Public Law 97-35
97th Congress

An Act

To provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982.

Aug. 13, 1981
[H.R. 3982]

SHORT TITLE

SECTION 1. This Act may be cited as the "Omnibus Budget Reconciliation Act of 1981". Omnibus Budget Reconciliation Act of 1981.

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PURPOSE

SEC. 2. It is the purpose of this Act to implement the recommendations which were made by specified committees of the House of Representatives and the Senate pursuant to directions contained in part A of title III of the first concurrent resolution on the budget for the fiscal year 1982 (H. Con. Res. 115, 97th Congress), and pursuant to the reconciliation requirements which were imposed by such concurrent resolution as provided in section 310 of the Congressional Budget Act of 1974. 31 USC 1331.

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TITLE I—AGRICULTURE, FORESTRY, AND RELATED PROGRAMS

Subtitle A—Food Stamp Program Reductions and Other Reductions in Authorization for Appropriations

PART 1—FOOD STAMP PROGRAM REDUCTIONS

FAMILY UNIT REQUIREMENT

7 USC 2012.

SEC. 101. Section 3(i) of the Food Stamp Act of 1977 is amended by—

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

(2) striking out "neither" in the second sentence and inserting "no" in lieu thereof.

BOARDERS

SEC. 102. Section 3(i) of the Food Stamp Act of 1977 is amended by—

(1) striking out in clause (1) of the first sentence "or else pays compensation to the others for such meals,";

(2) striking out 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".

ADJUSTMENT OF THE THRIFTY FOOD PLAN

SEC. 103. Section 3(o) of the Food Stamp Act of 1977 is amended by striking out "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

7 USC 2014.

SEC. 104. (a) Section 5 of the Food Stamp Act of 1977 is amended by—

(1) striking out everything before "adjusted annually" in the first sentence of subsection (c) and inserting the following: "(c) The income standards of eligibility shall be—

"(1) for households containing a member who is sixty years of age or over or a member who receives supplemental security income benefits under title XVI of the Social Security Act or

42 USC 1381.

disability and blindness payments under titles I, II, X, XIV, and XVI of the Social Security Act, 100 per centum, and

42 USC 301, 401, 1201, 1351, 1381.

"(2) for all other households, 130 per centum,

of the nonfarm income poverty guidelines prescribed by the Office of Management and Budget"; and

(2) inserting "for purposes of determining eligibility and benefit levels for households described in subsection (c)(1) and determining benefit levels only for all other households" after "household income" in the first sentence of subsection (e).

(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.

7 USC 2017.

ADJUSTMENTS OF DEDUCTIONS

SEC. 105. Section 5(e) of the Food Stamp Act of 1977 is amended by—

7 USC 2014.

(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 (i) 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 Bureau of Labor Statistics after consultation with the Secretary, for the fifteen months ending the preceding March 31, (ii) on October 1, 1984, to the nearest $5 increment to reflect such changes for the fifteen months ending the preceding June 30, and (iii) 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,".

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EARNED INCOME DEDUCTION

7 USC 2014.

SEC. 106. Section 5(e) of the Food Stamp Act of 1977 is amended by striking out "20 per centum" in the third sentence and inserting in lieu thereof "18 per centum".

RETROSPECTIVE ACCOUNTING

SEC. 107. (a) Section 5(f) of the Food Stamp Act of 1977 is amended to read as follows:

"(f)(1)(A) Household income for those households that, by contract for other than an hourly or piecework basis or by self-employment, derive their annual income in a period of time shorter than one year shall be calculated by averaging such income over a twelve-month period.

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

"(2)(A) Household income for migrant farmworker households shall be calculated on a propsective basis, as provided in paragraph (3)(A).

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

"(3)(A) Calculation of household income on a prospective basis is the calculation of income on the basis of the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined. Such calculation shall be made in accordance with regulations prescribed by the Secretary which shall provide for taking into account both the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined and the income received by the household during the preceding thirty days.

"(B) Calculation of household income on a retrospective basis is the calculation of income for the period for which eligibility or benefits are being determined on the basis of income received in a previous period. Such calculation shall be made in accordance with regulations prescribed by the Secretary which may provide for the determination of eligibility on a prospective basis in some or all cases in which benefits are calculated under this paragraph. Such regulations shall provide for supplementing the initial allotments of newly applying households in those cases in which the determination of income under this paragraph causes serious hardship.

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

42 USC 1305.

42 USC 601.

(b) Effective October 1, 1983, paragraph (2)(B) of section 5(f) of the Food Stamp Act of 1977, as amended by subsection (a), is amended to read as follows: 7 USC 2014.

"(B) Household income for all other households shall be calculated on a retrospective basis as provided in paragraph (3)(B).".

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

PERIODIC REPORTING

SEC. 108. (a) Section 3(c) of the Food Stamp Act of 1977 is amended by inserting before the period at the end of the second sentence "except that the limit of twelve months may be waived by the Secretary to improve the administration of the program". 7 USC 2012.

(b) Section 6(c) of the Food Stamp Act of 1977 is amended by— 7 USC 2015.

(1) inserting after "households" in the first sentence of paragraph (1) ", including all households with earned income, except migrant farmworker households, all households with potential earners, including individuals receiving unemployment compensation benefits and individuals required by section 6(d) of this Act to register for work, and all households required to file a similar report under title IV-A of the Social Security Act, but not including households that have no earned income and in which all members are sixty years of age or over or receive supplemental security income benefits under title XVI of the Social Security Act or disability and blindness payments under titles I, II, X, XIV, and XVI of the Social Security Act,"; 42 USC 601. 42 USC 1381. 42 USC 301, 401, 1201, 1351, 1381.

(2) striking out "5(f)(2)" in paragraph (1) and inserting "5(f)" in lieu thereof; and

(3) inserting after paragraph (3) the following new paragraph: "(4) Any household that fails to submit periodic reports required by paragraph (1) shall not receive an allotment for the payment period to which the unsubmitted report applies until such report is submitted.".

(c) Effective October 1, 1983, section 6(c)(1) of the Food Stamp Act of 1977 is further amended by— 7 USC 2015.

(1) striking out in the first sentence "that elect to use a system of retrospective accounting in accordance with section 5(f) of this Act"; and

(2) striking out the second sentence.

ELIGIBILITY OF STRIKERS

SEC. 109. (a) Section 6(d)(4) of the Food Stamp Act of 1977 is amended by—

(1) inserting before the colon at the end of the first proviso the following: ", however, such household shall not receive an increased allotment as the result of a decrease in the income of the striking member or members of the household";

(2) inserting a period in lieu of the colon at the end of the second proviso; and

(3) striking out the third proviso.

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

PRORATING FIRST MONTH BENEFITS

SEC. 110. Section 8 of the Food Stamp Act of 1977 is amended by adding at the end thereof the following new subsection: 7 USC 2017.

"(c) The value of the allotment issued to any eligible household for the initial month or other initial period for which an allotment is issued shall have a value which bears the same ratio to the value of the allotment for a full month or other initial period for which the allotment is issued as the number of days (from the date of application) remaining in the month or other initial period for which the allotment is issued bears to the total number of days in the month or other initial period for which the allotment is issued. As used in this subsection, the term 'initial month' means (1) the first month for which an allotment is issued to a household, and (2) the first month for which an allotment is issued to a household following any period of more than thirty days which such household was not participating in the food stamp program under this Act after previous participation in such program.".

"Initial month."

OUTREACH

7 USC 2020.

SEC. 111. (a) Section 11(e)(1) of the Food Stamp Act of 1977 is amended by striking out clauses (A) and (B) and redesignating existing clause (C) as (B) and inserting the following new clause (A):

"(A) not conduct food stamp outreach activities with funds provided under this Act;".

7 USC 2025.

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

(1) striking out clause (1); and

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

DISQUALIFICATION PENALTIES FOR FRAUD AND MISREPRESENTATION

7 USC 2015.

SEC. 112. Section 6(b) of the Food Stamp Act of 1977 is amended to read as follows:

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

"(i) for a period of six months upon the first occasion of any such determination;

"(ii) for a period of one year upon the second occasion of any such determination; and

"(iii) permanently upon the third occasion of any such determination.

During the period of such ineligibility, no household shall receive increased benefits under this Act as the result of a member of such household having been disqualified under this subsection.

"(2) Each State agency shall proceed against an individual alleged to have engaged in such activity either by way of administrative hearings, after notice and an opportunity for a hearing at the State level, or by referring such matters to appropriate authorities for civil or criminal action in a court of law.

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

ate jurisdiction, but in no event shall the period of ineligibility be subject to review.

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

WAIVING AND OFFSETTING CLAIMS; IMPROVED RECOVERY OF OVERPAYMENTS

SEC. 113. (a) Section 13 of the Food Stamp Act of 1977 is amended by— 7 USC 2022.

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

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

(3) adding the following new sentence at the end thereof: "The Secretary shall have the power to reduce amounts otherwise due to a State agency under section 16 of this Act to collect unpaid claims assessed against the State agency if the State agency has declined or exhausted its appeal rights under section 14 of this Act."; and 7 USC 2025. 7 USC 2023.

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

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

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

(b) The heading of section 13 of the Food Stamp Act of 1977 is amended to read "COLLECTION AND DISPOSITION OF CLAIMS". 7 USC 2022.

STATES' SHARE OF COLLECTED CLAIMS

SEC. 114. Section 16(a) of the Food Stamp Act of 1977 is amended by— 7 USC 2025.

(1) striking out in the first sentence "through prosecutions" and all that follows down through the end of the sentence and inserting in lieu thereof "pursuant to section 13(b)(1) of this Act and 25 per centum of the value of all funds or allotments recovered or collected pursuant to section 13(b)(2) of this Act."; and *Supra.* *Supra.*

(2) striking out in the second sentence "fraud" and inserting in lieu thereof "ineligibility".

REPEAL OF INCREASES IN DEPENDENT CARE DEDUCTIONS FOR WORKING ADULTS AND MEDICAL DEDUCTIONS FOR THE ELDERLY AND DISABLED

Repeals. 94 Stat. 358. 7 USC 2014 and note.

SEC. 115. Sections 104 and 105 of the Food Stamp Act Amendments of 1980 (Public Law 96-249) are repealed.

PUERTO RICO BLOCK GRANT

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

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

7 USC 2012, 2014. *Ante*, p. 359.

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

"BLOCK GRANT

7 USC 2028.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Violation; penalty.

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

7 USC 2028 note.

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

(1) the amount payable to the Commonwealth of Puerto Rico under section 19 for fiscal year 1982 shall be $206,500,000, and the Secretary of Agriculture is authorized to grant such waivers of the requirements imposed by that section with respect to that fiscal year as the Secretary determines appropriate to carry out the purposes of that section; and

Plan, submittal to Secretary.

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

EFFECTIVE DATES

7 USC 2012 note.

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

PART 2—OTHER REDUCTIONS IN AUTHORIZATIONS FOR APPROPRIATIONS

AGRICULTURAL AND RELATED PROGRAMS

SEC. 120. Notwithstanding any other provision of law, there are hereby authorized to be appropriated for the programs designated below not to exceed the sums shown for each of the fiscal years 1982, 1983, and 1984.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

DAIRY AND BEEKEEPER INDEMNITY PROGRAMS

7 USC 450j note.

For necessary expenses involved in making indemnity payments to dairy farmers under the Act of August 13, 1968 (7 U.S.C. 450j): $200,000 for fiscal year 1982, $200,000 for fiscal year 1983, and $200,000 for fiscal year 1984.

AGRICULTURAL MARKETING SERVICE

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)): $1,571,000 for fiscal year 1982, $1,651,000 for fiscal year 1983, and $1,723,000 for fiscal year 1984. 7 USC 1623 note.

FARMERS HOME ADMINISTRATION

RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 7 of the Cooperative Forestry Assistance Act of 1978 (Public Law 95-313): $3,565,000 for fiscal year 1982, $3,821,000 for fiscal year 1983, and $4,038,000 for fiscal year 1984. 16 USC 2106 note. 16 USC 2106.

RURAL DEVELOPMENT PLANNING GRANTS

For rural development planning grants pursuant to section 306(a)(11) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)): $4,767,000 for fiscal year 1982, $4,959,000 for fiscal year 1983, and $5,155,000 for fiscal year 1984. 7 USC 1926 note. 94 Stat. 1174.

RURAL DEVELOPMENT GRANTS

For grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932): $5,007,000 for fiscal year 1982, $5,280,000 for fiscal year 1983, and $5,553,000 for fiscal year 1984. 7 USC 1932 note.

SOIL CONSERVATION SERVICE

For necessary expenses for carrying out the programs administered by the Soil Conservation Service: $588,875,000 for fiscal year 1982, $596,767,000 for fiscal year 1983, and $602,865,000 for fiscal year 1984. 16 USC 590f note.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g-590o, 590p(a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510): $201,325,000 for fiscal year 1982, $209,647,000 for fiscal year 1983, and $218,216,000 for fiscal year 1984. 16 USC 1510 note.

FORESTRY INCENTIVES PROGRAM

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101): $15,090,000 for fiscal year 1982, $16,913,000 for fiscal year 1983, and $18,314,000 for fiscal year 1984. 16 USC 2103 note.

WATER BANK PROGRAM

16 USC 1310 note.

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311): $10,876,000 for fiscal year 1982, $10,854,000 for fiscal year 1983, and $10,813,000 for fiscal year 1984.

EMERGENCY CONSERVATION PROGRAM

16 USC 2204 note.

For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201-2205): $10,069,000 for fiscal year 1982, $10,507,000 for fiscal year 1983, and $10,958,000 for fiscal year 1984.

WATER AND WASTE GRANTS

SEC. 121. Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926 (a)(2)) is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "*Provided*, That for fiscal years commencing after September 30, 1981, such grants may not exceed $154,900,000 in any fiscal year.".

FOREST SERVICE

16 USC 580*o*.

SEC. 122. Notwithstanding any other provision of law, there are hereby authorized to be appropriated for the necessary expenses of the Forest Service for carrying out the programs for Forest Research, State and Private Forestry, and National Forest System under the appropriations account for Forest Management, Protection, and Utilization, and the programs under the appropriations account for Construction and Land Acquisition: $1,575,552,000 for fiscal year 1981; $1,498,000,000 for fiscal year 1982; $1,560,000,000 for fiscal year 1983; and $1,620,000,000 for fiscal year 1984: *Provided*, That none of the funds authorized to be appropriated hereby may be used for carrying out the Bald Mountain road in the Siskiyou National Forest.

ASSISTANCE TO LAND-GRANT COLLEGES

7 USC 322 note.

SEC. 123. There are authorized to be appropriated for the purpose of providing assistance to land-grant colleges under the Act of August 30, 1890 (commonly referred to as the "Second Morrill Act") and the Act of March 4, 1907 (7 U.S.C. 322), not to exceed $2,800,000 for the fiscal year 1981; not to exceed $2,800,000 for the fiscal year 1982; not to exceed $2,800,000 for the fiscal year 1983; and not to exceed $2,800,000 for the fiscal year 1984.

PUBLIC LAW 480 APPROPRIATION LIMITS

7 USC 1733 note.

7 USC 1701, 1721, 1427.

SEC. 124. Notwithstanding any other provision of law, programs shall not be undertaken under title I (including title III) and title II of the Agricultural Trade Development and Assistance Act of 1954 during any calendar year which call for an appropriation of more than $1,304,836,000 for the fiscal year 1982; $1,320,292,000 for the fiscal year 1983; and $1,402,278,000 for the fiscal year 1984.

PART 3—DEPARTMENT OF AGRICULTURE PERSONNEL

ESTABLISHMENT OF PERSONNEL CEILING

SEC. 125. Notwithstanding any other provision of law, the total full-time equivalent staff year personnel ceiling for the United States Department of Agriculture shall not exceed one hundred and seventeen thousand staff years (including overtime) for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984. 7 USC 2201 note.

Subtitle B—Reduction in Direct Spending

PART 1—COMMODITY CREDIT CORPORATION PROGRAMS

MILK PRICE SUPPORT

SEC. 150. Effective October 1, 1981, section 201 of the Agricultural Act of 1949 is amended by— 7 USC 1446.

