 for the fiscal year 1981, \$1,009,260,000 for the fiscal year 1982, and \$1,054,160,000 for the fiscal year 1983, to carry out the provisions of this Act."

(B) The table of contents of such Act is amended by inserting after the item "Sec. 16." the following new item:

"Sec. 17. Limitation on authorizations of appropriations."

(2) Section 12(d) of the Act is amended by inserting at the end thereof the following new sentence: "No sums may be authorized to be appropriated in excess of \$250,000 for the fiscal year 1981, \$250,000 for the fiscal year 1982, and \$250,000 for the fiscal year 1983, to carry out this section."

(3) Section 14(f) of the Act is amended by adding at the end thereof the following new sentence: "No sums may be authorized to be appropriated in excess of \$650,000 for the fiscal year 1981, \$650,000 for the fiscal year 1982, and \$650,000 for the fiscal year 1983, to carry out this section."

(b)(1) Section 100(b)(1) of the Act is amended—

(A) by striking out "\$945,000,000" and inserting in lieu thereof "\$855,000,000";

(B) by striking out "and \$972,000,000" and inserting in lieu thereof "\$899,000,000"; and

(C) by inserting before the period in the second sentence of such section a comma and the following: "and \$943,900,000 for the fiscal year ending September 30, 1983".

(2) Section 100(b)(2) of the Act is amended by striking out "\$55,000,000 for the fiscal year ending September 30, 1981, and \$60,000,000 for the fiscal year ending September 30, 1982" and inserting in lieu thereof "and such sums as may be necessary for each of the fiscal years ending September 30, 1981, September 30, 1982, and September 30, 1983".

(3) Section 100(b)(3) of the Act is amended by inserting at the end thereof the following new sentence: "Notwithstanding any other provisions of this paragraph, no sums may be authorized to be appropriated in excess of \$650,000 in the fiscal year 1981, \$650,000 in the fiscal year 1982, and \$650,000 in the fiscal year 1983, for the purpose of making grants to Indian tribes under part D of this title."

1 (c) Section 112(a) of the Act is amended by striking out "From" and inserting
2 in lieu thereof "Except as provided in the last sentence of this subsection, from".

3 (d) Section 112(a) of the Act is further amended by adding at the end thereof
4 the following new sentence: "There are authorized to be appropriated
5 \$3,500,000 for the fiscal year 1981, \$3,500,000 for the fiscal year 1982, and
6 \$3,500,000 for the fiscal year 1983, to carry out the provisions of this section."

7 (e) Section 201(a) of the Act is amended by striking out "\$90,000,000 for the
8 fiscal year ending September 30, 1981, and \$100,000,000 for the fiscal year
9 ending September 30, 1982" and inserting in lieu thereof the following: "and
10 \$35,000,000 for each of the fiscal years ending September 30, 1981, September
11 30, 1982, and September 30, 1983".

12 (f)(1) Section 301(a) of the Act is amended by striking out "1983" and insert-
13 ing in lieu thereof "1984".

14 (2) Section 302(a) of the Act is amended by striking out "1982" and inserting
15 in lieu thereof "1983".

16 (3) Subsection (d) of section 304 of the Act, the second time it appears, is
17 redesignated as subsection (e), and is amended by striking out "\$45,000,000 for
18 the fiscal year ending September 30, 1981, and \$50,000,000 for the fiscal year
19 ending September 30, 1982" and inserting in lieu thereof "and \$25,500,000 for
20 each of the fiscal years ending September 30, 1981, September 30, 1982, and
21 September 30, 1983".

22 (4) Section 305(g) of the Act is amended by striking out "three succeeding
23 fiscal years" and inserting in lieu thereof "succeeding fiscal year" and by adding
24 at the end thereof the following new sentence: "There are authorized to be ap-
25 propriated to carry out this section \$2,000,000 for each of the fiscal years ending
26 September 30, 1981, September 30, 1982, and September 30, 1983."

27 (5)(A) Section 310(a) of the Act is amended by striking out "1982" and insert-
28 ing in lieu thereof "1980" and by adding at the end thereof the following new
29 sentence: "For the purpose of carrying out this part (other than section 313)
30 there are authorized to be appropriated \$13,580,000 for each of the fiscal years
31 1981, 1982, and 1983."

32 (B) The second sentence of section 310(b) of the Act is amended—

33 (i) by striking out "There" and inserting in lieu thereof "Except as pro-
34 vided in the last sentence of this subsection, there"; and

35 (ii) by adding at the end thereof the following new sentence: "No sums
36 may be authorized to be appropriated for the purpose of making grants
37 under section 312 in excess of \$1,530,000 for the fiscal year 1981,
38 \$1,530,000 for the fiscal year 1982, and \$1,530,000 for the fiscal year
39 1983."

40 (6) Section 313(e) of the Act is amended to read as follows:

1 “(e) There are authorized to be appropriated to carry out this section
2 \$3,500,000 for each of the fiscal years 1981, 1982, and 1983.”.

3 (g) Section 405 of the Act is amended—

4 (1) by striking out “There” and inserting in lieu thereof “Except as pro-
5 vided in the second sentence of this section, there”; and

6 (2) by adding at the end thereof the following new sentence: “There are
7 authorized to be appropriated \$256,000 for each of the fiscal years 1981,
8 1982, and 1983.”.

9 (h) Section 617 of the Act is amended by striking out “\$75,000,000 for the
10 fiscal year ending September 30, 1981, and \$100,000,000 for the fiscal year
11 ending September 30, 1982” and by inserting in lieu thereof “and such sums as
12 may be necessary for each of the fiscal years 1981, 1982, and 1983”.

13 (i) Section 623 of the Act is amended to read as follows:

14 “AUTHORIZATION OF APPROPRIATIONS

15 “SEC. 623. There are authorized to be appropriated \$5,850,000 for each of
16 the fiscal years 1981, 1982, and 1983, to carry out the provisions of this part.”.

17 (j)(1) Section 731 of part E of the Act is redesignated as section 741.

18 (2) Section 741(a) (as redesignated by paragraph (1) of this subsection) is
19 amended by striking out “\$200,000,000 for the fiscal year ending September 30,
20 1981, and such sums as may be necessary for the fiscal year ending September
21 30, 1982” and inserting in lieu thereof “and \$18,000,000 for each of the fiscal
22 years 1981, 1982, and 1983”.

23 (3) Section 741(c)(1) (as redesignated by paragraph (1) of this subsection) is
24 amended by striking out “\$9,000,000 for the fiscal year ending September 30,
25 1981” and inserting in lieu thereof “such sums as may be necessary for each of
26 the fiscal years 1981, 1982, and 1983”.