(1) striking out the second sentence of subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, effective for the period beginning October 1, 1981, and ending September 30, 1985, the price of milk for the marketing year beginning on October 1 of each year shall be supported at a level determined according to the following procedure: The Secretary shall estimate Government price support purchases net of sales for unrestricted use for the marketing year using the amount of such purchases made during the most recent six-month period adjusted to an annual level on the basis of the most recent ten year experience. The Secretary shall adjust this estimate of net Government purchases to reflect the effect of current and expected availability of feed, feed prices, milk-feed price ratio, utility cow prices, dairy cow numbers and dairy heifer replacement stocks on milk production during the marketing year. After making this final estimate, the Secretary shall support the price of milk at not less than the level indicated by the following schedule, nor more than 90 per centum of the parity price therefor:

Net Government purchases, estimate.

Adjustment.

"Price as percent of parity	The higher of anticipated annual rate of net Government purchases	
	Nonfat dry milk (million pounds)	Milk equivalent (butterfat basis) of butter and cheese (billion pounds)
75	more than 500	5.5 or more.
76	450-499.9	5.0-5.499.
77	400-449.9	4.5-4.999.
78	350-399.9	4.0-4.499.
79	300-349.9	3.5-3.999.
80	250-299.9	3.0-3.499.
81	200-249.9	2.5-2.999.
82	150-199.9	2.0-2.499.
83	100-149.9	1.5-1.999.
84	50-99.9	1.0-1.499.
85	less than 50	less than 1.0.

In no event shall the support price be less than the dollar amount of the support price then currently in effect for milk: *Provided,* That if the Secretary determines that the inventory of dairy products, at the end of the marketing year, exceeds five hundred million pounds of nonfat dry milk or five and one-half billion pounds milk equivalent of butter and cheese, the support price for the next marketing year shall be established at the minimum level indicated by this schedule based upon estimated Government price support purchases net of sales for unrestricted use for such year. The Secretary shall notify, in writing, the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry and the chairman of the House Committee on Agriculture of the Secretary's decision and reasons therefor thirty days prior to the effective date of the new support level. Notwithstanding the foregoing, if during any marketing year dairy product imports into the United States are incrased as the result of an expansion of imports or termination of import restraints established pursuant to section 22 of the Agricultural Adjustment Act, the support price shall be redetermined by reducing the final estimate of net Government purchases by the milk equivalent (butterfat basis) of dairy products or nonfat dry milk or its equivalent of other products derived from such increased imports. The increased support price so determined shall become effective simultaneously with the announcement of the expansion of dairy product imports. A similar reduction in the net Government purchases for the marketing year in which the imports are entered into the United States shall be made when determining the support price level for subsequent years."; and

Notification to congressional committees.

7 USC 624.

(2) inserting a new subsection (d) as follows:

"(d) Effective for the period beginning October 1, 1982, and ending on September 30, 1985, the support price of milk shall be adjusted by the Secretary at the beginning of each semiannual period to reflect any estimated change in the parity index during said semiannual period. If a review of net Government purchases as provided for in subsection (c) indicates that purchases during the most recent six-month period are being made at an annual rate exceeding five and one-half billion pounds milk equivalent (butterfat basis), or five hundred million pounds of nonfat dry milk, the support price of milk need not be adjusted unless such adjustment is necessary to prevent a support price at less than 75 per centum of parity as determined at the beginning of the semiannual period. The Secretary shall notify, in writing, the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry and the chairman of the House Committee on Agriculture of the Secretary's decision and the reasons therefor thirty days prior to the effective date of such semiannual adjustment.".

Effective date.

Notification to congressional committees.

FARM STORAGE FACILITY LOANS

SEC. 151. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by striking out from the fourth proviso of the second sentence "shall make loans" and inserting in lieu thereof "may make loans".

REDUCTION IN CCC ADMINISTRATIVE EXPENSE LIMITATION

15 USC 713a-10.

SEC. 152. Not to exceed $52,000,000 shall be available for the fiscal year ending September 30, 1982, for administrative expenses of the Commodity Credit Corporation, within the limits of funds and bor-

rowing authority available to the Corporation as may be necessary in carrying out the programs set forth in the budget for the Corporation.

PART 2—COMMODITY INSPECTION FEES

GRAIN INSPECTION AND WEIGHING

SEC. 155. Effective for the period October 1, 1981, through September 30, 1984, inclusive, the United States Grain Standards Act is amended by— 7 USC 79 note. 7 USC 71.

(1) amending section 7(j) (7 U.S.C. 79(j)) to read as follows:

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

"(2) Each designated official agency and each State agency to which authority has been delegated under subsection (e) of this section shall pay to the Administrator fees in such amount as the Administrator determines fair and reasonable and as will cover the estimated costs incurred by the Service relating to supervision of official agency personnel and supervision by Service personnel of its field office personnel, except costs incurred under paragraph (3) of subsection (g) of this section and sections 9, 10, and 14 of this Act. The fees shall be payable after the services are performed at such times as specified by the Administrator and shall be deposited in the fund created in paragraph (1) of this subsection. Failure to pay the fee within thirty days after it is due shall result in automatic termination of the delegation or designation, which shall be reinstated upon payment, within such period as specified by the Administrator, of the fee currently due plus interest and any further expenses incurred by the Service because of such termination. The interest rate on overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1 per centum per annum as determined by the Secretary and adjusted to the nearest one-eighth of 1 per centum.";

7 USC 85, 86, 87c.

Overdue fee.

Interest rate.

(2) amending section 7A(l) (7 U.S.C. 79a(l)) to read as follows:

"(l)(1) The Administrator shall, under such regulations as the Administrator may prescribe, charge and collect reasonable fees to cover the estimated costs to the Service incident to the performance of the functions provided for under this section except as otherwise provided in paragraph (2) of this subsection. The fees authorized by this paragraph shall, as nearly as practicable, cover the costs of the service incident to performance of its functions related to weighing, including administrative and supervisory costs directly related

thereto. Such fees shall be deposited into the fund created in section 7(j) of this Act.

"(2) Each agency to which authority has been delegated under this section and each agency or other person which has been designated to perform functions related to weighing under this section shall pay to the Administrator fees in such amount as the Administrator determines fair and reasonable and as will cover the costs incurred by the Service relating to supervision of the agency personnel and supervision by Service personnel of its field office personnel incurred as a result of the functions performed by such agencies, except costs incurred under sections 7(g)(3), 9, 10, and 14 of this Act. The fees shall be payable after the services are performed at such times as specified by the Administrator and shall be deposited in the fund created in section 7(j) of this Act. Failure to pay the fee within thirty days after it is due shall result in automatic termination of the delegation or designation, which shall be reinstated upon payment, within such period as specified by the Administrator, of the fee currently due plus interest and any further expenses incurred by the Service because of such termination. The interest rate on overdue fees shall be as prescribed by the Secretary, but not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturity, plus an additional charge of not to exceed 1 per centum per annum as determined by the Secretary, and adjusted to the nearest one-eighth of 1 per centum.";

7 USC 79, 85, 86 87c.

Overdue fees.

Interest rate.

(3) adding a new section 7C as follows:

"LIMITATION ON ADMINISTRATIVE AND SURPERVISORY COSTS

"SEC. 7C. The total administrative and supervisory costs which may be incurred under this Act for inspection and weighing (excluding standardization, compliance, and foreign monitoring activities) for each of the fiscal years 1982 through 1984 shall not exceed 35 per centum of the total costs for such activities carried out by the Service for such year.";

7 USC 79c.

(4) amending section 19 (7 U.S.C. 87h) to read as follows:

"APPROPRIATIONS

"SEC. 19. There are hereby authorized to be appropriated such sums as are necessary for standardization and compliance activities, monitoring in foreign ports grain officially inspected and weighed under this Act, and any other expenses necessary to carry out the provisions of this Act for each of the fiscal years during the period beginning October 1, 1981, and ending September 30, 1984, to the extent that financing is not obtained from fees and sales of samples as provided for in sections 7, 7A, and 17A of this Act."; and

7 USC 79, 79a, 87f-1.

(5) adding a new section 20 as follows:

"ADVISORY COMMITTEE

"SEC. 20. (a) In order to assure the normal movement of grain in an orderly and timely manner, the Secretary shall establish an advisory committee to provide advice to the Administrator with respect to the efficient and economical implementation of the United States Grain Standards Act of 1976. The advisory committee shall consist of not more than twelve members, appointed by the Secretary, representing the interests of all segments of the grain industry, including grain inspection and weighing agencies. Members of the advisory commit-

Establishment. 7 USC 87i.

7 USC 71 note.

tee shall be appointed not later than thirty days after the date of enactment of this section.

"(b) The advisory committee shall be governed by the provisions of the Federal Advisory Committee Act. 5 USC app.

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

"(d) Members of the advisory committee shall serve without compensation, if not otherwise officers or employees of the United States, except that members shall, while away from their homes or regular places of business in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

COTTON CLASSING AND RELATED SERVICES

SEC. 156. (a) Section 5 of the United States Cotton Standards Act (7 U.S.C. 55) is amended to read as follows:

"SEC. 5. (a) The Secretary of Agriculture shall cause to be collected such fees and charges for licenses issued to classifiers of cotton under section 3 of this Act, for determinations made under section 4 of this Act, and for the establishment of standards and sale of copies of standards under section 6 of this Act, as will cover, as nearly as practicable, and after taking into consideration net proceeds from any sale of samples, the costs incident to providing services and standards under such sections, including administrative and supervisory costs. Such fees and charges shall be credited to the current appropriation account that incurs the cost and shall remain available until expended to pay the expenses of the Secretary incident to providing services and standards under this Act and the United States Cotton Futures Act (7 U.S.C. 15b). The Secretary may provide by regulation conditions under which cotton samples submitted or used in the performance of services authorized by this Act shall become the property of the United States and may be sold with the proceeds credited to the foregoing account: *Provided,* That such cotton samples shall not be subject to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.). Fees and charges. 7 USC 53, 54. 7 USC 56, 57, 57a.

"(b) The price established by the Secretary of Agriculture under the foregoing provisions of this section for practical forms representing the official cotton standards of the United States shall cover, as nearly as practicable, the estimated actual cost to the Department of Agriculture for developing and preparing such practical forms.".

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

"SEC. 3a. Effective for the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, the Secretary of Agriculture shall make cotton classification services available to producers of cotton. The Secretary shall further provide for appropriate agencies of the Department of Agriculture to collect directly from participating producers reasonable fees which, together with the proceeds of sales of samples submitted under this section, shall cover as nearly as practicable the cost of the services provided under this section, including administrative and supervisory costs: *Provided,* That the Secretary's net cost estimate (after taking into account the proceeds from the sale of samples) used to calculate the uniform per-bale fee to be collected from producers for such classification services shall not

exceed $12,000,000 in the fiscal year ending September 30, 1982, $12,400,000 in the fiscal year ending September 30, 1983, and $13,000,000 in the fiscal year ending September 30, 1984. All samples of cotton submitted for classification under this section shall become the property of the United States, and shall be sold: *Provided,* That such cotton samples shall not be subject to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.). Fees collected under this section and under section 3d of this Act and proceeds from sales of samples shall be credited to the current appropriation account that incurs the cost and shall remain available without fiscal year limitation to pay the expenses of the Secretary incident to providing classification services under this section. The Secretary may deposit such funds in an interest bearing account with a financial institution. If any interest is earned on this account, such interest so earned shall be credited to the account for use by the Secretary in providing such services. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section to the extent that financing is not available from fees and the proceeds from the sale of samples.".

Appropriation authorization.

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

Ante, p. 373.

Meetings.
7 USC 61a.
7 USC 51, 471 note.
7 USC 241.

(d) The Secretary of Agriculture shall hold annual meetings with representatives of the cotton industry to review (1) activities and operations under the Cotton Standards Act, and the Cotton Statistics and Estimates Act, (2) activities and operations relating to cotton under the United States Warehouse Act, and (3) the effect of such activities and operations on prices received by producers and sales to domestic and foreign users, for the purpose of improving procedures for financing and administering such activities and operations for the benefit of the industry and the Government. Notwithstanding any other provision of law, the Secretary shall take such action as may be necessary to insure that the universal cotton standards system and the licensing and inspection procedures for cotton warehouses are preserved and that the Government cotton classification system continues to operate so that the United States cotton crop is provided an official quality description.

Effective date.
7 USC 61a note.

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

TOBACCO INSPECTION AND RELATED SERVICES

Fees and charges.

SEC. 157. (a) The Tobacco Inspection Act is amended by—

(1) in section 5 (7 U.S.C. 511d), striking out the last two sentences and inserting in lieu thereof the following: "The Secretary shall by regulation fix and collect fees and charges for inspection and certification, the establishment of standards, and other services under this section at designated auction markets. The fees and charges authorized by this section shall, as nearly as practicable, cover the costs of the services, including the administrative and supervisory costs customarily included by the

Secretary in user fee calculations. The fees and charges, when collected, shall be credited to the current appropriation account that incurs the cost and shall be available without fiscal year limitation to pay the expenses of the Secretary incident to providing services under this Act. Such fees and charges shall be assessed against the warehouse operator, irrespective of ownership or interest in the tobacco, and shall be collected by the warehouse operator from the sellers of the tobacco. The inspection and related services under this section shall be suspended or denied if the warehouse operator fails to collect or otherwise pay the fees and charges imposed under this section. Tobacco inspection or certification services provided to designated auction markets shall take precedence over such services, other than reinspection, requested under the authority contained in section 6 of this Act or any other provision of law. In accordance with the Federal Advisory Committee Act, the Secretary shall establish a national advisory committee of tobacco producers, and advisory subcommittees for each major kind of tobacco, to advise the Secretary with regard to the level of inspection and related services and the fees and charges therefor. The advisory committee and subcommittees established under this section shall be of permanent duration. The committees shall meet at the call of the Secretary."; and

5 USC app.

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

5 USC 511d.

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

Effective date.
7 USC 511d note.

WAREHOUSE EXAMINATION, INSPECTION, AND LICENSING

SEC. 158. (a) The United States Warehouse Act is amended by—

(1) amending section 10 (7 U.S.C. 251) to read as follows:

Fees, collection.

"SEC. 10. The Secretary of Agriculture, or the Secretary's designated representative, shall charge, assess, and cause to be collected a reasonable fee for (1) each examination or inspection of a warehouse (including the physical facilities and records thereof and the agricultural products therein) under this Act; (2) each license issued to any person to classify, inspect, grade, sample, or weigh agricultural products stored or to be stored under provisions of this Act; (3) each annual warehouse license issued to a warehouseman to conduct a warehouse under this Act; and (4) each warehouse license amended, modified, extended, or reinstated under this Act. Such fees shall cover, as nearly as practicable, the costs of providing such services and licenses, including administrative and supervisory costs: *Provided,* That the amount of such fees collected for cotton warehouse inspections shall not exceed $400,000 in the fiscal year ending September 30, 1982, $415,000 in the fiscal year ending September 30, 1983, and $430,000 in the fiscal year ending September 30, 1984. All fees collected shall be credited to the current appropriation account that incurs the costs and shall be available without fiscal year limitation to pay the expenses of the Secretary incident to providing services under this Act. The Secretary may deposit such funds in an interest bearing account with a financial institution. If any interest is

earned on this account such interest shall be credited to the account for use by the Secretary in providing such services."; and

(2) amending section 31 (7 U.S.C. 271) to read as follows:

Appropriation authorization.

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

Effective date. 7 USC 251 note.

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

NAVAL STORES INSPECTION AND RELATED SERVICES

SEC. 159. (a) The Naval Stores Act is amended by—

(1) in the second sentence of section 4 (7 U.S.C. 94) striking out "on tender of the cost thereof as required by him,"; and

(2) amending section 8 (7 U.S.C. 98) to read as follows:

Fees and charges. 7 USC 93.

"SEC. 8. (a) The Secretary of Agriculture shall fix and cause to be collected fees and charges for the establishment of standards under section 3 of this Act and for examinations, analyses, classifications, and other services under section 4 of this Act which shall cover, as nearly as practicable, the costs of providing such services and standards as the Secretary shall deem necessary, including administrative and supervisory costs. Such fees and charges, when collected, shall be credited to the current appropriation account that incurs such costs and shall be available without fiscal year limitation to pay the expenses of the Secretary incident to providing such services and standards under this Act. Fees and charges shall be assessed and collected from processors and warehousers of naval stores, and inspection and related services shall be suspended or denied to any such processor or warehouser upon failure to timely pay the fees and charges assessed.

Appropriation authorization.

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

Effective date. 7 USC 94 note.

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

PART 3—FARMERS HOME ADMINISTRATION PROGRAMS

INTEREST RATES ON FARMERS HOME ADMINISTRATION WATER AND WASTE DISPOSAL AND COMMUNITY FACILITY LOANS, LOANS TO LOW-INCOME LIMITED RESOURCE BORROWERS, AND LOANS FOR NONFARM FACILITIES ON PRIME FARMLANDS

SEC. 160. (a) Section 307(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)) is amended by—

(1) in paragraph (2), striking out "and (5)" and inserting in lieu thereof "(5), and (6)";

(2) in paragraph (4), striking out "The" and inserting in lieu thereof "Except as provided in paragraph (6), the";

(3) amending paragraph (3) to read as follows:

"(3)(A) Except as provided in paragraph (6), the interest rates on loans (other than guranteed loans), to public bodies or nonprofit associations (including Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups) for water and waste disposal facilities and essential community facilities shall be set by the Secretary at rates not to exceed the current market yield

for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for such loans, and adjusted to the nearest one-eighth of 1 per centum; and not in excess of 5 per centum per annum for any such loans which are for the upgrading of existing facilities or construction of new facilities as required to meet applicable health or sanitary standards in areas where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C 2971d) and in other areas as the Secretary may designate where a significant percentage of the persons to be served by such facilities are of low income, as determined by the Secretary.

"(B) Except as provided in paragraph (6), the interest rates on loans (other than guaranteed loans) under section 310D of this title shall be as determined by the Secretary, but not in excess of one-half of 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, nor less than 5 per centum per annum."; and 7 USC 1934.

(4) adding at the end thereof a new paragraph (6) as follows:

"(6)(A) Notwithstanding any other provision of this section, in the case of loans (other than guaranteed loans) made or insured under the authorities of this Act specified in subparagraph (B) for activities that involve the use of prime farmland as defined in subparagraph (C), the interest rates shall be the interest rates otherwise applicable under this section increased by 2 per centum per annum. Wherever practicable, construction by a State, municipality, or other political subdivision of local government that is supported by loans described in the preceding sentence shall be placed on land that is not prime farmland, in order to preserve the maximum practicable amount of prime farmlands for production of food and fiber. Where other options exist for the siting of such construction and where the governmental authority still desires to carry out such construction on prime farmland, the 2 per centum interest rate increase provided by this clause shall apply, but such increased interest rate shall not apply where such other options do not exist.

"(B) The authorities referred to in subparagraph (A) are—

"(i) clauses (2) and (3) of section 303(a), 7 USC 1923.

"(ii) the provisions of section 304(a) relating to the financing of outdoor recreational enterprises or the conversion of farming or ranching operations to recreational uses, 7 USC 1924.

"(iii) section 304(b),

"(iv) the provisions of section 306(a)(1) relating to loans for recreational developments and essential community facilities, 7 USC 1926.

"(v) section 306(a)(15),

"(vi) clause (1) of section 310B(a), 7 USC 1932.

"(vii) subsections (d) and (e) of section 310B, and

"(viii) section 310D(a) as it relates to the making or insuring of loans under clauses (2) and (3) of section 303(a). 7 USC 1934.

"(C) For purposes of this paragraph, the term 'prime farmland' means prime farmlands and unique farmland as those terms are defined in sections 657.5 (a) and (b) of title 7, Code of Federal Regulations (1980)." "Prime farmland."

(b) Section 316(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946(a)) is amended by—

(1) inserting "(1)" after "(a)";

(2) inserting in the second sentence "and loans as provided in paragraphs (2) and (3)" after "except for guaranteed loans"; and

(3) adding at the end thereof new paragraphs (2) and (3) as follows:

"(2) The interest rate on any loan (other than a guaranteed loan) to a low-income, limited resource borrower under this subtitle shall be the interest rate otherwise applicable under this section reduced by 3 per centum per annum.

"(3) The interest rate on any loan (other than a guaranteed loan) made or insured under clause (5) of section 312(a) for activities that involve the use of prime farmland as defined in section 307(a)(6)(C) shall be the interest rate otherwise applicable under this section increased by 2 per centum per annum.".

7 USC 1942.
Ante, p. 376.

(c) The amendments made by this section shall apply to loans approved after September 30, 1981.

Effective date.
7USC 1927 note.

EMERGENCY LOAN AMOUNTS

SEC. 161. Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by inserting "only to the extent and in such amounts as provided in advance in appropriation Acts" after "The Secretary shall make and insure loans under this subtitle".

INTEREST RATES ON EMERGENCY LOANS FOR ACTUAL LOSS

SEC. 162. (a) Section 324(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964(b)(1)) is amended to read as follows:

"(1) For loans or portions of loans up to the amount of the applicant's actual loss caused by the disaster, as limited under subsection (a)(1) of this section, the interest shall be at rates prescribed by the Secretary, but (A) if the applicant is not able to obtain sufficient credit elsewhere, not in excess of 8 per centum per annum, and (B) if the applicant is able to obtain sufficient credit elsewhere, not in excess of the rate prevailing in the private market for similar loans, as determined by the Secretary; and".

(b) The amendments made by this section shall apply to loans made with respect to disasters occurring after September 30, 1981.

Effective date.
7 USC 1964 note.

ELIGIBILITY FOR ASSISTANCE BASED ON PRODUCTION LOSS

SEC. 163. Section 329 of the Consolidated Farm and Rural Development Act is amended to read as follows:

7 USC 1970.

"SEC. 329. The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on production losses if the applicant shows that a single enterprise which constitutes a basic part of the applicant's farming, ranching, or aquaculture operation has sustained at least a 30 per centum loss of normal per acre or per animal production, or such lesser per centum of loss as the Secretary may determine, as a result of the disaster based upon the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle. Such loans shall be made available based upon 80 per centum, or such greater per centum as the Secretary may determine, of the total calculated actual production loss sustained by the applicant.".

INSURED LOAN LIMITS

SEC. 164. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof a new subsection (d) as follows:

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

"(1) From the Agricultural Credit Insurance Fund—

"(A) insured real estate loans for farm ownership purposes, $700,000,000, and

"(B) insured operating loans, $1,325,000,000.

Not less than 20 per centum of the insured loans authorized for farm ownership purposes and not less that 20 per centum of the insured loans authorized for farm operating purposes shall be for low-income, limited-resource applicants.

"(2) From the Rural Development Insurance Fund—

"(A) insured water and waste disposal loans, $300,000,000, and

"(B) insured community facility loans, $130,000,000.".

PART 4—RURAL ELECTRIFICATION ADMINISTRATION PROGRAMS

RURAL ELECTRIFICATION ACT AMENDMENTS

SEC. 165. (a) Section 305(b) of the Rural Electrification Act of 1936 (7 U.S.C. 935(b)) is amended to read as follows:

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

"(1) has experienced extreme financial hardship; or

"(2) cannot, in accordance with generally accepted management and accounting principles and without charging rates to its customers or subscribers so high as to create a substantial disparity between such rates and the rates charged for similar service in the same or nearby areas by other suppliers, provide service consistent with the objectives of this Act.".

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

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

(2) striking our "a loan insured at the standard rate" in the fourth sentence and inserting in lieu thereof "an insured loan".

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

(d) The amendments made by subsection (a) of this section shall apply to loans the applications for which are received by the Rural Electrification Administration after July 24, 1981. 7 USC 935 note

TITLE II—ARMED SERVICES AND DEFENSE-RELATED PROGRAMS

Subtitle A—Strategic and Critical Materials

AUTHORIZATION OF DISPOSALS

Effective date.
7 USC 98d note.

SEC. 201. (a) Effective on October 1, 1981, the President is authorized to dispose of the following quantities of materials currently held in the National Defense Stockpile established by section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b), such quantities having been determined to be excess to the current requirements of the stockpile:

(1) 1,000,000 pounds of iodine.
(2) 1,500,000 carats of diamonds, industrial crushing bort.
(3) 710,253 pounds of mercuric oxide.
(4) 50,000 flasks of mercury.
(5) 6,000,000 pounds of mica, muscovite splittings.
(6) 25,000 pounds of mica, phlogopite splittings.
(7) 46,537,000 troy ounces of silver.
(8) 1,000 short tons of antimony.
(9) 2,000 short tons of asbestos chrysotile.
(10) 50,000 pounds of mica muscovite film, first and second qualities.
(11) 50,000 pounds of mica muscovite block, stained and lower.
(12) 700 long tons of vegetable tannin extract, wattle.

Effective date.

(b) Effective on October 1, 1982, the President is authorized to dispose of the following quantities of materials currently held in the National Defense Stockpile, such quantities having been determined to be excess to the current requirements of the stockpile:

(1) 44,682,000 troy ounces of silver.
(2) 1,000 short tons of antimony.
(3) 2,000 short tons of asbestos chrysotile.
(4) 1,500,000 carats of diamond stones.
(5) 1,000,000 pounds of iodine.
(6) 50,000 pounds of mica muscovite film, first and second qualities.
(7) 50,000 pounds of mica muscovite block, stained and lower.
(8) 697 long tons of vegetable tannin extract, wattle.

Effective date.

(c) Effective on October 1, 1983, the President is authorized to dispose of the following quantities of materials currently held in the National Defense Stockpile, such quantities having been determined to be excess to the current requirements of the stockpile:

(1) 13,900,000 troy ounces of silver.
(2) 1,000 short tons of antimony.
(3) 6,000 short tons of asbestos amosite.
(4) 2,000 short tons of asbestos chrysotile.
(5) 1,500,000 carats of diamond stones.
(6) 197,465 carats of diamonds, industrial crushing bort.
(7) 213,000 pounds of iodine.
(8) 50,000 pounds of mica muscovite film, first and second qualities.
(9) 50,000 pounds of mica muscovite block, stained and lower.

Expiration.

(d)(1) The authority to enter into contracts for the disposal of materials in the stockpile under the disposal authorizations contained in paragraphs (7) through (12) of subsection (a) expires on September 30, 1982.

(2) The authority to enter into contracts for the disposal of materials in the stockpile under the disposal authorizations contained in subsection (b) expires on September 30, 1983. Expiration.

(3) The authority to enter into contracts for the disposal of materials in the stockpile under the disposal authorizations contained in subsection (c) expires on September 30, 1984. Expiration.

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

(f)(1) The authority contained in subsections (b)(1) and (c)(1) shall not become effective unless the President, not later than September 1, 1982, determines that the silver authorized for disposal by such subsections is excess to the requirements of the stockpile as of that date.

(2) A determination by the President under paragraph (1) shall be based upon consideration of such factors as the President considers relevant, including the following factors:

(A) The demand for silver in each of the next ten years for the industrial, military, and naval needs of the United States for national defense.

(B) The domestic supply of silver for each of the next ten years, as a function of price, that would be available to meet the demand identified under subparagraph (A).

(C) The potential dependency of the United States on foreign supplies of silver in each of the next ten years to meet the demand identified under subparagraph (A).

(D) The effect of disposal under subsections (b)(1) and (c)(1) on (i) the world silver market (in terms of price and supply), (ii) the domestic and international silver mining industry (in terms of exploration and production), (iii) international currency and monetary policy, and (iv) long range military preparedness.

(3) If the President makes a determination described in paragraph (1), he shall promptly report to the Committees on Armed Services of the Senate and House of Representatives that he has made such determination and shall include a detailed discussion and analysis of the factors set forth in paragraph (2) and other relevant factors. Report to congressional committees.

AUTHORIZATION OF APPROPRIATIONS

SEC. 202. (a) Effective on October 1, 1981, there is authorized to be appropriated the sum of $535,000,000 for the acquisition of strategic and critical materials under section 6(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98e(a)). 50 USC 98d note.

(b) Any acquisition using funds appropriated under the authorization of subsection (a) shall be carried out in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.).

IMPROVEMENTS IN STOCKPILE MANAGEMENT

SEC. 203. (a) Section 5(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98d(a)) is amended—

(1) by inserting "(1)" after "(a)";

(2) by inserting "and other incidental expenses" after "transportation";

(3) by striking out "for a period of five fiscal years, if so provided in appropriation Acts" and inserting in lieu thereof

"until expended, unless otherwise provided in appropriation Acts"; and

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

"(2) If for any fiscal year the President proposes certain stockpile transactions in the annual materials plan submitted to Congress for that year under section 11(b) and after that plan is submitted the President proposes (or Congress requires) a significant change in any such transaction, or a significant transaction not included in such plan, no amount may be obligated or expended for such transaction during such year until the President has submitted a full statement of the proposed transaction to the appropriate committees of Congress and a period of 30 days has passed from the date of the receipt of such statement by such committees or until each such committee, before the expiration of such period, notifies the President that it has no objection to the proposed transaction. In computing any 30-day period for the purpose of the preceding sentence, there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than three days to a day certain.".

50 USC 98h-2.

(b) Section 5(b) of such Act (50 U.S.C. 98d(b)) is amended—

(1) by inserting "(1)" after "from the stockpile"; and

(2) by striking out the period at the end and inserting in lieu thereof ", or (2) if the disposal would result in there being a balance in the National Defense Stockpile Transaction Fund in excess of $1,000,000,000 or, in the case of a disposal to be made after September 30, 1983, if the disposal would result in there being a balance in the fund in excess of $500,000,000.".

(c) Section 6(a)(6) of such Act (50 U.S.C. 98e(a)(6)) is amended by inserting "subject to the provisions of section 5(b)," after "(6)".

(d)(1) Section 9(b)(1) of such Act (50 U.S.C. 98h(b)(1)) is amended by striking out "or until" and all that follows in such section and inserting in lieu thereof a period.

(2) Section 9(b)(3) of such Act (50 U.S.C. 98h(b)(3)) is amended to read as follows:

"(3) Moneys in the fund, when appropriated, shall remain available until expended, unless otherwise provided in appropriation Acts.".

(e) Section 11 of such Act (50 U.S.C. 98h-2) is amended—

(1) by inserting "(a)" after "SEC. 11."; and

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

Report to congressional committees.

"(b) The President shall submit to the appropriate committees of the Congress each year with the Budget submitted to Congress pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), for the next fiscal year a report containing an annual materials plan for the operation of the stockpile during such fiscal year and the succeeding four fiscal years. Each such report shall include details of planned expenditures for acquisition of strategic and critical materials during such period (including expenditures to be made from appropriations from the general fund of the Treasury) and of anticipated receipts from proposed disposals of stockpile materials during such period.".

Effective date. 50 USC 98d note.

(f) The amendments made by subsection (a) shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1981.

Subtitle B—Military Compensation

ONCE ANNUAL COST-OF-LIVING INCREASES IN MILITARY RETIRED PAY

SEC. 211. (a) For cost savings achieved through elimination of one of the present semiannual increases in military retired and retainer pay, contingent upon a similar change in law being made with respect to the civil service retirement system, see section 812(b) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1098). 10 USC 1401a note.

(b) Section 812(b)(1) of the Department of Defense Authorization Act, 1981, is amended by striking out "subject to paragraph (3)" and inserting in lieu thereof "subject to paragraph (2)".

OPEN ENROLLMENT PERIOD FOR SURVIVOR BENEFIT PLAN

SEC. 212. (a)(1) Any eligible member who on the date of the enactment of this Act is not a participant in the Survivor Benefit Plan may elect to participate in the Plan during the open enrollment period specified in subsection (b). 10 USC 1448 note.

(2) Any eligible member who on the date of the enactment of this Act is a participant in the Plan but elected not to participate in the Plan at the maximum level or (in the case of an eligible member who is married) elected to provide an annuity under the Plan for a dependent child and not for the member's spouse may during the open enrollment period elect to participate in the Plan at a higher level or to provide an annuity under the Plan for the eligible member's spouse at a level not less than the level provided for the dependent child.

(3) Any such election shall be made in the same manner as an election under section 1448 of such title and shall be effective when received by the Secretary concerned. Notwithstanding the last sentence of section 1452(a) of such title, the reduction in retired or retainer pay prescribed by the first sentence of such section shall, in the case of an individual making an election under paragraph (1), begin on the first day of the first month beginning after such election is effective.

(b) The open enrollment period is the period beginning on October 1, 1981, and ending on September 30, 1982.

(c) If an individual making an election under subsection (a) dies before the end of the two-year period beginning on the date of that election, the election is void and the amount of any reduction in the retired or retainer pay of such individual that is attributable to the election shall be paid in a lump sum to that individual's beneficiary under the Plan (as designated under that election).

(d) Sections 1449, 1453, and 1454 of title 10, United States Code, are applicable to individuals making elections and to elections under this section.

(e) For the purposes of this section: Definitions.

(1) The term "eligible member" means a member or former member of the uniformed services who on the date of the enactment of this Act is entitled to retired or retainer pay.

(2) The term "Survivor Benefit Plan" or "Plan" means the program established under subchapter II of chapter 73 of title 10, United States Code. 10 USC 1447.