27 EDUCATION OF THE HANDICAPPED

28 SEC. 1162. (a)(1) Section 611(a) of the Education of the Handicapped Act
29 (hereafter in this section referred to as the “Act”) is amended by adding at the
30 end thereof the following new paragraph:

31 “(6) Notwithstanding any other provision of this part there are authorized to
32 be appropriated \$874,500,000 for the fiscal year 1981, \$969,850,000 for the
33 fiscal year 1982, and \$1,017,900,000 for the fiscal year 1983, to make grants
34 under this part (other than section 619).”.

35 (2) Section 618(e) of the Act is amended by adding at the end thereof the
36 following new sentence: “No sums may be authorized to be appropriated in
37 excess of \$2,300,000 for the fiscal year 1981, \$2,300,000 for the fiscal year
38 1982, and \$2,300,000 for the fiscal year 1983.”.

39 (3) Section 619(e) of the Act is amended—

40 (A) by striking out “In” and inserting in lieu thereof “Except as pro-
41 vided in the last sentence of this subsection, in”; and

1 (B) by adding at the end thereof the following new sentence: "There are
2 authorized to be appropriated \$26,000,000 for the fiscal year 1981,
3 \$25,000,000 for the fiscal year 1982, and \$25,000,000 for the fiscal year
4 1983, to carry out the provisions of this section."

5 (b)(1) Section 627 of the Act is amended—

6 (A) by inserting "and" before "\$21,000,000" and by striking out "
7 \$24,000,000 for fiscal year 1981, and \$25,000,000 for fiscal year 1982"
8 in the first sentence;

9 (B) by inserting "and" after "1979," and by striking out "
10 \$29,000,000 for fiscal year 1981, and \$32,000,000 for fiscal year 1982"
11 in the second sentence;

12 (C) by striking out "the two succeeding fiscal years, \$20,000,000 for
13 fiscal year 1981 and for the succeeding fiscal year" in the third sentence
14 and by inserting in lieu thereof "the three succeeding fiscal years"; and

15 (D) by inserting "and" after "1979," and by striking out "
16 \$16,000,000 for the fiscal year 1981 and for the succeeding fiscal year" in
17 the fourth sentence.

18 (2) Section 627 of the Act is further amended by inserting "(a)" after the
19 section designation and by adding at the end thereof the following new subsec-
20 tion:

21 "(b) There are authorized to be appropriated to carry out the provisions of
22 sections 621 and 624 with respect to severely handicapped individuals
23 \$4,500,000 for the fiscal year 1981, \$5,000,000 for the fiscal year 1982, and
24 \$5,000,000 for the fiscal year 1983. There are authorized to be appropriated to
25 carry out the provisions of section 621 with respect to regional resource centers,
26 \$6,800,000 for the fiscal year 1981, \$9,800,000 for the fiscal year 1982, and
27 \$9,800,000 for the fiscal year 1983. There are authorized to be appropriated to
28 carry out the provisions of section 622 \$16,000,000 for each of the fiscal years
29 1981, 1982, and 1983. There are authorized to be appropriated to carry out the
30 provisions of section 623 \$17,500,000 for the fiscal year 1981, \$20,000,000 for
31 the fiscal year 1982, and \$20,000,000 for the fiscal year 1983. There are author-
32 ized to be appropriated to carry out the provisions of section 625 \$2,900,000 for
33 the fiscal year 1981, \$4,000,000 for the fiscal year 1982, and \$4,000,000 for the
34 fiscal year 1983."

35 (c)(1) The first sentence of section 636 of the Act is amended by striking out
36 "\$90,000,000 for the fiscal year 1981, and \$95,000,000 for the fiscal year
37 1982" and inserting in lieu thereof "\$43,500,000 for the fiscal year 1981,
38 \$58,000,000 for the fiscal year 1982, and \$58,000,000 for the fiscal year 1983".

39 (2) The second sentence of section 636 of the Act is amended—

40 (A) by striking out "and" the second time it appears, and

1 (B) by striking out "and each of the two succeeding fiscal years" and
 2 inserting in lieu thereof a comma and the following: "and \$500,000 for the
 3 fiscal year 1981, \$1,000,000 for the fiscal year 1982, and \$1,000,000 for
 4 the fiscal year 1983".

5 (d) Section 644 of the Act is amended by striking out "\$26,000,000 for the
 6 fiscal year 1981, and \$28,000,000 for the fiscal year 1982" and inserting in lieu
 7 thereof "\$15,000,000 for the fiscal year 1981, \$20,000,000 for the fiscal year
 8 1982, and \$20,000,000 for the fiscal year 1983".

9 (e) Section 654 of the Act is amended by striking out "\$29,000,000 for the
 10 fiscal year 1981" and inserting in lieu thereof "\$17,000,000 for the fiscal year
 11 1981, \$19,000,000 for the fiscal year 1982,".

12 DEVELOPMENTAL DISABILITIES

13 SEC. 1163. (a) Section 113(b)(2) of the Developmental Disabilities Assistance
 14 and Bill of Rights Act (hereafter in this section referred to the "Act") is amended
 15 by striking out ", and \$15,000,000 for the fiscal year ending September 30,
 16 1981" and inserting in lieu thereof "\$7,500,000 for the fiscal year 1981, and for
 17 each of the two succeeding fiscal years".

18 (b)(1) Section 123(a) of the Act is amended by striking out ", and \$16,000,000
 19 for the fiscal year ending September 30, 1981" and inserting in lieu thereof "and
 20 \$7,000,000 for the fiscal year ending September 30, 1981, and for each of the
 21 two succeeding fiscal years".

22 (2) Section 123(b) of the Act is amended—

23 (A) by inserting "and" after clause (1);

24 (B) by striking out "and" after clause (2); and

25 (C) by striking out clause (3).

26 (c) Section 131 of the Act is amended by striking out ", and \$75,000,000 for
 27 the fiscal year ending September 30, 1981" and inserting in lieu thereof
 28 "\$43,100,000 for the fiscal year ending September 30, 1981, and for each of the
 29 two succeeding fiscal years".

30 (d) Section 145(f) of the Act is amended by striking out "and \$26,000,000 for
 31 the fiscal year ending September 30, 1981" and inserting in lieu thereof
 32 "\$3,500,000 for the fiscal year ending September 30, 1981, and for each of the
 33 two succeeding fiscal years".

34 MISCELLANEOUS ACTIVITIES AND PROGRAMS

35 SEC. 1164. (a) Section 2 of the National Technical Institute for the Deaf Act
 36 is amended—

37 (1) by striking out "For" and inserting in lieu thereof "Except as pro-
 38 vided in the second sentence of this section, for"; and

39 (2) by adding at the end thereof the following new sentence: "No sums
 40 may be authorized to be appropriated in excess of \$20,300,000 for each of
 41 the fiscal years 1981, 1982, and 1983."