(3) The term "Secretary concerned" has the meaning given such term in section 101(5) of title 37, United States Code.

TITLE III—BANKING, HOUSING, AND RELATED PROGRAMS

Subtitle A—Housing and Community Development

Housing and Community Development Amendments of 1981.
42 USC 5301 note.

SHORT TITLE

SEC. 300. This subtitle may be cited as the "Housing and Community Development Amendments of 1981".

PART 1—COMMUNITY AND ECONOMIC DEVELOPMENT

AUTHORIZATIONS

42 USC 5303.

SEC. 301. Section 103 of the Housing and Community Development Act of 1974 is amended to read as follows:

"AUTHORIZATIONS

Grants.

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

Appropriation.

STATEMENT OF ACTIVITIES AND REVIEW

42 USC 5304.

SEC. 302. (a) The caption of section 104 of the Housing and Community Development Act of 1974 is amended to read as follows: "STATEMENT OF ACTIVITIES AND REVIEW".

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

42 USC 5306; *Post* p. 389.

"(a)(1) Prior to the receipt in any fiscal year of a grant under section 106(b) by any metropolitan city or urban county, under section 106(d) by any State, or under section 106(d)(2)(B) by any unit of general local government, the grantee shall have prepared a final statement of community development objectives and projected use of funds and shall have provided the Secretary with the certifications required in subsection (b) and, where appropriate, subsection (c). In the case of metropolitan cities and urban counties receiving grants pursuant to section 106(b) and in the case of units of general local government receiving grants pursuant to section 106(d)(2)(B), the statement of projected use of funds shall consist of proposed community development activities. In the case of States receiving grants pursuant to section 106(d), the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.

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

"(A) furnish citizens information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken;

"(B) publish a proposed statement in such manner to afford affected citizens or, as appropriate, units of general local govern-

ment an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the grantee; and

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

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

"(b) Any grant under section 106 shall be made only if the grantee certifies to the satisfaction of the Secretary that— 42 USC 5306.

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

"(2) the grant will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-284; 42 USC 2000a note; 82 Stat. 73.

"(3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight; the projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs; and Projected use of funds.

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

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

"(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower income persons (including elderly and handicapped persons, large families, owners of homes requiring rehabilitation assistance, and persons displaced or to be displaced) residing in or expected to reside in the community as a result of existing or projected changes in employment opportunities and population in the community (and those elderly persons residing in or expected to reside in the community), or as estimated in a community accepted State or regional housing opportunity plan approved by the Secretary, and identifies housing stock which is in a deteriorated condition, including the impact of conversion of rental housing to condominium or cooperative ownership on such needs;

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

"(C) indicates the general locations of proposed housing for lower income persons, with the objective of (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, and the reclamation of the housing stock where feasible through the use of a broad range of techniques for housing restoration by local government, the private sector, or community organizations, including provision of a reasonable opportunity for tenants displaced as a result of such activities to relocate in their immediate neighborhood, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons, and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects.

"(2) The Secretary shall establish such dates and manner for the submission of housing assistance plans described in paragraph (1) as the Secretary may prescribe.".

42 USC 5304. (c)(1) Section 104(d) of such Act is amended to read as follows:

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

"(1) in the case of grants made under section 106(b) or section 106(d)(2)(B), whether the grantee has carried out its activities and, where applicable, its housing assistance plan in a timely manner, whether the grantee has carried out those activities and its certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and whether the grantee has a continuing capacity to carry out those activities in a timely manner; and

Post, p. 389.

"(2) in the case of grants to States made under section 106(d), whether the State has distributed funds to units of general local government in a timely manner and in conformance to the method of distribution described in its statement, whether the State has carried out its certifications in compliance with the requirements of this title and other applicable laws, and whether the State has made such reviews and audits of the units of general local government as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria described in paragraph (1) of this subsection.

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

Post, p. 389.

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

42 USC 5304 note.

42 USC 5304. (d) Section 104 of such Act is amended by striking out subsections (e) and (f) and redesignating subsections (g), (h), (i), and (j) as subsections (e), (f), (g), and (h).

(e) Section 104(f) of such Act, as redesignated by subsection (d) of this section, is amended— *Ante*, p. 386.

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

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

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

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

"(4) In the case of grants made to States pursuant to section 106(d), the State shall perform those actions of the Secretary described in paragraph (2) and the performance of such actions shall be deemed to satisfy the Secretary's responsibilities referred to in the second sentence of such paragraph.". *Post*, p. 389.

(f) Section 104(g) of such Act, as redesignated by subsection (d) of this section, is amended— *Ante*, p. 386.

(1) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) Units of general local government receiving assistance under this title may receive funds, in one payment, in an amount not to exceed the total amount designated in the grant (or, in the case of a unit of general local government receiving a distribution from a State pursuant to section 106(d), not to exceed the total amount of such distribution) for use in establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities assisted under this title. Rehabilitation activities authorized under this section shall begin within 45 days after receipt of such payment."; and

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

ELIGIBLE ACTIVITIES

SEC. 303. (a) Section 105(a) of the Housing and Community Development Act of 1974 is amended— 42 USC 5305.

(1) by striking out paragraph (8) and inserting in lieu thereof the following:

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

(2) by inserting the following before the semicolon at the end of paragraph (13) ", and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981"; 94 Stat. 1662. *Ante*, p. 384.

(3) by striking out "and" at the end of paragraph (15);

(4) by striking out the period at the end of paragraph (16) and inserting in lieu thereof "; and"; and

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

"(17) provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project.".

Waiver.
42 USC 5305 note.

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

Ante, p. 387.

42 USC 5301.

ALLOCATION AND DISTRIBUTION OF FUNDS

SEC. 304. (a) Section 106(a) of the Housing and Community Development Act of 1974 is amended to read as follows:

42 USC 5306.

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

Ante, p. 384.

Post, pp. 391, 392.

42 USC 5306.

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

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

Reallocated funds.

"(c)(1) Except as provided in paragraph (2), any amounts allocated to a metropolitan city or an urban county pursuant to the preceding provisions of this section which are not received by the city or county for a fiscal year because of failure to meet the requirements of section 104(a), (b), or (c), or which become available as a result of actions under section 104(d) or 111, shall be reallocated in the succeeding fiscal year to the other metropolitan cities and urban counties in the same metropolitan area which certify to the satisfaction of the Secretary that they would be adversely affected by the loss of such amounts from the metropolitan area. The amount of the share of funds reallocated under this paragraph for any metropolitan city or urban county shall bear the same ratio to the total of such reallocated funds in the metropolitan area as the amount of funds awarded to the city or county for the fiscal year in which the reallocated funds become available bears to the total amount of funds awarded to all metropolitan cities and urban counties in the same metropolitan area for that fiscal year, except that—

Ante, p. 384.

Ante, p. 386.
42 USC 5311.

"(A) in determining the amounts awarded to cities or counties for purposes of calculating shares pursuant to this sentence, there shall be excluded from the award of any city or county any amounts which become available as a result of actions against such city or county under section 111;

"(B) in reallocating amounts resulting from an action under section 104(d) or section 111, the city or county against whom any such action was taken shall be excluded from the calculation of shares for purposes of reallocating the amounts becoming available as a result of such action; and

"(C) in no event may the share of reallocated funds for any metropolitan city or urban county exceed 25 per centum of the amount awarded to the city or county under section 106(b) for the fiscal year in which the reallocated funds under this paragraph become available. 42 USC 5306.

Any amounts allocated under section 106(b) which become available for reallocation and for which no metropolitan city or urban county qualifies under this paragraph shall be added to amounts available for allocation under such section 106(b) in the succeeding fiscal year.

"(2) Notwithstanding any other provision of this title, the Secretary shall make grants from amounts authorized for use under section 106(b) by the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1981, in accordance with the provisions of this title which governed grants with respect to such amounts, as such provisions existed prior to the effective date of the Housing and Community Development Amendments of 1981, except that any such amounts which are not obligated before January 1, 1982, shall be reallocated in accordance with paragraph (1).". 94 Stat. 3044. *Ante*, p. 384.

(d) Section 106(d)(1) of such Act, as redesignated by subsection (b) of this section, is amended— *Ante*, p. 388.

(1) by striking out "section 103(a)" and all that follows through "nonmetropolitan areas of each State" in the first sentence and inserting in lieu thereof the following: "section 103 for grants in any year (excluding the amounts provided for use in accordance with section 107 and section 119), 30 per centum shall be allocated among the States for use in nonentitlement areas. The allocation for each State shall be"; and *Post*, pp. 391, 392.

(2) by striking out "nonmetropolitan" wherever it appears and inserting in lieu thereof "nonentitlement".

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

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

"(i) by the State, consistent with the statement submitted under section 104(a); or *Ante*, p. 384.

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

Notwithstanding any provision of this title, the Secretary shall make grants from amounts authorized for use in nonentitlement areas by the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1981, in accordance with the provisions of this title which governed grants with respect to such amounts, as such provisions existed prior to the effective date of the Housing and Community Development Amendments of 1981. Any amounts under the preceding sentence (except amounts for which preapplications have been approved by the Secretary prior to October 1, 1981, and which have been obligated by January 1, 1982) which are or become available for obligation after fiscal year 1981 shall be available for distribution in the State in which the grants from such amounts were made, by the State or by the Secretary, whichever is distributing the State allocation in the fiscal year in which such amounts are or become available. 94 Stat. 3044. *Ante*, p. 384.

"(B) The Secretary shall distribute amounts allocated under paragraph (1) where—

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

"(ii) the State has failed to submit the certifications described in subparagraph (C).

"(C) To receive and distribute amounts allocated under paragraph (1), the Governor must certify that the State, with respect to units of general local government in nonentitlement areas—

"(i) engages or will engage in planning for community development activities;

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

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

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

"(3)(A) If the State receives and distributes such amounts, it shall be responsible for the administration of funds so distributed. The State shall pay from its own resources all administrative expenses incurred by the State in carrying out its responsibilities under this title, except that from the amounts received for distribution in nonentitlement areas, the State may deduct an amount not to exceed 50 per centum of the costs incurred by the State in carrying out such responsibilities. Amounts so deducted shall not exceed 2 per centum of the amount so received.

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

Ante, p. 384.

"(C) Any amounts allocated for use in a State under this subsection which become available as a result of actions under section 104(d) or 111 shall—

Ante, p. 386.

42 USC 5311.

"(i) in the case of actions against units of general local government in nonentitlement areas, be added to amounts available for distribution in the State in the fiscal year in which the amounts become so available; or

"(ii) in the case of actions against the State, be added to amounts available for distribution in the State in the succeeding fiscal year.

Amounts reallocated under this subparagraph shall be available for distribution by the State or by the Secretary, whichever is distributing the State allocation in the fiscal year in which such reallocated amounts are added.

"(4) In computing amounts under paragraph (1), Indian tribes shall be excluded.".

Ante, p. 388.

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

DISCRETIONARY FUND

SEC. 305. Section 107 of the Housing and Community Development Act of 1974 is amended to read as follows: 42 USC 5307.

"DISCRETIONARY FUND

"SEC. 107. (a) Of the total amount approved in appropriation Acts under section 103 for each of the fiscal years 1982 and 1983, not more than $60,000,000 for each of the fiscal years 1982 and 1983 may be set aside in a special discretionary fund for grants under subsection (b). Grants under this section are in addition to any other grants which may be made under this title to the same entities for the same purposes. *Ante*, p. 384.

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

"(1) in behalf of new communities assisted under title VII of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under title X of the National Housing Act which meet the eligibility standards set forth in title VII of the Housing and Urban Development Act of 1970 and which were the subject of an application or preapplication under such title prior to January 14, 1975; 42 USC 4501. 42 USC 3901. 12 USC 1749aa.

"(2) in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;

"(3) to Indian tribes; and

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

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

"(d)(1) Except as provided in paragraph (2), no grant may be made under this section or section 119 unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-284. *Post*, p. 392. 42 USC 2000a note; 82 Stat. 73.

"(2) No grant may be made to an Indian tribe under this section or section 119 unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with title II of Public Law 90-284. The Secretary may waive, in connection with grants to Indian tribes, the provisions of section 109 and section 110. Waiver. 25 USC 1301. 42 USC 5309, 5310.

"(3) The Secretary may accept a certification from the applicant that it has complied with the requirements of paragraph (1) or (2), as appropriate.".

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NONDISCRIMINATION

42 USC 5309. SEC. 306. Section 109(a) of the Housing and Community Development Act of 1974 is amended by adding the following new sentence at the end thereof: "Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.".

42 USC 6101 note.

29 USC 794.

TRANSITIONAL PROVISIONS

42 USC 5306 note. SEC. 307. (a) Any amounts appropriated for any fiscal year before fiscal year 1982 in a Department of Housing and Urban Development—Independent Agencies Appropriation Act or a Supplemental Appropriation Act under the head "COMMUNITY DEVELOPMENT GRANTS" which are or become available for obligation on or after October 1, 1981, shall remain available as provided by law, and shall be used in accordance with the following:

(1) funds authorized for use under section 106(b) of the Housing and Community Development Act of 1974 ("such Act") before October 1, 1981, shall be available for use as provided by section 106(c) of such Act as amended by this Act;

42 USC 5306.

Ante, p. 388.

(2) funds authorized for use under section 107 of such Act before October 1, 1981, shall be available for use as provided by section 107(a) of such Act as amended by this Act; and

42 USC 5307.

Ante, p. 391.

(3) funds authorized for use under section 106(c) or (e) of such Act before October 1, 1981, shall be available for use as provided by section 106(d)(2)(A) of such Act as amended by this Act.

Ante, p. 389.

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

URBAN DEVELOPMENT ACTION GRANTS

42 USC 5318. SEC. 308. (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.

42 USC 5303.

"(b)(1) Urban development action grants shall be made only to cities and urban counties which have, in the determination of the Secretary, demonstrated results in providing housing for low- and moderate-income persons and in providing equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups. The Secretary shall issue regulations establishing criteria in accordance with the preceding sentence and setting forth minimum standards for determining the level of economic distress of cities and urban counties for eligibility for such grants. These standards shall take into account factors such as the

Regulations.

age of housing; the extent of poverty; the extent of population lag; growth of per capita income; and, where data are available, the extent of unemployment and job lag.

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

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

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

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

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

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

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

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

"(4) contain a certification satisfactory to the Secretary that the applicant, prior to submission of its application, (A) has identified all properties, if any, which are included on the National Register of Historic Places and which, as determined by the applicant, will be affected by the project for which the application is made; (B) has identified all other properties, if any,

which will be affected by such project and which, as determined by the applicant, may meet the criteria established by the Secretary of the Interior for inclusion on such Register, together with documentation relating to the inclusion of such properties on the Register; (C) has determined the effect, as determined by the applicant, of the project on the properties identified pursuant to clauses (A) and (B); and (D) will comply with the requirements of section 121.

94 Stat. 1620.
42 USC 5320.

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

Selection criteria, establishment.

"(2) For the purpose of making grants with respect to areas described in subsection (b)(2), the Secretary shall establish selection criteria, which must include (A) factors determined to be relevant by the Secretary in assessing the comparative degree of economic deterioration among eligible areas, and (B) such other criteria as the Secretary may determine, including at a minimum the criteria listed in paragraph (1)(C) of this subsection.

City or urban county, eligibility.

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

"(1) the grant will be used in connection with a project located in an area described in subsection (b)(2), except that the Secretary may waive this requirement where the Secretary determines (A) that there is no suitable site for the project within that area, (B) the project will be located directly adjacent to that area, and (C) the project will contribute substantially to the economic development of that area;

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

"(3) the grant will be used in connection with a project which will directly benefit the low- and moderate-income families and individuals residing in the area described in subsection (b)(2); and

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

"(f) Activities assisted under this section may include such activities, in addition to those authorized under section 105(a), as the Secretary determines to be consistent with the purposes of this section. 42 USC 5305.

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

"(h) No assistance may be provided under this section for projects intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another, unless the Secretary finds that the relocation does not significantly and adversely affect the unemployment or economic base of the area from which the industrial or commercial plant or facility is to be relocated. Industrial or commercial plants or facilities, assistance.

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

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

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

"(l) For purposes of this section, the Secretary may reduce or waive the requirement in section 102(a)(5)(B)(ii) that a town or township be closely settled. 42 USC 5302.

"(m) In the case of any application which identifies any property in accordance with subsection (c)(4)(B), the Secretary may not commit funds with respect to an approved application unless the applicant has certified to the Secretary that the appropriate State historic preservation officer and the Secretary of the Interior have been provided an opportunity to take action in accordance with the provisions of section 121(b). 94 Stat. 1620.

"(n)(1) For the purposes of this section, the term 'city' includes Guam, the Virgin Islands, and Indian tribes. 42 USC 5320. "City."

"(2) The Secretary may not approve a grant to an Indian tribe under this section unless the tribe (A) is located on a reservation or in an Alaskan Native Village, and (B) is an eligible recipient under the State and Local Fiscal Assistance Act of 1972. 31 USC 1221 note.

"(o) If no amounts are set aside under, or amounts are precluded from being appropriated for this section for fiscal years after fiscal year 1983, any amount which is or becomes available for use under

this section after fiscal year 1983 shall be added to amounts appropriated under section 103.".

42 USC 5303.

94 Stat. 1620.
42 USC 5320.

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

Effective date.
42 USC 5318 note.
Rules and regulations.

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

COMMUNITY DEVELOPMENT TECHNICAL AMENDMENTS

SEC. 309. (a) Section 102(a) of the Housing and Community Development Act of 1974 is amended—

42 USC 5302.

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

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

"Nonentitlement area."

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

(3) by redesignating the remaining paragraphs accordingly.

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

94 Stat. 1614.
42 USC 5302.

(c) The first sentence of section 102(d) of such Act is amended—

(1) by striking out "103(a)(1)" and inserting in lieu thereof "103"; and

(2) by striking out "unless the application by the urban county is disapproved or withdrawn prior to or during such three-year period" and inserting in lieu thereof "unless the urban county does not receive a grant for any year during such three-year period".

94 Stat. 1615.
42 USC 5304.

(d) Section 104(j) of such Act is amended by striking out "planning a joint community development program, meeting the application requirements of this section, and implementing such program" and inserting in lieu thereof "submitting a statement under section 104(a) and carrying out activities under this title".

42 USC 5305.

(e) The caption of section 105 of such Act is amended to read as follows: "ELIGIBLE ACTIVITIES".

(f) Section 105(a) of such Act is amended—

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

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

(3) by striking out "the Community Development Program" in paragraph (9) and inserting in lieu thereof "activities assisted under this title";

(4) by striking out "to the community development program" in paragraph (11);

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

94 Stat. 1618.

(6) by striking out "(as specifically described in the application submitted pursuant to section 104)" in paragraph (15).

(g) Section 105(b) of such Act is amended by striking out "a grant" and inserting in lieu thereof "assistance".

94 Stat. 1615.
42 USC 5306.

(h) The second sentence of section 106(b)(4) of such Act is amended by striking out "for a grant under subsection (c) or (e)" and inserting

in lieu thereof the following: "to receive assistance under subsection (d)".

(i) Section 108(d)(2) of such Act is amended by striking out "approved or". 42 USC 5308.

(j) The first sentence of section 110 of such Act is amended by striking out "grants" and inserting in lieu thereof "assistance". 42 USC 5310.

(k) The first sentence of section 112(a) of such Act is amended by striking out "103(a)" and inserting in lieu thereof "103". 42 USC 5312.

(l) Section 113(a)(2) of such Act is amended by striking out "as approved by the Secretary". 42 USC 5313.

(m) Section 116(b) of such Act is amended to read as follows: 94 Stat. 1622. 42 USC 5316.

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

COMMUNITY DEVELOPMENT MISCELLANEOUS AMENDMENTS

SEC. 310. (a) Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by inserting the following before the period at the end thereof: "or until September 30, 1982, whichever is later". 42 USC 5302.

(b) Section 102(a)(6) of such Act is amended by inserting at the end thereof the following: "Any urban county (A) which qualified as an urban county in fiscal year 1981, (B) the population of which includes all of the population of the county (other than the population of metropolitan cities therein), and (C) the population of which for fiscal year 1982 falls below the amount required by clause (B) of the preceding sentence by reason of the 1980 decennial census shall be considered as meeting the population requirements of such clause for fiscal year 1982 and shall not be subject to the provisions of section 102(d) in that fiscal year.".

REHABILITATION LOANS

SEC. 311. (a) Subsection (a)(1)(D) of section 312 of the Housing Act of 1964 is amended by striking out "an approved community development program" and inserting in lieu thereof "community development activities". 42 USC 1452b.

(b) Subsection (d) of such section is amended— 94 Stat. 1622.

(1) by inserting "and" after "October 1, 1979," in the first sentence;

(2) by striking out "and not to exceed $129,000,000 for the fiscal year beginning on October 1, 1981," in the first sentence; and

(3) by striking out the last sentence.

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

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

URBAN HOMESTEADING

SEC. 312. The first sentence of section 810(h) of the Housing and Community Development Act of 1974 is amended by striking out "and not to exceed $26,000,000 for the fiscal year 1979" and inserting in lieu thereof "not to exceed $26,000,000 for the fiscal year 1979, and not to exceed $13,467,000 for the fiscal year 1983". 12 USC 1706e.

REPEALERS

42 USC 8121 note.

SEC. 313. (a) Title VII of the Housing and Community Development Amendments of 1978 is hereby repealed.

94 Stat. 1662.

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

40 USC 461.

NEIGHBORHOOD REINVESTMENT CORPORATION

94 Stat. 1645.

SEC. 314. Section 608(a) of the Neighborhood Reinvestment Corporation Act is amended—

42 USC 8107.

(1) by striking out "and" after "1980,"; and

(2) by inserting the following before the period at the end thereof: ", and not to exceed $14,950,000 for fiscal year 1982".

REPORT ON BLOCK GRANT PROGRAM

Report to Congress.

SEC. 315. Not later than 270 days after the date of enactment of this Act, the Secretary of Housing and Urban Development shall report to the Congress on administrative and legislative steps that can be taken to—

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

(2) reduce the broad list of activities currently eligible so that funds can be focused on those activities which meet the cities' most urgent revitalization needs;

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

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

PART 2—HOUSING ASSISTANCE PROGRAMS

HOUSING AUTHORIZATIONS

Contracts.

94 Stat. 1624.

42 USC 1437c.

SEC. 321. (a) The first sentence of section 5(c)(1) of the United States Housing Act of 1937 is amended by inserting immediately after "1980" the following: ", and by $906,985,000 on October 1, 1981".

(b) The second sentence of section 5(c)(1) of such Act is amended by striking out "Acts;" and all that follows through the period and inserting in lieu thereof the following: "Acts. In addition, the aggregate amount which may be obligated over the duration of the contracts may not exceed $31,200,000,000 with respect to the additional authority provided on October 1, 1980, and $18,087,370,000 with respect to the additional authority provided on October 1, 1981.".

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

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

(2) inserting immediately after paragraph (2) the following: "(3)(A) Of the additional authority approved in appropriation Acts and made available on October 1, 1981, the Secretary shall make available at least $75,000,000 for assistance to projects under section 14.

94 Stat. 1625.

42 USC 1437*l*.

"(B) Of the balance of the additional authority referred to in the preceding subparagraph which remains after deducting the amount to be provided for assistance to projects under section 14, the Secretary shall allocate such authority for use in different areas and communities in accordance with section 213(d) of the Housing and Community Development Act of 1974, except that on a national basis the Secretary may not enter into contracts aggregating— 94 Stat. 1625, 42 USC 1437l. 42 USC 1439.

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

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

"(C) After making allocations referred to in subparagraph (B), the Secretary shall, to the extent allowable within the percentage limitations contained in such subparagraph and within the available contract and budget authority, accommodate the preferences of units of general local government, which preferences shall be established after consultation with the appropriate public housing agencies, regarding (i) the mix among newly constructed, substantially rehabilitated, existing, or moderately rehabilitated units; (ii) the programs under which assistance is to be provided; and (iii) the extent to which such allocation should be used for comprehensive improvement assistance under section 14.". General local government preferences, accommodation.

(d) Section 9(c) of such Act is amended— 42 USC 1437g.

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

(2) by inserting before the period at the end thereof the following: ", and not to exceed $1,500,000,000 on or after October 1, 1981".

(e) Section 213(d) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof a new paragraph to read as follows: Financial assistance, retention. 42 USC 1439.

"(4) Notwithstanding any other provision of law, with respect to fiscal years beginning after September 30, 1981, the Secretary of Housing and Urban Development may not retain more than 15 per centum of the financial assistance which becomes available under programs described in subsection (a)(1) during any fiscal year. Any such financial assistance which is retained shall be available for subsequent allocation to specific areas and communities, and may only be used for— Allocation use.

"(A) unforeseeable housing needs, especially those brought on by natural disasters or special relocation requirements;

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

"(C) providing for assisted housing as a result of the settlement of litigation;

"(D) small research and demonstration projects;

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

"(F) innovative housing programs or alternative methods for meeting lower-income housing needs approved by the Secretary, including assistance for infrastructure in connection with the Indian Housing Program.".

(f)(1) The first sentence of section 201(h) of the Housing and Community Development Amendments of 1978 is amended— 12 USC 1715z-1a.

(A) by striking out "and" after "the fiscal year 1980,";

(B) by inserting before the period at the end thereof the following: ", and not to exceed $4,000,000 for the fiscal year 1982"; and

(C) by striking out the comma immediately following "Act" and inserting in lieu thereof a closed parenthesis.

12 USC 1715z-1 and note, 1715z-1a.

(2) Section 201 of the Housing and Community Development Amendments of 1978 is amended—

(A) by redesignating subsections (h) and (i) as subsections (j) and (k), respectively; and

12 USC 1715z-1a.

(B) by inserting the following new subsection after subsection (g):

"(h) The Secretary may not use any of the assistance available under this section during any fiscal year beginning on or after October 1, 1981, to supplement any contract to make rental assistance payments which was made pursuant to section 101 of the Housing and Urban Development Act of 1965.".

12 USC 1701s, 42 USC 1451.

(3) The third sentence of section 236(f)(3) of the National Housing Act, as redesignated by section 322(f)(7) of this part, is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

Post, p. 403.

TENANT RENTAL PAYMENTS

42 USC 1437a.

SEC. 322. (a) Section 3 of the United States Housing Act of 1937 is amended to read as follows:

"RENTAL PAYMENTS; DEFINITIONS

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

"(1) 30 per centum of the family's monthly adjusted income;

"(2) 10 per centum of the family's monthly income; or

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

"(b) When used in this Act:

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

"(2) The term 'lower income families' means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes. The term 'very low-income families' means lower income families whose incomes do not exceed 50 per

centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families.

"(3) The term 'families' includes families consisting of a single person in the case of (A) a person who is at least sixty-two years of age or is under a disability as defined in section 223 of the Social Security Act or in section 102 of the Developmental Disabilities Services and Facilities Construction Amendments of 1970, or is handicapped, (B) a displaced person, (C) the remaining member of a tenant family, and (D) other single persons in circumstances described in regulations of the Secretary. In no event shall more than 15 per centum of the units under the jurisdiction of any public housing agency be occupied by single persons under clause (D). In determining priority for admission to housing under this Act, the Secretary shall give preference to those single persons who are elderly, handicapped, or displaced before those eligible under clause (D). The term 'elderly families' means families whose heads (or their spouses), or whose sole members, are persons described in clause (A). A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which is expected to be of long-continued and indefinite duration, substantially impedes such person's ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions. The term 'displaced person' means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws. Notwithstanding the preceding provisions of this subsection, the term 'elderly families' includes two or more elderly, disabled, or handicapped individuals living together, or one or more such individuals living with one or more persons determined under regulations of the Secretary to be essential to their care or well being. 42 USC 423. 42 USC 6001.

"(4) The term 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary.

"(5) The term 'adjusted income' means the income which remains after excluding such amounts or types of income as the Secretary may prescribe. In determining amounts to be excluded from income, the Secretary may, in the Secretary's discretion, take into account the number of minor children in the household and such other factors as the Secretary may determine are appropriate.

"(6) The term 'public housing agency' means any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of lower income housing.

"(7) The term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, the Trust Territory of the Pacific Islands, and Indian tribes, bands, groups, and Nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

"(8) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(c) When used in reference to public housing:

"(1) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a lower income housing project. The term 'development cost' comprises the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges), and in otherwise carry-

ing out the development of such project. Construction activity in connection with a lower income housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

"(2) The term 'operation' means any or all undertakings appropriate for management, operation, services, maintenance, security (including the cost of security personnel), or financing in connection with a lower income housing project. The term also means the financing of tenant programs and services for families residing in lower income housing projects, particularly where there is maximum feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term 'tenant programs and services' includes the development and maintenance of tenant organizations which participate in the management of lower income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate agencies in the community when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

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

42 USC 1437b, 1437c, 1437g, 1437i.

(b) Sections 4, 5, 9, and 11 of such Act are amended by striking out "LOW-INCOME" where it appears in the caption accompanying each such section and by inserting in lieu thereof "LOWER INCOME".

42 USC 1437, 1437b–1437d, 1437g, 1437i, 1437j; 94 Stat. 1625, 42 USC 1437*l*. 42 USC 1437d.

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

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

42 USC 1437f.

(e) Section 8 of such Act is amended—

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

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

Ante, p. 400.

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

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

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

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

(6) by striking out "25 per centum of one-twelfth of the annual income of such family" in paragraph (3) of subsection (j) and

inserting in lieu thereof "the rent the family is required to pay under section 3(a) of this Act".

Ante, p. 400.

(f) Section 236 of the National Housing Act is amended— 12 USC 1715z-1.

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

(2) by striking out "25 per centum of the tenant's income" in the second sentence of subsection (f)(1) and inserting in lieu thereof "30 per centum of the tenant's adjusted income";

(3) by striking out clause (ii) in the third sentence of subsection (f)(1) and inserting in lieu thereof the following:

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

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

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

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

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

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

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

(7) by striking out subparagraph (A) of subsection (f)(3) and redesignating subsection (f)(3)(B) as subsection (f)(3); and

(8) by striking out subsection (m) and inserting in lieu thereof the following:

"(m) For the purpose of this section the term 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary. In determining amounts to be excluded from income, the Secretary may, in the Secretary's discretion, take into account the number of minor children in the household and such other factors as the Secretary may determine are appropriate.".

(g) Section 101 of the Housing and Urban Development Act of 1965 is amended— 12 USC 1701s, 42 USC 1451.

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

"(2) 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary. In determining amounts to be excluded from income, the Secretary may, in the Secretary's discretion, take into account the number of minor children in the household and such other factors as the Secretary may determine are appropriate.";

(2) by striking out the first sentence of subsection (d) and inserting in lieu thereof the following: "The amount of the annual payment with respect to any dwelling unit shall be the

lesser of (1) 70 per centum of the fair market rent, or (2) the amount by which the fair market rental for such unit exceeds 30 per centum of the tenant's adjusted income."; and

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

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

42 USC 1437a note.

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

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

12 USC 1701s note.

Rent payments, determination.

42 USC 1437a note.

(i)(1) In determining the rent to be paid by tenants who are occupying housing assisted under the authorities amended by this section on the effective date of this Act, the Secretary, notwithstanding any other provision of this section, may provide for delayed applicability, or for staged implementation, of the procedures for determining rent required by the provisions of subsections (a) through (h) of this section if the Secretary determines that immediate application of such procedures would be impracticable, would violate the terms of existing leases, or would result in extraordinary hardship for any class of tenants. The Secretary shall provide that the amount of rent paid by any family shall not increase, as a result of the amendments made by this section and as a result of any other provision of Federal law redefining which governmental benefits are required to or may be considered as income, by more than 10 per centum during any 12-month period unless the increase above such 10 per centum is attributed solely to increases in income which are not caused by such amendments or by such redefinitions. The limitation contained in the preceding sentence shall remain in effect and may not be changed or superceded except by another provision of law which amends this subsection. Notwithstanding any other provision of this section, application of the procedures for determining rent contained in this section shall not result in a reduction in the amount of rent paid by any tenant below the amount paid by such tenant immediately preceding the effective date of this Act.

(2) Tenants of housing assisted under the provisions of law amended by this section whose occupancy begins after the effective date of this Act shall be subject to immediate rent payment determinations in accordance with the amendments contained in subsections (a) through (h), except that the Secretary may provide for delayed applicability, or for staged implementation, of these requirements for such tenants if the Secretary determines that immediate application of the requirements of this section would be impracticable, or that uniform procedures for assessing rents would significantly decrease administrative costs and burdens.

(3) The Secretary's actions and determinations and the procedures for making determinations pursuant to this subsection shall not be reviewable in any court. The provisions of subsections (a) through (h) shall be implemented and fully applicable to all affected tenants no later than five years following the date of enactment of this Act, except that the Secretary may extend the time for implementation if the Secretary determines that full implementation would result in extraordinary hardship for any class of tenants.