1 (b) The first section of an Act to promote the education of the blind approved
2 March 3, 1879, is amended by inserting "(a)" after "That" and by adding at the
3 end thereof the following new subsection:

4 "(b) Notwithstanding any other provisions of this Act, no sums may be author-
5 ized to be appropriated in excess of \$5,000,000 for each of the fiscal years 1981,
6 1982, and 1983, to carry out the provisions of this Act."

7 (c) Section 6 of the Act entitled "An Act to Create a Committee on Purchases
8 of Blind-made Products, and for other purposes", approved June 25, 1938, is
9 amended—

10 (1) by striking out "There" and inserting in lieu thereof "Except as pro-
11 vided in the second sentence of this section, there"; and

12 (2) by adding at the end thereof the following new sentence: "There is
13 authorized to be appropriated \$500,000 for each of the fiscal years 1981,
14 1982, and 1983."

15 (d) Notwithstanding any other provision of law, there are authorized to be
16 appropriated \$50,000,000 for the fiscal year 1981, \$50,000,000 for the fiscal
17 year 1982, and \$50,000,000 for the fiscal year 1983 for Gallaudet College.

18 (e) Notwithstanding any other provision of law, there are authorized to be
19 appropriated for the Office of Civil Rights, the Department of Health and Human
20 Services, \$19,000,000 for the fiscal year 1981, \$19,000,000 for the fiscal year
21 1982, and \$19,000,000 for the fiscal year 1983.

22 TITLE XII—SMALL BUSINESS ACT AMENDMENTS OF 1981

23 PART A—DISASTER ASSISTANCE

24 SEC. 1201. Section 7(b) of the Small Business Act is amended to read as
25 follows:

26 "(b) The Administration also is empowered to the extent and in such amounts
27 as provided in advance in appropriation Acts—

28 "(1)(A) to make such loans (either directly or in cooperation with banks
29 or other lending institutions through agreements to participate on an im-
30 mediate or deferred (guaranteed) basis) as the Administration may deter-
31 mine to be necessary or appropriate to repair, rehabilitate or replace prop-
32 erty, real or personal, damaged or destroyed by or as a result of floods,
33 riots or civil disorders, or other catastrophes: *Provided*, That (i) no loan or
34 guarantee shall be extended unless the Administration finds that credit is
35 not otherwise available from all Federal and non-Federal sources on rea-
36 sonable terms and conditions taking into consideration the prevailing rates
37 and terms in the community in or near where the concern transacts busi-
38 ness, or the homeowner resides, for similar purposes and periods of time;
39 and (ii) such damage or destruction is not compensated for by insurance or
40 otherwise;

1 “(B) to refinance any mortgage or other lien against a totally destroyed
2 or substantially damaged home or business concern: *Provided*, That (i) no
3 loan or guarantee shall be extended unless the Administration finds that
4 credit is not otherwise available from all Federal and non-Federal sources
5 on reasonable terms and conditions taking into consideration the prevailing
6 rates and terms in the community in or near where the concern transacts
7 business, or the homeowner resides, for similar purposes and periods of
8 time; (ii) such property is to be repaired, rehabilitated, or replaced; (iii) the
9 amount refinanced shall not exceed the amount of physical loss sustained;
10 and (iv) such amount shall be reduced to the extent such mortgage or lien
11 is satisfied by insurance or otherwise;

12 “(2) to make such loans (either directly or in cooperation with banks or
13 other lending institutions through agreements to participate on an immedi-
14 ate or deferred (guaranteed) basis) as the Administration may determine to
15 be necessary or appropriate to any small business concern located in an
16 area affected by a disaster, if the Administration determines that the con-
17 cern has suffered a substantial economic injury as a result of such disaster
18 and if such disaster constitutes—

19 “(A) a major disaster, as determined by the President under the
20 Act entitled “An Act to authorize Federal assistance to States and
21 local governments in major disasters, and for other purposes”, ap-
22 proved September 30, 1950, as amended (42 U.S.C. 1855-1855g), or

23 “(B) a disaster as determined by the Administrator of the Small
24 Business Administration pursuant to the Disaster Relief Act of 1970:
25 *Provided*, That no loan or guarantee shall be extended pursuant to
26 this paragraph (2) unless the Administration finds that credit is not
27 otherwise available from all Federal and non-Federal sources on rea-
28 sonable terms and conditions taking into consideration the prevailing
29 rates and terms in the community in or near where the concern
30 transacts business for similar purposes and periods of time.

31 “(3) No loan under this subsection (b), including renewals and exten-
32 sions thereof, may be made for a period or periods exceeding thirty years:
33 *Provided*, That the Administrator may consent to suspension in the pay-
34 ment of principal and interest charges on, and to an extension in the matu-
35 rity of, the Federal share of any loan under this subsection for a period not
36 to exceed five years, if (A) the borrower under such loan is a homeowner
37 or a small business concern, (B) the loan was made to enable (i) such
38 homeowner to repair or replace his home, or (ii) such concern to repair or
39 replace plant or equipment which was damaged or destroyed as a result of
40 a disaster meeting the requirements of clause (A) or (B) of paragraph (2) of
41 this subsection, and (C) the Administrator determines such action is neces-

sary to avoid severe financial hardship: *Provided further*, That the provisions of paragraph (1) of subsection (c) of this section shall not be applicable to any such loan having a maturity in excess of twenty years.

“(4) Notwithstanding the provisions of any other law, the interest rate on the Federal share of any loan made under this subsection (b) shall be the rate prescribed by the Administrator but not be more than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans plus an additional charge of not to exceed 1 per centum per annum as determined by the Administrator, and adjusted to the nearest one-eighth of 1 per centum. The interest rate for loans made under paragraph (1) and (2), as determined pursuant to this paragraph (4), shall be the rate of interest which is in effect on the date the disaster commenced: *Provided*, That no loan under paragraphs (1) and (2) shall be made, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis, if the total amount outstanding and committed to the borrower under this subsection would exceed \$500,000 for each disaster unless an applicant constitutes a major source of employment in an area suffering a disaster, in which case the Administration, in its discretion, may waive the \$500,000 limitation.

“(5) A State grant made on or prior to July 1, 1979, shall not be considered compensation for the purpose of applying the provisions of subsection (b) of section 315 of Public Law 93-288 (42 U.S.C. 5155) to a disaster loan under paragraph (1) or (2) of this subsection, or one made pursuant to the former paragraph (4) of this subsection.

“(6) Whoever wrongfully misapplies the proceeds of a loan obtained under this subsection (b) shall be civilly liable to the Administrator in an amount equal to one and one-half times the original principal amount of the loan.”.

SEC. 1202. Section 3(a) of the Small Business Act is amended by striking the phrase “concern, including but not limited to enterprises that are engaged in the business of production of food and fiber, ranching and raising of livestock, aquaculture, and all other farming and agricultural related industries,” and inserting in lieu thereof “concern”.

SEC. 1203. Section 18 of the Small Business Act is amended to read as follows:

“SEC. 18. The Administration shall not duplicate the work or activity of any other department or agency of the Federal Government, and nothing contained in

1 this Act shall be construed to authorize any such duplication unless such work or
2 activity is expressly provided for in this Act.”.

3 **SEC. 1204. CONFORMING CHANGES.**—(a) Sections 2(b), 7(c)(3), 7(f), and 7(g)
4 of the Small Business Act are hereby repealed.

5 (b) Section 4(c)(1)(A) of the Small Business Act is amended by deleting
6 “7(b)(1), 7(b)(2), 7(b)(3), 7(b)(4), 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8), 7(c)(2) and 7(g) of
7 this Act” and substituting “7(b)(1) and 7(b)(2) of this Act”.

8 (c) Section 4(c)(2)(A) of the Small Business Act is amended by deleting
9 “7(b)(1), 7(b)(2), 7(b)(3), 7(b)(4), 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8), 7(c)(2) and 7(g) of
10 this Act” and substituting “7(b)(1) and 7(b)(2) of this Act”.

11 (d) Sections 2(c), 2(d), and 2(e) of the Small Business Act are hereby redesign-
12 nated sections 2(b), 2(c), and 2(d).

13 **SEC. 1205.** Section 231 of the Disaster Relief Act of 1970 is hereby repealed.

14 **SEC. 1206.** Amendments and repeals made by sections 1201 through 1205 of
15 this Act shall be effective immediately upon enactment of this Act, but shall not
16 affect any financings made, obligated or committed under the Small Business Act
17 prior to the effective date of this Act.

18 **SEC. 1207.** (a) Notwithstanding section 5(b)(6) of the Small Business Act, or
19 any other provision of law, any application for assistance made pursuant to para-
20 graph (1), (2), or (4) of subsection 7(b) of the Small Business Act as in effect on
21 March 19, 1981, and which was received by the Small Business Administration
22 on or before March 19, 1981, shall be acted upon by the Small Business Admin-
23 istration under the rules and regulations in effect on the date such application
24 was first received.

25 (b) The Small Business Administration is specifically directed to reconsider and
26 act upon any application for assistance made pursuant to paragraph (1), (2), or (4)
27 of subsection (b) of the Small Business Act as in effect on March 19, 1981, which
28 was received by the Small Business Administration on or before March 19, 1981,
29 and upon which any financing has been made, obligated, or committed under the
30 Small Business Act prior to the effective date of this Act, and to remake, reobli-
31 gate, or recommit such financing based on the rules and regulations in effect on
32 March 18, 1981.

33 **PART B—PROGRAM AUTHORIZATIONS**

34 **SEC. 1210.** Section 20 of the Small Business Act is amended by striking all
35 after subsection (g), and inserting in lieu thereof the following new subsections:

36 “(h) The following program levels are authorized for fiscal year 1981:

37 “(1) For the programs authorized by section 7(a) of this Act the Admin-
38 istration is authorized to make \$169,000,000 in direct and immediate
39 participation loans, and \$4,000,000,000 in deferred participation loans.

1 “(2) For the programs authorized by section 7(h) of this Act, the Ad-
2 ministration is authorized to make \$25,000,000 in direct and immediate
3 participation loans and \$12,000,000 in guaranteed loans.

4 “(3) For the programs authorized by section 7(i) of this Act, the Admin-
5 istration is authorized to make \$50,000,000 in direct and immediate
6 participation loans and \$70,000,000 in guaranteed loans.

7 “(4) For the programs authorized by section 7(l) of this Act, the Admin-
8 istration is authorized to make \$10,000,000 in direct and immediate par-
9 ticipation loans and \$33,000,000 in guaranteed loans.

10 “(5) For the programs authorized by sections 501, 502, and 503 of the
11 Small Business Investment Act of 1958, the Administration is authorized
12 to make \$15,000,000 in direct and immediate participation loans and
13 \$250,000,000 in guaranteed loans and guarantees of debentures.

14 “(6) For the programs authorized by title III of the Small Business In-
15 vestment Act of 1958, the Administration is authorized to make
16 \$35,000,000 in direct purchase of debentures and preferred securities, and
17 to make \$160,000,000 in guarantees of debentures.

18 “(7) For the programs authorized in part B of title IV of the Small
19 Business Investment Act of 1958, the Administration is authorized to
20 enter into guarantees not to exceed \$1,600,000,000.

21 “(8) For the programs authorized by sections 7(b)(3) through 7(b)(9) and
22 7(g) of this Act (as in effect prior to the enactment of the Omnibus Recon-
23 ciliation Act of 1981), the Administration is authorized to enter into
24 \$110,000,000 in loans, guarantees, and other obligations or commitments.

25 “(9) For the programs authorized by sections 404 and 405 of the Small
26 Business Investment Act of 1958, the Administration is authorized to
27 enter into guarantees not to exceed \$250,000,000.

28 “(10) There are hereby authorized to be appropriated such sums as may
29 be necessary and appropriate for the carrying out of the provisions and
30 purposes, including administrative expenses, of sections 7(b) and 7(g) of
31 this Act; and there are authorized to be transferred from the disaster loan
32 revolving fund such sums as may be necessary and appropriate for such
33 administrative expenses.

34 “(i) There are authorized to be appropriated to the Administration for fiscal
35 year 1981, \$779,000,000. Of such sum, \$512,000,000 shall be available for the
36 purpose of carrying out the programs referred to in subsection (h), paragraphs (1)
37 through (6); \$30,000,000 shall be available for the purpose of carrying out the
38 provisions of section 412 of the Small Business Investment Act of 1958;
39 \$4,000,000 shall be available for the purpose of carrying out the provisions of
40 section 403 of the Small Business Investment Act of 1958; and \$233,000,000

1 shall be available for salaries and expenses of the Administration of which
2 amount—

3 “(1) \$13,200,000 shall be available for procurement and technical as-
4 sistance; of which amount not less than \$2,000,000 shall be available for
5 technical assistance, and of this amount not less than \$629,000 shall be
6 used to pay for the continued development of a procurement automated
7 source system, and not less than \$825,000 shall be used to develop and
8 maintain technology assistance centers which shall have direct or indirect
9 access to a minimum of thirty technology data banks to define the technol-
10 ogy problems or needs of small businesses by searching technology data
11 banks or other sources to locate, obtain, and interpret the appropriate
12 technology for such small businesses and not more than \$200,000 shall be
13 available for a study the purpose of which shall be to define and describe
14 the forest products industry and, in particular, to define and describe that
15 portion of the forest products industry which consists of small businesses,
16 to identify the trends and conditions affecting the survival of small busi-
17 nesses as a viable portion of the forest products industry, and to propose
18 actions and programs to assist and promote a broadly based, nonconcen-
19 trated, healthy forest products industry.