INCOME ELIGIBILITY

42 USC 1437 note.

SEC. 323. The United States Housing Act of 1937 is amended by adding at the end thereof the following:

"INCOME ELIGIBILITY FOR ASSISTED HOUSING

"SEC. 16. (a) Not more than 10 per centum of the dwelling units which were available for occupancy under public housing annual contributions contracts and section 8 housing assistance payments contracts under this Act before the effective date of the Housing and Community Development Amendments of 1981, and which will be leased on or after such effective date shall be available for leasing by lower income families other than very low-income families. 42 USC 1437n. *Ante*, p. 384.

"(b) Not more than 5 per centum of the dwelling units which become available for occupancy under public housing annual contributions contracts and section 8 housing assistance payments contracts under this Act on or after the effective date of the Housing and Community Development Amendments of 1981 shall be available for leasing by lower income families other than very low-income families.".

COST REDUCTION IN ASSISTED HOUSING

SEC. 324. Section 8 of the United States Housing Act of 1937 is amended— 42 USC 1437f.

(1) by inserting after the first sentence of subsection (b)(2) the following: "To increase housing opportunities for very low-income families, the Secretary shall assure that newly constructed housing to be assisted under this section is modest in design.";

(2) by adding at the end of subsection (c)(2) the following: Contract rents, increases, limitation.

"(D) Notwithstanding the foregoing, the Secretary shall limit increases in contract rents for newly constructed or substantially rehabilitated projects assisted under this section to the amount of operating cost increases incurred with respect to comparable rental dwelling units of various sizes and types in the same market area which are suitable for occupancy by families assisted under this section. Where no comparable dwelling units exist in the same market area, the Secretary shall have authority to approve such increases in accordance with the best available data regarding operating cost increases in rental dwelling units."; and

(3) by adding at the end thereof the following:

"(l) After selection of a proposal involving newly constructed or substantially rehabilitated units for assistance under this section, the Secretary shall limit cost and rent increases, except for adjustments in rent pursuant to section 8(c)(2), to those approved by the Secretary. The Secretary may approve those increases only for unforeseen factors beyond the owner's control, design changes required by the Secretary or the local government, or changes in financing approved by the Secretary.

"(m) For the purpose of achieving the lowest cost in providing units in newly constructed projects assisted under this section, the Secretary shall give a preference in entering into contracts under this section for projects which are to be located on specific tracts of land provided by States or units of local government if the Secretary determines that the tract of land is suitable for such housing, and that affording such preference will be cost effective.

"(n) In making assistance available under subsection (e)(5) and subsection (i), the Secretary may provide assistance with respect to residential properties in which some or all of the dwelling units do not contain bathroom or kitchen facilities, if—

"(1) the property is located in an area in which there is a significant demand for such units, as determined by the Secretary; and

"(2) the unit of general local government in which the property is located and the local public housing agency approve of such units being utilized for such purpose.

Waiver

The Secretary may waive, in appropriate cases, the limitation and preference described in the second and third sentences of section 3(b)(3) with respect to the assistance made available under this subsection.".

Ante, p. 400.

AID FOR ELIGIBLE FAMILIES

42 USC 1437f.

SEC. 325. Section 8 of the United States Housing Act of 1937 is amended—

(1) by adding at the end of subsection (b)(2) the following: "Each contract to make assistance payments for newly constructed or substantially rehabilitated housing assisted under this section entered into after the date of enactment of the Housing and Community Development Amendments of 1981 shall provide that during the term of the contract the owner shall make available for occupancy by families which are eligible for assistance under this section, at the time of their initial occupancy, the number of units for which assistance is committed under the contract."; and

Ante, p. 384.

(2) by inserting after "nonhandicapped persons" in the second sentence of subsection (c)(5) the following: "which are not subject to mortgages purchased under section 305 of the National Housing Act".

12 USC 1720.

MISCELLANEOUS HOUSING ASSISTANCE PROVISIONS

42 USC 1437f.

SEC. 326. (a) Section 8(c) of the United States Housing Act of 1937 is amended by adding at the end thereof the following:

"(8) Each contract under this section shall provide that the owner will notify tenants at least 90 days prior to the expiration of the contract of any rent increase which may occur as a result of the expiration of such contract.".

Survey.
42 USC 1437f note.

(b)(1) Within one year after the date of enactment of this Act, the Secretary of Housing and Urban Development shall conduct a survey to determine the number of projects which are assisted under section 8 of the United States Housing Act of 1937 and are owned by developers or sponsors with five-year annual contributions contracts who plan to withdraw from the section 8 program when their contracts expire and who will increase rents in those projects to levels that the current residents of those projects will not be able to afford. Where such survey indicates that an owner intends to withdraw from the program, the Secretary shall notify affected residents of possible rent increases.

Report to Congress.

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

Regulations.
42 USC 1437f note.

(c) The Secretary of Housing and Urban Development, after consultation with the Attorney General, shall develop regulations to prevent possible conflicts of interest on the part of Federal, State, and local government officials with regard to participation in projects assisted under section 8 of the United States Housing Act of 1937, and

shall make such regulations effective not later than 180 days after the date of enactment of this Act.

(d)(1) The Secretary of Housing and Urban Development shall permit public housing agencies to retain, out of judgments obtained by them in recovering amounts wrongfully paid as a result of fraud and abuse in the housing assistance program under section 8 of the United States Housing Act of 1937, an amount equal to the greater of (A) the legal expenses incurred in obtaining such judgments, or (B) 50 per centum of the amount actually collected on the judgments. 42 USC 1437f note. 42 USC 1437f.

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

(e)(1) Section 8(d)(1)(B) of the United States Housing Act of 1937 is amended to read as follows:

"(B)(i) the lease between the tenant and the owner shall be for at least one year or the term of such contract, whichever is shorter, and shall contain other terms and conditions specified by the Secretary; and

"(ii) the owner shall not terminate the tenancy except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause;".

(2) The amendment made by paragraph (1) shall apply with respect to leases entered into on or after October 1, 1981. 42 USC 1437f note.

RENT SUPPLEMENTS

SEC. 327. (a) Section 101(l) of the Housing and Urban Development Act of 1965 is amended to read as follows: 12 USC 1701s.

"(l) Notwithstanding the provisions of subsection (a) and any other provision of law, the Secretary may utilize additional authority under section 5(c) of the United States Housing Act of 1937 made available by appropriation Acts on or after October 1, 1979, to supplement assistance authority available under this section.". 94 Stat. 1624. 42 USC 1437c.

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

SECTION 235 AMENDMENTS

SEC. 328. (a) Section 235(c)(2)(A) of the National Housing Act is amended by striking out "ceases for a period of 90 continuous days or more making payments required under the mortgage, loan, or advance of credit secured by such a property, or". 94 Stat. 1630. 12 USC 1715z.

(b) Section 235(h)(1) of such Act is amended by adding the following new sentences at the end thereof: "The Secretary shall not enter into new contracts for assistance payments under this section after March 31, 1982, except pursuant to a firm commitment issued on or before March 31, 1982, or pursuant to other commitments issued by the Secretary prior to June 30, 1981, reserving funds for housing to be assisted under this section where such housing is included in a project pursuant to section 119 of the Housing and Community Development Act of 1974. In no event may the Secretary enter into any new contract for assistance payments under this section after September 30, 1983.". 42 USC 5318.

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94 Stat. 1631.
12 USC 1715z.

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

RESTRICTION ON USE OF ASSISTED HOUSING

94 Stat. 1637.
42 USC 1436a.

SEC. 329. (a) Section 214 of the Housing and Community Development Act of 1980 is amended to read as follows:

"RESTRICTION ON USE OF ASSISTED HOUSING

Resident aliens.

"SEC. 214. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may not make financial assistance available for the benefit of any alien unless that alien is a resident of the United States and is—

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

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

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

94 Stat. 103.

94 Stat. 105.

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

94 Stat. 107.

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

94 Stat. 107.

"Financial assistance."

"(b) For purposes of this section the term 'financial assistance' means financial assistance made available pursuant to the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965.".

42 USC 1437 note.
12 USC 1715z, 1715z-1.
12 USC 1701s, 42 USC 1451.
42 USC 1436a note.
94 Stat. 107.

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

Supra.

PAYMENT FOR DEVELOPMENT MANAGERS

SEC. 329A. The Secretary of Housing and Urban Development shall develop and implement a revised fee schedule for development managers of lower income housing projects assisted under the United States Housing Act of 1937 so that the percentage limitation applicable to fees chargeable in connection with smaller projects is increased to a minimum level which is practicable. 42 USC 1437j-1. 42 USC 1437 note.

REVIEW OF OPERATING SUBSIDY FORMULA

SEC. 329B. The Secretary of Housing and Urban Development shall review the administration of the operating subsidy program under section 9 of the United States Housing Act of 1937, including an examination of alternative methods for distributing operating subsidies which provide incentives for efficient management, full rent collection, and improved maintenance of projects developed under the United States Housing Act of 1937. Not later than March 1, 1982, the Secretary of Housing and Urban Development shall transmit a report to the Congress on the results of such review. 42 USC 1437g. Report to Congress.

ENERGY EFFICIENCY EFFORTS

SEC. 329C. Section 201 of the Housing and Community Development Amendments of 1978 is amended— 12 USC 1715z-1a.

(1) in subsection (f)(1), by striking out "and" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and", and by adding at the end thereof the following:

"(D) an amount determined by the Secretary to be necessary to carry out a plan to upgrade the project to meet cost-effective energy efficiency standards prescribed by the Secretary."; and

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

"(i) 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—

"(1) 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

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

RECOGNITION OF KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

SEC. 329D. 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. 42 USC 1437 note.

PURCHASE OF PHA OBLIGATIONS

12 USC 2294a.

SEC. 329E. In addition to any authority provided before October 1, 1981, the Secretary of Housing and Urban Development may, on and after October 1, 1981, enter into contracts for periodic payments to the Federal Financing Bank to offset the costs to the Bank of purchasing obligations (as described in the first sentence of section 16(b) of the Federal Financing Bank Act of 1973) issued by local public housing agencies for purposes of financing public housing projects authorized by section 5(c) of the United States Housing Act of 1937. Notwithstanding any other provision of law, such contracts may be entered into only to the extent approved in appropriation Acts, and the aggregate amount which may be obligated over the duration of such contracts may not exceed $400,000,000. There are hereby authorized to be appropriated any amounts necessary to provide for such payments. The authority to enter into contracts under this subsection shall be in lieu of any authority (except for authority provided specifically to the Secretary before October 1, 1981) of the Secretary to enter into contracts for such purposes under section 16(b) of the Federal Financing Bank Act of 1973.

12 USC 2294.

94 Stat. 1624.
42 USC 1437c.

TENANT PARTICIPATION

SEC. 329F. Section 202(b)(1) of the Housing and Community Development Amendments of 1978 is amended by striking out "owner's action" and inserting in lieu thereof "owner's request for rent increase, conversion of residential rental units to any other use (including commercial use or use as a unit in any condominium or cooperative project), partial release of security, or major physical alterations".

12 USC 1715z-1b.

FIRE SAFETY

SEC. 329G. Section 14(i)(1) of the United States Housing Act of 1937 is amended by inserting the following before the period at the end of the first sentence thereof: ", especially emergency and special purpose needs which relate to fire safety standards".

94 Stat. 1625.
42 USC 1437*l*.

SECTION 8 ASSISTANCE FOR MANUFACTURED HOMES

Contracts.
42 USC 1437f.

SEC. 329H. (a) Section 8(j) of the United States Housing Act of 1937 is amended to read as follows:

"(j)(1) The Secretary may enter into contracts to make assistance payments under this subsection to assist lower income families by making rental assistance payments on behalf of any such family which utilizes a manufactured home as its principal place of residence. Such payments may be made with respect to the rental of the real property on which there is located a manufactured home which is owned by any such family or with respect to the rental by such family of a manufactured home and the real property on which it is located. In carrying out this subsection, the Secretary may—

"(A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to make such assistance payments to the owners of such real property, or

"(B) enter into such contracts directly with the owners of such real property.

Maximum monthly rent.

"(2)(A) A contract entered into pursuant to this paragraph shall establish the maximum monthly rent (including maintenance and management charges) which the owner is entitled to receive for the

space on which a manufactured home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically (but not less than annually) with respect to the market area for the rental of real property suitable for occupancy by families assisted under this paragraph.

"(B) The amount of any monthly assistance payment with respect to any family which rents real property which is assisted under this paragraph, and on which is located a manufactured home which is owned by such family shall be the difference between the rent the family is required to pay under section 3(a) of this Act and the sum of— 42 USC 1437a.

"(i) the monthly payment made by such family to amortize the cost of purchasing the manufactured home;

"(ii) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(iii) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its manufactured home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

"(3)(A) Contracts entered into pursuant to this paragraph shall establish the maximum monthly rent permitted with respect to the manufactured home and the real property on which it is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically (but not less than annually) with respect to the market area for the rental of a manufactured home and the real property on which it is located suitable for occupancy by families assisted under this paragraph, except that the maximum monthly rent may exceed the fair market rental by more than 10 but not more than 20 per centum where the Secretary determines that special circumstances warrant such higher maximum rent. Maximum monthly rent.

"(B) The amount of any monthly assistance payment with respect to any family which rents a manufactured home and the real property on which it is located and which is assisted under this paragraph shall be the difference between the rent the family is required to pay under section 3(a) of this Act and the sum of—

"(i) the monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

"(ii) the maximum monthly rent permitted with respect to the manufactured home and the real property on which it is located.

"(4) The provisions of subsection (c)(2) of this section shall apply to the adjustments of maximum monthly rents under this subsection.

"(5) Each contract entered into under this subsection shall be for a term of not less than one month and not more than 180 months, except that in any case in which the manufactured home park is substantially rehabilitated or newly constructed, such term may not be less than 240 months, nor more than the maximum term for a manufactured home loan permitted under section 2(b) of the National Housing Act. Contract terms.

Post, p. 414.

"(6) The Secretary may carry out this subsection without regard to whether the manufactured home park is existing, substantially rehabilitated, or newly constructed.

"(7) In the case of any substantially rehabilitated or newly constructed manufactured home park containing spaces with respect to which assistance is made under this subsection, the principal amount of the mortgage attributable to the rental spaces within the park may not exceed an amount established by the Secretary which is equal to or less than the limitation for manufactured home parks described in section 207(c)(3) of the National Housing Act, and the Secretary may increase such limitation in high cost areas in the manner described in such section.

Post, p. 416.

"(8) The Secretary may prescribe other terms and conditions which are necessary for the purpose of carrying out the provisions of this subsection and which are consistent with the purposes of this subsection.".

HOMEOWNERSHIP AND FIRE SAFETY STUDIES

SEC. 329I. (a)(1) The Secretary of Housing and Urban Development shall conduct a study of—

42 USC 1437f.

(A) the extent, if any, to which section 8(c)(7) of the United States Housing Act of 1937 has been utilized;

(B) the results of any such utilization;

(C) if such section has not been utilized or utilized only on a very restricted basis, the reasons why it has not been utilized more extensively; and

(D) different methods by which such section could be utilized for increasing homeownership opportunities for lower income families.

Recommendations, transmittal to Congress.

(2) As a result of such study, the Secretary shall, not later than January 1, 1982, transmit to the Congress recommendations regarding the establishment of a demonstration project in which the Secretary would use section 8(c)(7) of such Act for the purpose of increasing homeownership opportunities for lower income families. Such proposal shall include, but not be limited to, provisions for—

(A) targeting such project so that existing housing may be preserved to the maximum extent practicable; and

(B) recovering assistance in the case of resale of the property or in other appropriate cases.

Report to Congress.

(b) The Secretary shall conduct a study to the extent to which lower income housing projects do not meet applicable fire safety standards and report to the Congress with respect to such study not later than one year after the date of the enactment of this Act.

PART 3—PROGRAM AMENDMENTS AND EXTENSIONS

FEDERAL HOUSING ADMINISTRATION EXTENSIONS

94 Stat. 1638.
12 USC 1703.

SEC. 331. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1981" in the first sentence and inserting in lieu thereof "October 1, 1982".

12 USC 1715h.

(b) Section 217 of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

12 USC 1715*l*.

(c) Section 221(f) of such Act is amended by striking out "September 30, 1981" in the fifth sentence and inserting in lieu thereof "September 30, 1982".