20 “(2) \$23,100,000 shall be available for management assistance, of
21 which amount not less than \$880,000 shall be used to sustain the small
22 business export development program and to employ not less than seven-
23 teen staff people for the Office of International Trade, ten of whom shall
24 serve as export development specialists, with each of the Administration’s
25 regional offices being assigned one such specialist.

26 “(3) \$8,800,000 shall be available for economic research and analysis
27 and advocacy, of which amount not less than \$2,200,000 shall be used to
28 employ at least sixty-nine staff people for the Office of the Chief Counsel
29 for Advocacy to carry out research and those functions prescribed by
30 Public Law 94-305; not less than \$1,650,000 shall be used to develop an
31 external small business data bank and small business index; and not less
32 than \$1,650,000 shall be used for research.

33 “(4) \$27,500,000 shall be available for the Office of Minority Small
34 Business and Capital Ownership Development, \$12,414,000 of which shall
35 be used to carry out those functions, including administrative expenses,
36 prescribed by section 7(j) of this Act.

37 “(5) \$9,900,000 shall be available for program evaluation and data
38 management with priority given to the development of an automated inter-
39 nal Administration management data base, to the enhancement of the Ad-
40 ministration’s document tracking system, to the installation of terminals in
41 Administration field offices, and to the development of an indicative small

1 business data base comprised of names and addresses and related informa-
 2 tion, of which amount not less than \$1,100,000 shall be used to pay for
 3 development of such indicative small business data base.

4 "(6) \$20,000,000 shall be available for matching grants to small busi-
 5 ness development centers, and an additional \$550,000 shall be available
 6 for the administration of the small business development center program.

7 "(j) The Administrator may transfer no more than 10 per centum of each of
 8 the total levels for salaries and expenses authorized in paragraphs (1) through (6)
 9 of section 20(i) of this Act: *Provided, however,* That no level authorized in such
 10 paragraphs may be increased more than 20 per centum by any such transfers.

11 "(k) The following program levels are authorized for fiscal year 1982:

12 "(1) For the programs authorized by section 7(a) of this Act, the Ad-
 13 ministration is authorized to make \$83,000,000 in direct and immediate
 14 participation loans, and \$3,500,000,000 in deferred participation loans.

15 "(2) For the program authorized by section 7(h) of this Act, the Admin-
 16 istration is authorized to make \$7,000,000 in direct and immediate partici-
 17 pation loans, and \$5,000,000 in guaranteed loans.

18 "(3) For the programs authorized by section 7(i) of this Act, the Admin-
 19 istration is authorized to make \$21,000,000 in direct and immediate
 20 participation loans, and \$65,000,000 in guaranteed loans.

21 "(4) For the programs authorized by section 7(l) of this Act, the Admin-
 22 istration is authorized to make \$11,000,000 in direct and immediate
 23 participation loans, and \$20,000,000 in guaranteed loans.

24 "(5) For the programs authorized by sections 501, 502, and 503 of the
 25 Small Business Investment Act of 1958, the Administration is authorized
 26 to make \$23,000,000 in direct and immediate participation loans, and
 27 \$250,000,000 in guaranteed loans and guarantees of debentures.

28 "(6) For the programs authorized by title III of the Small Business In-
 29 vestment Act of 1958, the Administration is authorized to make
 30 \$35,000,000 in direct purchases of debentures and preferred securities and
 31 to make \$160,000,000 in guarantees of debentures.

32 "(7) For the programs authorized by part B of title IV of the Small
 33 Business Investment Act of 1958, the Administration is authorized to
 34 enter into guarantees not to exceed \$1,600,000,000.

35 "(8) For the programs authorized in sections 404 and 405 of the Small
 36 Business Investment Act of 1958, the Administration is authorized to
 37 enter into guarantees not to exceed \$250,000,000.

38 "(9) There are hereby authorized to be appropriated such sums as may
 39 be necessary and appropriate for the carrying out of the provisions and
 40 purposes, including administrative expenses of section 7(b) of this Act; and
 41 there are authorized to be transferred from the disaster loan revolving

1 funds such sums as may be necessary and appropriate for such administra-
2 tive expenses.

3 "(l) There are authorized to be appropriated to the Administration for fiscal
4 year 1982: \$623,000,000. Of such sum, \$362,000,000 shall be available for the
5 purpose of carrying out the programs referred to in subsection (k), paragraphs (1)
6 through (6); \$30,000,000 shall be available for the purpose of carrying out the
7 provisions of section 412 of the Small Business Investment Act of 1958;
8 \$4,000,000 shall be available for the purpose of carrying out the provisions of
9 section 403 of the Small Business Investment Act of 1958; and \$227,000,000
10 shall be available for salaries and expenses of the Administration of which
11 amount—

12 "(1) \$14,520,000 shall be available for procurement and technical as-
13 sistance; of which amount not less than \$2,100,000 shall be available for
14 technical assistance, and of this amount not less than \$692,000 shall be
15 used to pay for the continued development of a procurement automated
16 source system, and not less than \$907,500 shall be used to develop and
17 maintain technology assistance centers which shall have direct or indirect
18 access to a minimum of thirty technology data banks to define the technol-
19 ogy problems or needs of small businesses by searching technology data
20 banks or other sources to locate, obtain, and interpret the appropriate
21 technology for such small businesses.

22 "(2) \$25,400,000 shall be available for management assistance of which
23 amount not less than \$968,000 shall be used to sustain the small business
24 export development program and to employ not less than seventeen staff
25 people for the Office of International Trade, ten of whom shall serve as
26 export development specialists with each of the Administration's regional
27 offices being assigned one such specialist.

28 "(3) \$9,680,000 shall be available for economic research and analysis
29 and advocacy, of which amount not less than \$2,420,000 shall be used to
30 employ at least sixty-nine staff people for the Office of the Chief Counsel
31 for Advocacy to carry out research and those functions prescribed by
32 Public Law 94-305; not less than \$1,815,000 shall be used to develop an
33 external small business data bank and small business index; and not less
34 than \$1,815,000 shall be used for research.

35 "(4) \$30,250,000 shall be available for the Office of Minority Small
36 Business and Capital Ownership Development, \$13,655,000 of which shall
37 be used to carry out those functions, including administrative expenses,
38 prescribed by section 7(j) of this Act.

39 "(5) \$10,900,000 shall be available for program evaluation and data
40 management with priority given to the development of an automated inter-
41 nal Administration management data base, to the enhancement of the Ad-

1 ministration's document tracking system, to the installation of terminals in
2 Administration field offices, and to the development of an indicative small
3 business data base comprised of names and addresses and related informa-
4 tion, of which amount not less than \$1,210,000 shall be used to pay for
5 development of such indicative small business data base.

6 “(6) \$12,000,000 shall be available for matching grants to small busi-
7 ness development centers.

8 “(m) The Administrator may transfer no more than 10 per centum of each of
9 the total levels for salaries and expenses authorized in paragraphs (1) through (6)
10 of section 20(l) of this Act: *Provided, however,* That no level authorized in such
11 paragraphs may be increased more than 20 per centum by any such transfers.