12 USC 1715z.

(d)(1) Section 235(m) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(2) Section 235(q)(1) of such Act is amended by striking out "June 1, 1981," in the fourth sentence thereof and inserting in lieu thereof "September 30, 1982,". 94 Stat. 1631. 12 USC 1715z.

(e) Section 236(n) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982". 94 Stat. 1638. 12 USC 1715z-1.

(f) Section 244(d) of such Act is amended— 12 USC 1715z-9.

(1) by striking out "September 30, 1981" in the first sentence and inserting in lieu thereof "September 30, 1982"; and

(2) by striking out "October 1, 1981" in the second sentence and inserting in lieu thereof "October 1, 1982".

(g) Section 245(a) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982". 12 USC 1715z-10.

(h)(1) Section 809(f) of such Act is amended by striking out "September 30, 1981" in the second sentence and inserting in lieu thereof "September 30, 1982". 12 USC 1748h-1.

(2) Section 810(k) of such Act is amended by striking out "September 30, 1981" in the second sentence and inserting in lieu thereof "September 30, 1982". 94 Stat. 1639. 12 USC 1748h-2.

(i) Section 1002(a) of such Act is amended by striking out "September 30, 1981" in the second sentence and inserting in lieu thereof "September 30, 1982". 12 USC 1749bb.

(j) Section 1101(a) of such Act is amended by striking out "September 30, 1981" in the second sentence and inserting in lieu thereof "September 30, 1982". 12 USC 1749aaa.

FLEXIBLE INTEREST RATES

SEC. 332. Section 3(a)(1) of Public Law 90-301 is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1982". 94 Stat. 1639. 12 USC 1709-1.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

SEC. 333. (a)(1) Section 305(c) of the Federal National Mortgage Association Charter Act is amended— 12 USC 1720.

(A) by striking out "and" after "1978,"; and

(B) by inserting the following before the period at the end thereof: ", and by $1,100,000,000 on October 1, 1981".

(2) Section 305 of such Act is amended by adding the following new subsection at the end thereof:

"(k) During fiscal year 1982, the Association may not enter into commitments to purchase under this section mortgages with an aggregate principal amount in excess of $1,973,000,000, except that the Association may not enter into commitments to purchase mortgages secured by projects which do not contain units assisted under section 8 of the United States Housing Act of 1937 with an aggregate principal amount in excess of $580,000,000.". Mortgage purchases. 42 USC 1437f.

(3) Section 306(g) of such Act is amended— 12 USC 1721.

(A) by inserting "(1)" after "(g)";

(B) by striking out "(1)" and "(2)" in the first sentence and inserting in lieu thereof "(i)" and "(ii)", respectively; and

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

"(2) During fiscal year 1982, the Association may not enter into commitments to issue guarantees under this subsection in an aggregate amount in excess of $69,542,000,000.".

(b)(1) In entering into commitments to purchase below-market, tandem plan mortgages during the period beginning on the date of the enactment of this Act and ending October 1, 1982, under section 305 of the Federal National Mortgage Association Charter Act, the 12 USC 1720 note.

Government National Mortgage Association may enter into such commitments only with respect to multifamily projects for which firm commitments for mortgage insurance under title II of the National Housing Act have been issued.

12 USC 1707.

(2) The Secretary of Housing and Urban Development shall continue to process applications for mortgage insurance for multifamily projects under title II of the National Housing Act for a period of at least 90 days beginning on October 1, 1981.

GENERAL INSURANCE FUND

94 Stat. 1639.
12 USC 1735c.

SEC. 334. Section 519(f) of the National Housing Act is amended by inserting the following before the period at the end thereof: ", which amount shall be increased by $126,673,000 on October 1, 1981".

LIMITATION ON INSURANCE AUTHORITY

SEC. 335. Title V of the National Housing Act is amended by adding the following new section at the end thereof:

"LIMITATION ON INSURANCE AUTHORITY

12 USC 1735f-9.

"SEC. 531. During fiscal year 1982, the Secretary may not enter into commitments to insure under this Act loans and mortgages with an aggregate principal amount in excess of $41,000,000,000.".

HOUSING FOR THE ELDERLY

12 USC 1701q.

SEC. 336. Section 202(a)(4)(C) of the Housing Act of 1959 is amended by inserting the following before the period at the end of the second sentence: ", and not more than $850,848,000 may be approved in appropriation Acts for such loans with respect to fiscal year 1982".

RESEARCH AUTHORIZATIONS

94 Stat. 1639.
12 USC 1701z-1.

SEC. 337. 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, and not to exceed $35,000,000 for the fiscal year 1982".

PROPERTY IMPROVEMENT AND MANUFACTURED HOME LOANS

Insurance to financial institutions.
12 USC 1703.

SEC. 338. (a) Section 2(b) of the National Housing Act is amended to read as follows:

"(b)(1) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it if the amount of such loan, advance of credit, or purchase exceeds—

"(A) $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;

"(B) $43,750 or 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;

"(C) $22,500 ($35,000 in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home;

"(D) $35,000 ($47,500 in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home;

"(E) such an amount as may be necessary, but not exceeding $12,500, if made for the purpose of financing the purchase, by an owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home, and if the owner certifies that he or she will place the manufactured home on the lot acquired with such loan within six months after the date of such loan;

"(F) $15,000 per family unit if made for the purpose of financing the preservation of an historic structure; and

"(G) such principal amount as the Secretary may prescribe if made for the purpose of financing fire safety equipment for a nursing home, extended health care facility, intermediate health care facility, or other comparable health care facility.

"(2) Because of prevailing higher costs, the Secretary may, by regulation, in Alaska, Guam, or Hawaii, increase any dollar amount limitation on manufactured homes or manufactured home lot loans contained in this subsection by not to exceed 40 per centum. In other areas where needed to meet higher costs of land acquisition, site development, and construction of a permanent foundation in connection with the purchase of a manufactured home or lot, the Secretary may, by regulation, increase any dollar amount limitation otherwise applicable by an additional $7,500.

"(3) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it if the term to maturity of such loan, advance of credit or purchase exceeds—

"(A) fifteen years and thirty-two days if made for the purpose of financing alterations, repairs, and improvements upon or in connection with an existing single-family structure or manufactured home;

"(B) fifteen years and thirty-two days 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;

"(C) twenty years and thirty-two days (twenty-three years and thirty-two days in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home;

"(D) twenty years and thirty-two days (twenty-five years and thirty-two days in the case of a manufactured home composed of two or more modules) if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home;

"(E) fifteen years and thirty-two days if made for the purpose of financing the purchase, by the owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home;

"(F) fifteen years and thirty-two days if made for the purpose of financing the preservation of an historic structure;

"(G) such term to maturity as the Secretary may prescribe if made for the purpose of financing the construction of a new

structure for use in whole or in part for agricultural purposes; and

"(H) such term to maturity as the Secretary may prescribe if made for the purpose of financing fire safety equipment for a nursing home, extended health care facility, intermediate health care facility, or other comparable health care facility.

"(4) For the purpose 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;

"(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; and

"(C) a loan to finance the purchase of a manufactured home or a manufactured home and lot shall be secured by a first lien upon such home or home and lot, its furnishings, equipment, accessories, and appurtenances.

"(5) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Secretary shall prescribe, in order to make credit available for the purpose of this title. Any such obligation with respect to which insurance is granted under this section shall bear interest and insurance premium charges not exceeding (A) an amount, with respect to so much of the net proceeds thereof as does not exceed $2,500, equivalent to $5.50 discount per $100 of original face amount of a one-year note payable in equal monthly installments, plus (B) an amount, with respect to any portion of the net proceeds thereof in excess of $2,500, equivalent to $4.50 discount per $100 of original face amount of such note. The amounts referred to in clauses (A) and (B) of the preceding sentence, when correctly based on tables of calculations issued by the Secretary or adjusted to eliminate minor errors in computation in accordance with requirements of the Secretary, shall be deemed to comply with such sentence.

Refinancing.

"(6)(A) Any obligation with respect to which insurance is granted under this section may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or term in excess of any applicable maximum provided for in this subsection.

"(B) The owner of a manufactured home lot purchased without assistance under this section but otherwise meeting the requirements of this section may refinance such lot under this section in connection with the purchase of a manufactured home if the borrower certifies that the home and lot is or will be his or her principal residence within six months after the date of the loan.".

94 Stat. 1641.
12 USC 1713.

(b) Section 207(c)(3) of the National Housing Act is amended by striking out "$8,000" and inserting in lieu thereof "$9,000".

MORTGAGE INSURANCE FOR CONDOMINIUMS

12 USC 1715y.

SEC. 339. (a) The first sentence of section 234(b) of the National Housing Act is amended by inserting ", including a project in which the dwelling units are attached, semi-attached, or detached," after "multifamily project".

HOUSING COUNSELING

SEC. 339A. Section 106(a)(3) of the Housing and Urban Development Act of 1968 is amended by inserting the following before the period at the end of the first sentence: "; except that for the fiscal year 1982, there are authorized to be appropriated not to exceed $4,000,000 for such purposes". 12 USC 1701x.

TECHNICAL AMENDMENTS

SEC. 339B. (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 the National Housing Act are amended— 12 USC 1713, 1715e, 1715k, 1715*l*, 1715v, 1715y.

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

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

(b) Section 223(f) of such Act is amended— 94 Stat. 1650. 12 USC 1715n.

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

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

(c) For purposes of paragraphs (1) and (4) of section 308(c) of the Housing and Community Development Act of 1980, the term "mobile home" and the term "manufactured home" shall be deemed to include the term "mobile homes" and the term "manufactured homes", respectively. Definitions. 94 Stat. 1640. 12 USC 1701 *et seq.*, 5401 *et seq.*

(d)(1) The material preceding the proviso in clause (2) of the first sentence of section 234(c) of the National Housing Act is amended to read as follows: "(2) the project is or has been covered by a mortgage insured under any section (except section 213(a) (1) and (2)) of this Act or the project was approved for a guarantee, insurance, or a direct loan under chapter 37 of title 38, United States Code, notwithstanding any requirements in any such section that the project be constructed or rehabilitated for the purpose of providing rental housing:". 12 USC 1715y. 12 USC 1715e. 38 USC 1801 *et seq.*

(2) Section 318 of the Housing and Community Development Act of 1980 is repealed. Repeal. 94 Stat. 1646.

LOWER COST TECHNOLOGY

SEC. 339C. The Secretary of Housing and Urban Development is authorized to develop and implement a demonstration program utilizing lower cost building technology for projects located on inner-city vacant land. 12 USC 1701z-14.

REDUCTION OF 1981 AUTHORITY

SEC. 339D. (a) Notwithstanding any other provision of law, the authorizations for appropriations for programs and activities administered by the Secretary for Housing and Urban Development in fiscal year 1981 are reduced by $5,359,000,000.

(b) This section takes effect upon the date of enactment of this Act. Effective date.

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 339E. (a) Section 809(h) of the Housing and Community Development Act of 1974 is amended by striking out "through 1982 (with" and inserting in lieu thereof "through 1984 (with not more than $500,000 to be appropriated for each of the fiscal years 1982, 1983, and 1984 and with". 12 USC 1701j-2.

12 USC 1701j-2.

(b) Section 809(c)(4) of such Act is amended by inserting the following before the period at the end thereof: "; except that, notwithstanding any such rules and procedures as may be adopted by the Institute, the President of the United States, by and with the advice and consent of the Senate, shall appoint, as representative of the public interest, two of the members of the Board of Directors selected each year for terms commencing in that year".

NEW COMMUNITIES

42 USC 4518.

SEC. 339F. Section 717(b) of the National Urban Policy and New Community Development Act of 1970 is amended by adding the following new sentence at the end thereof: "With respect to fiscal year 1982, the Secretary may not issue obligations under this section in an aggregate amount in excess of $33,250,000.".

PURCHASER-BROKER ARRANGEMENT

SEC. 339G. Title V of the National Housing Act is amended by adding the following new section at the end thereof:

"PURCHASER-BROKER ARRANGEMENT

12 USC 1735f-10.
12 USC 1707.

"SEC. 532. In carrying out the provisions of title II of this Act with respect to insuring mortgages secured by a one- to four-family residence, the Secretary may not exclude from the principal amount which may be insured under such title any sum solely on the basis that such sum is to be paid by the purchaser to a broker who has been the purchaser's agent in the purchase of the residence, but the principal amount of the mortgage, when such sum is added, shall not exceed the limitation as to maximum mortgage amount provided in title II.".

MORTGAGE INSURANCE FOR HOSPITALS

12 USC 1715z-7.

SEC. 339H. Section 242(d)(5) of the National Housing Act is amended by adding at the end thereof the following: "This paragraph shall not limit the authority of the Secretary to approve a mortgage increase on any mortgage eligible for insurance under this paragraph at any time prior to final endorsement of the loan for insurance; except that such mortgage increase may not be approved for the cost of constructing any improvements not included in the original plans and specifications approved by the Department of Health and Human Services unless approved by the Secretary of Housing and Urban Development and by the Secretary of Health and Human Services.".

PART 4—FLOOD, CRIME, AND RIOT INSURANCE

FLOOD INSURANCE

94 Stat. 1639.
42 USC 4127.

SEC. 341. (a) Section 1376(c) of the National Flood Insurance Act of 1968 is amended—

(1) by striking out "and" after "1980,"; and

(2) by inserting the following before the period at the end thereof ", and not to exceed $42,600,000 for the fiscal year 1982".

42 USC 4026.

(b)(1) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(2) Section 1336(a) of such Act is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982". 42 USC 4056.

(c)(1) Section 1310(a) of such Act is amended by inserting "as described in subsection (f)" after "which shall be available". 42 USC 4017.

(2) Section 1310 of such Act is amended by adding the following new subsection at the end thereof:

"(f) The fund shall be available, with respect to any fiscal year beginning on or after October 1, 1981, only to the extent approved in appropriation Acts; except that the fund shall be available for the purpose described in subsection (d)(1) without such approval.".

(d)(1) Chapter I of such Act is amended by adding the following new section at the end thereof:

"UNDEVELOPED COASTAL BARRIERS

"SEC. 1321. (a) No new flood insurance coverage shall be provided under this title on or after October 1, 1983, for any new construction or substantial improvements of structures located on undeveloped coastal barriers which shall be designated by the Secretary of the Interior. 42 USC 4028.

"(b) For purposes of this section—

"(1) the term 'coastal barrier' means— "Coastal barrier."

"(A) a depositional geologic feature (such as a bay barrier, tombolo, barrier spit, or barrier island) which—

"(i) consists of unconsolidated sedimentary materials,

"(ii) is subject to wave, tidal, and wind energies, and

"(iii) protects landward aquatic habitats from direct wave attack; and

"(B) all associated aquatic habitats including the adjacent wetlands, marshes, estuaries, inlets, and nearshore waters;

"(2) a coastal barrier or any portion thereof shall be treated as an undeveloped coastal barrier for purposes of subsection (a) only if there are few manmade structures on the barrier or portion thereof and these structures and man's activities on the barrier do not significantly impede geomorphic and ecological processes; and

"(3) a coastal barrier which is included within the boundaries of an area established under Federal, State, or local law, or held by a qualified organization as defined in section 170(h)(3) of the Internal Revenue Code of 1954, primarily for wildlife refuge, sanctuary, recreational, or natural resource conservation purposes shall not be designated as an undeveloped coastal barrier for purposes of subsection (a). 26 USC 170.

"(c) A federally insured financial institution may make loans secured by structures which are not eligible for flood insurance under this title by reason of subsection (a).".

(2) The Secretary of the Interior shall conduct a study for the purpose of designating the undeveloped coastal barriers which will be affected by the amendment made by paragraph (1). Not later than one year after the date of enactment of this Act, the Secretary shall transmit to the Congress a report of the findings and conclusions of such study together with a proposed designation of the undeveloped coastal barriers and any recommendation regarding the definition of the term "coastal barrier" as enacted by such amendment. Study. 42 USC 4028 note. Report to Congress.

(e) Section 1345 of such Act is amended by adding at the end thereof the following: 42 USC 4081.

"(c) The Director of the Federal Emergency Management Agency shall hold any agent or broker selling or undertaking to sell flood

insurance under this title harmless from any judgment for damages against such agent or broker as a result of any court action by a policyholder or applicant arising out of an error or omission on the part of the Federal Emergency Management Agency, and shall provide any such agent or broker with indemnification, including court costs and reasonable attorney fees, arising out of and caused by an error or omission on the part of the Federal Emergency Management Agency and its contractors. The Director of the Federal Emergency Management Agency may not hold harmless or indemnify an agent or broker for his or her error or omission.".