12 “(n) The following program levels are authorized for fiscal year 1983:

13 “(1) For the programs authorized by section 7(a) of this Act the Admin-
14 istration is authorized to make \$89,000,000 in direct and immediate par-
15 ticipation loans, and \$3,395,000,000 in deferred participation loans.

16 “(2) For the programs authorized by section 7(h) of this Act, the Ad-
17 ministration is authorized to make \$7,000,000 in direct and immediate
18 participation loans, and \$5,000,000 in guaranteed loans.

19 “(3) For the programs authorized by section 7(i) of this Act, the Admin-
20 istration is authorized to make \$22,000,000 in direct and immediate
21 participation loans, and \$65,000,000 in guaranteed loans.

22 “(4) For the programs authorized by section 7(l) of this Act, the Admin-
23 istration is authorized to make \$12,000,000 in direct and immediate
24 participation loans, and \$25,000,000 in guaranteed loans.

25 “(5) For the programs authorized by sections 501, 502, and 503 of the
26 Small Business Investment Act of 1958, the Administration is authorized
27 to make \$23,000,000 in direct and immediate participation loans, and
28 \$350,000,000 in guaranteed loans and guarantees of debentures.

29 “(6) For the programs authorized by title III of the Small Business In-
30 vestment Act of 1958, the Administration is authorized to make
31 \$35,000,000 in direct purchase of debentures and preferred securities, and
32 to make \$160,000,000 in guarantees of debentures.

33 “(7) For the programs authorized in part B of title IV of the Small
34 Business Investment Act of 1958, the Administration is authorized to
35 enter into guarantees not to exceed \$1,600,000,000.

36 “(8) For the programs authorized by sections 404 and 405 of the Small
37 Business Investment Act of 1958, the Administration is authorized to
38 enter into guarantees not to exceed \$250,000,000.

39 “(9) There are hereby authorized to be appropriated such sums as may
40 be necessary and appropriate for the carrying out of the provisions and
41 purposes, including administrative expenses, of section 7(b) of this Act; and

1 there are authorized to be transferred from the disaster loan revolving fund
2 such sums as may be necessary and appropriate for such administrative
3 expenses.

4 “(o) There are authorized to be appropriated to the Administration for fiscal
5 year 1983, \$689,000,000. Of such sum, \$422,000,000 shall be available for the
6 purpose of carrying out the programs referred to in subsection (n), paragraph (1)
7 through (6); \$30,000,000 shall be available for the purpose of carrying out the
8 provisions of section 412 of the Small Business Investment Act of 1958;
9 \$4,000,000 shall be available for the purpose of carrying out the provisions of
10 section 403 of the Small Business Investment Act of 1958; and \$233,000,000
11 shall be available for salaries and expenses of the Administration of which
12 amount—

13 “(1) \$14,520,000 shall be available for procurement and technical as-
14 sistance; of which amount not less than \$2,100,000 shall be available for
15 technical assistance, and of this amount not less than \$692,000 shall be
16 used to pay for the continued development of a procurement automated
17 source system, and not less than \$907,500 shall be used to develop and
18 maintain technology assistance centers which shall have direct or indirect
19 access to a minimum of thirty technology data banks to define the technol-
20 ogy problems or needs of small businesses by searching technology data
21 banks or other sources to locate, obtain, and interpret the appropriate
22 technology for such small businesses.

23 “(2) \$25,400,000 shall be available for management assistance of which
24 amount not less than \$968,000 shall be used to sustain the small business
25 export development program and to employ not less than seventeen staff
26 people for the Office of International Trade, ten of whom shall serve as
27 export development specialists with each of the Administration’s regional
28 offices being assigned one such specialist.

29 “(3) \$9,680,000 shall be available for economic research and analysis
30 and advocacy, of which amount not less than \$2,420,000 shall be used to
31 employ at least sixty-nine staff people for the Office of the Chief Counsel
32 for Advocacy to carry out research and those functions prescribed by
33 Public Law 94-305; not less than \$1,815,000 shall be used to develop an
34 external small business data bank and small business index; and not less
35 than \$1,815,000 shall be used for research.

36 “(4) \$30,250,000 shall be available for the Office of Minority Small
37 Business and Capital Ownership Development, \$13,655,000 of which shall
38 be used to carry out those functions, including administrative expenses,
39 prescribed by section 7(j) of this Act.

40 “(5) \$10,900,000 shall be available for program evaluation and data
41 management with priority given to the development of an automated inter-

1 nal Administration management data base, to the enhancement of the Ad-
 2 ministration's document tracking system, to the installation of terminals in
 3 Administration field offices, and to the development of an indicative small
 4 business data base comprised of names and addresses and related informa-
 5 tion, of which amount not less than \$1,210,000 shall be used to pay for
 6 development of such indicative small business data base.

7 “(6) \$12,000,000 shall be available for matching grants to small busi-
 8 ness development centers.

9 “(p) The Administrator may transfer no more than 10 per centum of each of
 10 the total levels for salaries and expenses authorized in paragraphs (1) through (6)
 11 of section 20(o) of this Act: *Provided, however,* That no level authorized in such
 12 paragraphs may be increased more than 20 per centum by any such transfers.

13 “(q) The following program levels are authorized for fiscal year 1984:

14 “(1) For the programs authorized by section 7(a) of this Act the Admin-
 15 istration is authorized to make \$150,000,000 in direct and immediate
 16 participation loans, and \$3,345,000,000 in deferred participation loans.

17 “(2) For the programs authorized by section 7(h) of this Act the Admin-
 18 istration is authorized to make \$13,000,000 in direct and immediate par-
 19 ticipation loans, and \$5,000,000 in guaranteed loans.

20 “(3) For the programs authorized by section 7(i) of this Act the Admin-
 21 istration is authorized to make \$38,000,000 in direct and immediate par-
 22 ticipation loans, and \$65,000,000 in guaranteed loans.

23 “(4) For the programs authorized by section 7(l) of this Act the Admin-
 24 istration is authorized to make \$20,000,000 in direct and immediate par-
 25 ticipation loans, and \$25,000,000 in guaranteed loans.

26 “(5) For the programs authorized by sections 501, 502, and 503 of the
 27 Small Business Investment Act of 1958, the Administration is authorized
 28 to make \$23,000,000 in direct and immediate participation loans and
 29 \$400,000,000 in guaranteed loans and guarantees of debentures.

30 “(6) For the programs authorized by title III of the Small Business In-
 31 vestment Act of 1958, the Administration is authorized to make
 32 \$35,000,000 in direct purchase of debentures and preferred securities, and
 33 to make \$160,000,000 in guarantees of debentures.

34 “(7) For the programs authorized in part B of title IV of the Small
 35 Business Investment Act of 1958, the Administration is authorized to
 36 enter into guarantees not to exceed \$1,600,000,000.

37 “(8) For the programs authorized by sections 404 and 405 of the Small
 38 Business Investment Act of 1958, the Administration is authorized to
 39 enter into guarantees not to exceed \$250,000,000.

40 “(9) There are hereby authorized to be appropriated such sums as may
 41 be necessary and appropriate for the carrying out of the provisions and

1 purposes, including administrative expenses, of section 7(b) of this Act; and
 2 there are authorized to be transferred from the disaster loan revolving fund
 3 such sums as may be necessary and appropriate for such administrative
 4 expenses.

5 "(r) There are authorized to be appropriated to the Administration for fiscal
 6 year 1984, \$838,000,000. Of such sum, \$565,000,000 shall be available for the
 7 purpose of carrying out the programs referred to in subsection (q) paragraphs (1)
 8 through (6); \$30,000,000 shall be available for the purpose of carrying out the
 9 provisions of section 412 of the Small Business Investment Act of 1958;
 10 \$4,000,000 shall be available for the purpose of carrying out the provisions of
 11 section 403 of the Small Business Investment Act of 1958; and \$239,000,000
 12 shall be available for salaries and expenses of the Administration of which
 13 amount—

14 "(1) \$14,520,000 shall be available for procurement and technical as-
 15 sistance; of which amount not less than \$2,100,000 shall be available for
 16 technical assistance, and of this amount not less than \$692,000 shall be
 17 used to pay for the continued development of a procurement automated
 18 so ce system, and not less than \$907,500 shall be used to develop and
 19 maintain technology assistance centers which shall have direct or indirect
 20 access to a minimum of thirty technology data banks to define the technol-
 21 ogy problems or needs of small businesses by searching technology data
 22 banks or other sources to locate, obtain, and interpret the appropriate
 23 technology for such small businesses.

24 "(2) \$25,400,000 shall be available for management assistance of which
 25 amount not less than \$968,000 shall be used to sustain the small business
 26 export development program and to employ not less than seventeen staff
 27 people for the Office of International Trade, ten of whom shall serve as
 28 export development specialists with each of the Administration's regional
 29 offices being assigned one such specialist.

30 "(3) \$9,680,000 shall be available for economic research and analysis
 31 and advocacy, of which amount not less than \$2,420,000 shall be used to
 32 employ at least sixty-nine staff people for the Office of the Chief Counsel
 33 for Advocacy to carry out research and those functions prescribed by
 34 Public Law 94-305; not less than \$1,815,000 shall be used to develop an
 35 external small business data bank and small business index; and not less
 36 than \$1,815,000 shall be used for research.

37 "(4) \$30,250,000 shall be available for the Office of Minority Small
 38 Business and Capital Ownership Development, \$13,655,000 of which shall
 39 be used to carry out those functions, including administrative expenses,
 40 prescribed by section 7(j) of this Act.

“(5) \$10,900,000 shall be available for program evaluation and data management with priority given to the development of an automated internal Administration management data base, to the enhancement of the Administration’s document tracking system, to the installation of terminals in Administration field offices, and to the development of an indicative small business data base comprised of names and addresses and related information, of which amount not less than \$1,210,000 shall be used to pay for development of such indicative small business data base.

“(6) \$12,000,000 shall be available for matching grants to small business development centers.

“(s) The Administrator may transfer no more than 10 per centum of each of the total levels for salaries and expenses authorized in paragraphs (1) through (6) of section 20(r) of this Act: *Provided, however,* That no level authorized in such paragraphs may be increased more than 20 per centum by any such transfers.”.

TITLE XIII—VETERANS’ PROGRAMS

BURIAL BENEFITS

SEC. 1301. (a) Section 902(a) of title 38, United States Code, is amended—

(1) by striking out “(a) Where a veteran dies—” and clauses (1) and (2), and inserting in lieu thereof the following:

“(a)(1) If a deceased veteran was entitled at the time of such veteran’s death to receive compensation (or but for the receipt of retirement pay would have been entitled to receive compensation) on the basis of a service-connected disability rated at 30 per centum or more or pension (or met the applicable income and wartime service eligibility requirements for pension)”; and

(2) by adding at the end thereof the following new paragraph:

“(2)(A) For the purpose of this section, a deceased veteran is deemed to have been entitled at the time of such veteran’s death to receive compensation (or but for the receipt of retirement pay would have been entitled to receive compensation) on the basis of a service-connected disability rated at 30 per centum or more or pension if such veteran had filed a claim for compensation or pension pursuant to section 3001 of this title, and if, although no determination with respect to an award of compensation or pension had been made prior to the death of the deceased veteran based on such claim, the evidence in the file pertaining to such claim at the time of death would have provided (or but for the receipt of retirement pay by the deceased veteran prior to such death would have provided) a sufficient basis for an award of compensation for a disability rated at 30 per centum or more or pension.

“(B) For the purpose of this section, a deceased veteran is deemed to have met applicable income and wartime service eligibility requirements for pension at the time of such veteran’s death if such veteran would upon appropriate application have been eligible to receive pension under section 521 of this title for the

1 twelve-month period immediately preceding such veteran's death except for the
 2 fact that such veteran did not meet one or more eligibility requirements with
 3 respect to disability, age, or duration of service."

4 (b) Subsection (b) of section 903 of such title is amended to read as follows:

5 "(b) In addition to the benefits provided for under section 902 of this title and
 6 subsection (a) of this section—

7 "(1) in the case of a deceased veteran who is eligible for a burial allow-
 8 ance under such section, or under such subsection, and who is buried in
 9 (A) a cemetery other than a national cemetery or other cemetery under
 10 the jurisdiction of the United States, or (B) a cemetery or a section of a
 11 cemetery, other than as described in clause (2) of this subsection, the Ad-
 12 ministrator shall pay a sum not exceeding \$150 as a plot or interment
 13 allowance to such person as the Administrator prescribes, except that if
 14 any part of the plot or interment costs of a burial to which this clause
 15 applies has been paid or assumed by a State, an agency or political subdivi-
 16 sion of a State or a former employer of the deceased veteran, no claim
 17 for such allowance shall be allowed for more than the difference between
 18 the entire amount of the expenses incurred and the amount paid or as-
 19 sumed by any or all of the foregoing entities; and

20 "(2) in the case of a deceased veteran—

21 "(A)(i) who died of a service-connected disability;

22 "(ii) who was (I) a veteran of any war, (II) discharged from the
 23 active military, naval, or air service for a disability incurred or aggra-
 24 vated in line of duty, or (III) in receipt of (or but for the receipt of
 25 retirement pay would have been entitled to) compensation; or

26 "(iii) who is eligible for a burial allowance under subsection (a) of
 27 this section; and

28 "(B) who is buried (without charge for the cost of a plot or inter-
 29 ment) in a cemetery, or a section of a cemetery, that (i) is used solely
 30 for the interment of persons eligible for burial in a national cemetery,
 31 and (ii) is owned by a State or by an agency or political subdivision of
 32 a State,

33 the Administrator shall pay to such State, agency, or political subdivision
 34 the sum of \$150 as a plot or interment allowance for such veteran."

35 (c) The amendments made by this section shall take effect with respect to
 36 deaths occurring after June 30, 1981.

37 OUTPATIENT DENTAL TREATMENT

38 SEC. 1302. (a) Section 612(b)(2) of title 38, United States Code, is amended—

39 (1) by striking out "active military, naval, or air service and" in sub-
 40 clause (A) and inserting in lieu thereof "a period of active military, naval,
 41 or air service of not less than 180 days,";

1 (2) by striking out "within one year" in subclause (B) both places it
2 appears and inserting in lieu thereof "within six months"; and

3 (3) by inserting before the semicolon at the end thereof a comma and
4 "and (C) if the Secretary concerned has not indicated, in writing on such
5 veteran's certificate of release or discharge from active duty, that such
6 veteran was provided by such Secretary, during the ninety days immedi-
7 ately prior to such veteran's discharge or release from such service, a
8 complete dental examination (including X-rays) and all appropriate dental
9 services and treatment indicated by such examination".

10 (b)(1) Except as provided in paragraph (2) of this subsection, the provisions of
11 this section shall take effect on October 1, 1981.

12 (2) The amendments made by paragraph (2) of subsection (a) of this section
13 shall not apply in the case of any veteran whose discharge or release from active
14 military, naval, or air service occurred during the twelve months immediately
15 prior to the date of enactment of this Act.

16 EDUCATIONAL LOANS

17 SEC. 1303. Section 1798 of title 38, United States Code, is amended by
18 adding at the end thereof the following new subsection:

19 "(h) Except in the case of a veteran entitled under section 1662(a)(2) of this
20 title to use any of such veterans' unused entitlement under section 1661 of this
21 title and in the case of a veteran pursuing flight training under section 1677 of
22 this title, no loans may be made under this subchapter after September 30,
23 1982."

24 RECOVERY OF COST OF HEALTH CARE AND SERVICES

25 SEC. 1304. (a) Subchapter III of chapter 17 of title 38, United States Code, is
26 amended by adding after section 628 the following new section:

27 "**§ 629. Recovery by the United States of the cost of certain care and services**

28 "(a) In any case in which a veteran is furnished care and services under this
29 chapter for a non-service-connected disability and such disability was incurred—

30 "(1) incident to such veteran's employment and the disability is covered
31 under a workers' compensation law or plan which provides reimbursement
32 for or indemnification of the cost of health care and services provided to
33 the veteran by reason of the disability,

34 "(2) as the result of a motor vehicle accident covered under the law of a
35 State which requires the owners or operators of motor vehicles registered
36 in such State to have in force automobile accident reparations insurance,
37 or

38 "(3) as the result of a crime of personal violence that occurred in a
39 State or subdivision thereof in which a person injured as the result of such
40 crime is entitled to receive health care and services at such State's or sub-
41 division's expense for personal injuries suffered as the result of such crime,

1 the United States shall have the right to recover, subject to the limitations,
 2 conditions, and procedures prescribed in subsections (b) and (c) of this section the
 3 reasonable costs of such care and services from the State or subdivision thereof,
 4 employer, employer's insurance carrier, or automobile accident reparations insur-
 5 ance carrier, to the extent that such veteran, or the provider of care and services
 6 to such veteran, would be eligible to receive reimbursement or indemnification for
 7 such care and services if such care and services had not been furnished by a
 8 ~~department or agency of the United States.~~

9 "(b) The amount that may be recovered by the United States in exercising the
 10 right provided under subsection (a) of this section may not exceed the lesser of (1)
 11 an amount equal to the reasonable cost of the care and services furnished such
 12 veteran under this chapter, as determined by the Administrator pursuant to regu-
 13 lations which the Administrator shall prescribe after notice and opportunity for
 14 public comment, or (2) the maximum amount specified by the law of the State or
 15 subdivision thereof concerned or by any relevant contractual provision to which
 16 such veteran was a party or was subject.

17 "(c)(1) The United States shall, as the right provided in subsection (a) of this
 18 section, be subrogated to any right or claim that such veteran or such veteran's
 19 personal representative, successor, dependents, or survivors may have against a
 20 State or subdivision thereof, an employer, an employer's insurance carrier, or an
 21 automobile accident reparations insurance carrier.

22 "(2) In order to enforce any such right or claim to which it is subrogated under
 23 paragraph (1) of this subsection—

24 "(A) the United States may intervene or join in any action or proceed-
 25 ing brought by the veteran or such veteran's personal representative, suc-
 26 cessor, dependents, or survivors against a State or subdivision thereof, an
 27 employer, an employer's insurance carrier, or an automobile accident repa-
 28 rations insurance carrier, or

29 "(B) if—

30 "(i) no such action or proceeding has been commenced within one
 31 hundred and eight days after the first day on which care and services
 32 for which recovery is sought were furnished to such veteran by the
 33 Veterans' Administration under this chapter, and

34 "(ii) the United States has sent written notice by certified mail to
 35 such veteran at such veteran's last-known address, or to such veter-
 36 an's personal representative or successor, of the United States' inten-
 37 tion to institute legal proceedings,

38 the United States may, sixty days after the mailing of such notice, insti-
 39 tute and prosecute legal proceedings against such State or subdivision
 40 thereof, employer, employer's insurance carrier, or automobile accident
 41 reparations carrier.

1 “(d) A veteran eligible for care and services under this chapter may not be
2 denied such care and services by reason of this section.

3 “(e) No law of any State or of any subdivision thereof, and no provision of any
4 contract or agreement entered into, renewed, or modified pursuant to any State
5 law shall operate to prevent recovery by the United States under (1) subsection
6 (a) of this section for care and services furnished under this chapter to any veter-
7 an for a non-service-connected disability, or (2) subsection (b) of section 611 of
8 this title for care and services furnished as a humanitarian service in emergency
9 cases under such subsection to any individual.”.

10 (b) The table of sections at the beginning of such chapter is amended by adding
11 after the item relating to section 628 the following new item:

 “629. Recovery by the United States of the cost of certain care and services.”.

12 (c) The amendments made by this section shall be effective with respect to care
13 and services furnished after September 30, 1981.

Calendar No. 171

97TH CONGRESS
1ST SESSION

S. 1377

[Report No. 97-139]

A BILL

To provide for reconciliation pursuant to title III of the first concurrent resolution on the budget for fiscal year 1982 (H. Con. Res. 115, Ninety-seventh Congress).

JUNE 17 (legislative day, JUNE 1), 1981

Read twice and ordered to be placed on the calendar