CRIME AND RIOT INSURANCE

12 USC 1749bbb.

SEC. 342. (a) Section 1201(b) of the National Housing Act is amended—

(1) by striking out "September 30, 1981" in paragraph (1) and inserting in lieu thereof "September 30, 1982"; and

(2) by striking out "September 30, 1984" in paragraph (1)(A) and inserting in lieu thereof "September 30, 1985".

12 USC 1749bbb–3.

(b) Section 1211(b) of the National Housing Act is amended—

(1) by inserting "and" at the end of paragraph (9);

(2) by striking out "; and" at the end of paragraph (10) and inserting in lieu thereof a period; and

(3) by striking out paragraph (11).

PART 5—RURAL HOUSING

AUTHORIZATIONS

94 Stat. 1667.
42 USC 1483.

SEC. 351. (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 "not more than $100,000,000" in subsection (a)(4) and inserting in lieu thereof "none";

(4) by striking out subsection (b)(2) and inserting in lieu thereof the following:

"(2) not to exceed $50,000,000 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;";

42 USC 1474.

(5) by striking out subsection (b)(3) and inserting in lieu thereof the following:

"(3) not to exceed $25,000,000 for financial assistance pursuant to section 516 for the fiscal year ending September 30, 1982;";

42 USC 1486.

(6) by striking out "September 30, 1981" in subsection (b)(4) and inserting in lieu thereof "September 30, 1982"; and

(7) 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:

42 USC 1479.

"(6) not to exceed $2,000,000 for the purposes of section 509(c) for the fiscal year ending September 30, 1982.".

94 Stat. 1668.
42 USC 1485.

(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". 94 Stat. 1668. 42 USC 1487.

(d) Section 521(a)(2)(D) of such Act is amended— 94 Stat. 1668. 42 USC 1490a.

(1) by striking "$493,000,000" and inserting in lieu thereof "$398,000,000"; and

(2) by striking out "1981, except that" and all that follows through the period at the end thereof and inserting in lieu thereof "1982.".

(e) Section 523 of such Act is amended— 94 Stat. 1668. 42 USC 1490c.

(1) by striking out "September 30, 1981" each place it appears in subsection (f) and inserting in lieu thereof "September 30, 1982";

(2) 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 $3,000,000 for fiscal year 1982";

(3) by inserting the following after "shall be available" in the second sentence of subsection (g): ", to the extent approved in appropriation Acts,"; and

(4) by inserting the following before the period at the end of the second sentence of subsection (g): "; except that not more than $5,000,000 may be made available during fiscal year 1982".

INTEREST SUBSIDY PROGRAM

SEC. 352. Section 521(a)(1)(B) of the Housing Act of 1949 is amended by striking out "shall" and inserting in lieu thereof "may". 94 Stat. 1669. 42 USC 1490a.

REPORTS

SEC. 353. The Secretary of Agriculture shall transmit a report to the Congress not later than March 1, 1982, setting forth— Transmittal to Congress.

(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.

Multifamily Mortgage Foreclosure Act of 1981.

PART 6—MULTIFAMILY MORTGAGE FORECLOSURE

SHORT TITLE

12 USC 3701 note.

SEC. 361. This part may be cited as the "Multifamily Mortgage Foreclosure Act of 1981".

FINDINGS AND PURPOSE

12 USC 3701.

SEC. 362. (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;

12 USC 1707.
42 USC 1452b.

(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.

(b) The purpose of this part is to create a uniform Federal foreclosure remedy for multiunit residential and nonresidential mortgages held by the Secretary of Housing and Urban Development pursuant to title II of the National Housing Act or section 312 of the Housing Act of 1964.

DEFINITIONS

12 USC 3702.

SEC. 363. As used in this part—

(1) "mortgage" means a deed of trust, mortgage, deed to secure debt, security agreement, or any other form of instrument under which any interest in property, real, personal or mixed, or any interest in property including leaseholds, life estates, reversionary interests, and any other estates under applicable State law, is

conveyed in trust, mortgaged, encumbered, pledged, or otherwise rendered subject to a lien, for the purpose of securing the payment of money or the performance of an obligation;

(2) "multifamily mortgage" means a mortgage held by the Secretary pursuant to title II of the National Housing Act or section 312 of the Housing Act of 1964 covering any property, except a property on which there is located a one- to four-family residence; 12 USC 1707. 42 USC 1452b.

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

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

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

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

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

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

(9) "county" means county as defined in section 2 of title I, United States Code; and 1 USC 2.

(10) "Secretary" means the Secretary of Housing and Urban Development.

APPLICABILITY

SEC. 364. Multifamily mortgages held by the Secretary encumbering real estate located in any State may be foreclosed by the Secretary in accordance with this part, or pursuant to other foreclosure procedures available, at the option of the Secretary. 12 USC 3703.

DESIGNATION OF FORECLOSURE COMMISSIONER

SEC. 365. A foreclosure commissioner or commissioners designated pursuant to this part shall have a nonjudicial power of sale as provided in this part. 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 368(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 369(1). The foreclosure commissioner, if a natural person, shall be a resident of the State in which the security property is located and, if 12 USC 3704.

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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

12 USC 3705.

SEC. 366. Foreclosure by the Secretary under this part of a multifamily mortgage may be commenced, as provided in section 368, upon the breach of a covenant or condition in the mortgage agreement for which foreclosure is authorized under the mortgage, except that no such foreclosure may be commenced unless any previously pending proceeding, judicial or nonjudicial, separately instituted by the Secretary to foreclose the mortgage other than under this part has been withdrawn, dismissed, or otherwise terminated. No such separately instituted foreclosure proceeding on the mortgage shall be instituted by the Secretary during the pendency of foreclosure pursuant to this part. Nothing in this part shall preclude the Secretary from enforcing any right, other than foreclosure, under applicable State law, including any right to obtain a monetary judgment. Nothing in this part shall preclude the Secretary from foreclosing under this part where the Secretary has obtained or is seeking any other remedy available pursuant to Federal or State law or under the mortgage agreement, including, but not limited to, the appointment of a receiver, mortgagee-in-possession status or relief under an assignment of rents.

NOTICE OF DEFAULT AND FORECLOSURE SALE

12 USC 3706.

SEC. 367. (a) The notice of default and foreclosure sale to be served in accordance with this part shall be subscribed with the name and address of the foreclosure commissioner and the date on which subscribed, and shall set forth the following information:

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

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

(3) the date of the mortgage, the office in which the mortgage is recorded, and the liber and folio or other description of the location of recordation of the mortgage;

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

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

(6) a statement that the foreclosure is being conducted pursuant to this part;

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

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

(b)(1) Except as provided in paragraph (2)(A), the Secretary may require, as a condition and term of sale, that the purchaser at a foreclosure sale under this part agree to continue to operate the security property in accordance with the terms, as appropriate, of the loan program under section 312 of the Housing Act of 1964, the program under which insurance under title II of the National Housing Act was originally provided with respect to such property, or any applicable regulatory or other agreement in effect with respect to such property immediately prior to the time of foreclosure sale. 42 USC 1452b. 12 USC 1707.

(2)(A) In any case where the majority of the residential units in a property subject to such a sale are occupied by residential tenants at the time of the sale, the Secretary shall require, as a condition and term of sale, any purchaser (other than the Secretary) to operate the property in accordance with such terms, as appropriate, of the programs referred to in paragraph (1).

(B) In any case where the Secretary is the purchaser of a multifamily project, the Secretary shall manage and dispose of such project in accordance with the provisions of section 203 of the Housing and Community Development Amendments of 1978. 12 USC 1715z-11.

COMMENCEMENT OF FORECLOSURE

SEC. 368. (a) If the Secretary as holder of a multifamily mortgage determines that the prerequisites to foreclosure set forth in section 366 are satisfied, the Secretary may request the foreclosure commissioner to commence foreclosure of the mortgage. Upon such request, the foreclosure commissioner shall commence foreclosure of the mortgage, by commencing service of a notice of default and foreclosure sale in accordance with section 369. 12 USC 3707.

(b) Subsequent to commencement of a foreclosure under this part, the Secretary may designate a substitute foreclosure commissioner at any time up to forty-eight hours prior to the time of foreclosure sale, and the foreclosure shall continue without prejudice, unless the substitute commissioner, in his or her sole discretion, finds that continuation of the foreclosure sale will unfairly affect the interests of the mortgagor. In the event that the substitute commissioner makes such a finding, the substitute commissioner shall cancel the foreclosure sale, or adjourn such sale in the manner provided in section 369B(c). Upon designation of a substitute foreclosure commissioner, a copy of the written notice of such designation referred to in section 365 shall be served upon the persons set forth in section 369(1) of this part (1) by mail as provided in such section 369 (except that the minimum time periods between mailing and the date of foreclosure sale prescribed in such section shall not apply to notice by mail

pursuant to this subsection), or (2) in any other manner, which in the substitute commissioner's sole discretion, is conducive to achieving timely notice of such substitution. In the event a substitute foreclosure commissioner is designated less than forty-eight hours prior to the time of the foreclosure sale, the pending foreclosure shall be terminated and a new foreclosure shall be commenced by commencing service of a new notice of default and foreclosure sale.

SERVICE OF NOTICE OF DEFAULT AND FORECLOSURE SALE

12 USC 3708.

SEC. 369. The foreclosure commissioner shall serve the notice of default and foreclosure sale provided for in section 367 upon the following persons and in the following manner, and no additional notice shall be required to be served notwithstanding any notice requirements of any State or local law—

(1) NOTICE BY MAIL.—The notice of default and foreclosure sale, together with the designation required by section 365, shall be sent by certified or registered mail, postage prepaid and return receipt requested, 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 part;

(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 part, 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 part.

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 368(b) of this part 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 367(a)(4) may be omitted, in the foreclosure commissioner's discretion, from the published notice. Such publication shall be in a newspaper or

Newspaper notice.

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 property 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.

Posting in public place.

(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. 369A. (a) Except as provided in sections 368(b) and 369B(c), the foreclosure commissioner shall withdraw the security property from foreclosure and cancel the foreclosure sale only if—

Sale cancellation conditions. 12 USC 3709.

(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 369C, except that the Secretary shall have discretion to refuse to cancel a foreclosure pursuant to this paragraph (3) if the current mortgagor or owner of record has on one or more previous occasions caused a foreclosure of the mortgage, commenced pursuant to this part or otherwise, to be canceled by curing a default.

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

(c) In any case in which a foreclosure commenced under this part is canceled, the mortgage shall continue in effect as though acceleration had not occurred.

(d) If the foreclosure commissioner cancels a foreclosure sale under this part a new foreclosure may be subsequently commenced as provided in this part.

CONDUCT OF SALE; ADJOURNMENT

12 USC 3710.

SEC. 369B. (a) The date of foreclosure sale set forth in the notice of default and foreclosure sale shall not be prior to thirty days after the due date of the earliest installment wholly unpaid or the earliest occurrence of any uncured nonmonetary default upon which foreclosure is based. Foreclosure sale pursuant to this part shall be at public auction, and shall be scheduled to begin between the hours of 9 o'clock ante meridian and 4 o'clock post meridian local time on a day other than Sunday or a public holiday as defined by section 6103(a) of title 5, United States Code, or State law. The foreclosure sale shall be held at a location specified in the notice of default and foreclosure sale, which shall be a location where foreclosure real estate auctions are customarily held in the county or one of the counties in which the property to be sold is located, or at a courthouse therein, or at or on the property to be sold. Sale of security property situated in two or more counties may be held in any one of the counties in which any part of the security property is situated.

Public auction.

(b) The foreclosure commissioner shall conduct the foreclosure sale in accordance with the provisions of this part and in a manner fair to both the mortgagor and the Secretary. The foreclosure commissioner shall attend the foreclosure sale in person, or, if there are two or more commissioners, at least one shall attend the foreclosure sale. In the event that no foreclosure commissioner is a natural person, the foreclosure commissioner shall cause its duly authorized employee to attend the foreclosure sale to act on its behalf. Written one-price sealed bids shall be accepted by the foreclosure commissioner from the Secretary and other persons for entry by announcement by the commissioner at the sale. The Secretary and any other person may bid at the foreclosure sale, including the Secretary or any other person who has submitted a written one-price bid, except that the foreclosure commissioner or any relative, related business entity or employee of such commissioner or entity shall not be permitted to bid in any manner on the security property subject to foreclosure sale. The foreclosure commissioner may serve as auctioneer, or, in accordance with regulations of the Secretary, may employ an auctioneer to be paid from the commission provided for in section 369C(5).

Written one-price sealed bids.

(c) The foreclosure commissioner shall have discretion, prior to or at the time of sale, to adjourn or cancel the foreclosure sale if the commissioner determines, in the commissioner's sole discretion, that circumstances are not conducive to a sale which is fair to the mortgagor and the Secretary or that additional time is necessary to determine whether the security property should be withdrawn from foreclosure as provided in section 369A. The foreclosure commissioner may adjourn a sale to a later hour the same day without the giving of further notice, or may adjourn the foreclosure sale for not

less than nine nor more than twenty-four days, in which case the commissioner shall serve a notice of default and foreclosure sale revised to recite that the foreclosure sale has been adjourned to a specified date and to include any corrections the foreclosure commissioner deems appropriate. Such notice shall be served by publication, mailing and posting in accordance with section 369, except that publication may be made on any of three separate days prior to the revised date of foreclosure sale, and mailing may be made at any time at least seven days prior to the date to which the foreclosure sale has been adjourned.

FORECLOSURE COSTS

SEC. 369C. The following foreclosure costs shall be paid from the sale proceeds prior to satisfaction of any other claim to such sale proceeds: 12 USC 3711.

(1) necessary advertising costs and postage incurred in giving notice pursuant to sections 369 and 369B;

(2) mileage for posting notices and for the foreclosure commissioner's attendance at the sale at the rate provided in section 1921 of title 28, United States Code, for mileage by the most reasonable road distance;

(3) reasonable and necessary costs actually incurred in connection with any necessary search of title and lien records;

(4) necessary out-of-pocket costs incurred by the foreclosure commissioner to record documents; and

(5) a commission for the foreclosure commissioner for the conduct of the foreclosure to the extent authorized by regulations issued by the Secretary.

DISPOSITION OF SALE PROCEEDS

SEC. 369D. Money realized from a foreclosure sale shall be made available for obligation and expenditure— 12 USC 3712.

(1) first to cover the costs of foreclosure provided for in section 369C;

(2) then to pay valid tax liens or assessments prior to the mortgage;

(3) then to pay any liens recorded prior to the recording of the mortgage which are required to be paid in conformity with the terms of sale in the notice of default and foreclosure sale;

(4) then to service charges and advancements for taxes, assessments, and property insurance premiums;

(5) then to the interest;

(6) then to the principal balance secured by the mortgage (including expenditures for the necessary protection, preservation, and repair of the security property as authorized under the mortgage agreement and interest thereon if provided for in the mortgage agreement); and

(7) then to late charges.

Any surplus after payment of the foregoing shall be paid to holders of liens recorded after the mortgage and then to the appropriate mortgagor. If the person to whom such surplus is to be paid cannot be located, or if the surplus available is insufficient to pay all claimants and the claimants cannot agree on the allocation of the surplus, or if any person claiming an interest in the mortgage proceeds does not agree that some or all of the sale proceeds should be paid to a claimant as provided in this section, that part of the sale proceeds in question may be deposited by the foreclosure commissioner with an Surplus proceeds.

appropriate official or court authorized under law to receive disputed funds in such circumstances. If such a procedure for the deposit of disputed funds is not available, and the foreclosure commissioner files a bill of interpleader or is sued as a stakeholder to determine entitlement to such funds, the foreclosure commissioner's necessary costs in taking or defending such action shall be deductible from the disputed funds.

TRANSFER OF TITLE AND POSSESSION

Deeds.
12 USC 3713.

SEC. 369E. (a) The foreclosure commissioner shall deliver a deed or deeds to the purchaser or purchasers and obtain the balance of the purchase price in accordance with the terms of sale provided in the notice of default and foreclosure sale.

(b) Subject to subsection (c), the foreclosure deed or deeds shall convey all of the right, title, and interest in the security property covered by the deed which the Secretary as holder, the foreclosure commissioner, the mortgagor, and any other persons claiming by, through, or under them, had on the date of execution of the mortgage, together with all of the right, title, and interest thereafter acquired by any of them in such property up to the hour of sale, and no judicial proceeding shall be required ancillary or supplementary to the procedures provided in this part to assure the validity of the conveyance or confirmation of such conveyance.

(c) A purchaser at a foreclosure sale held pursuant to this part shall be entitled to possession upon passage of title to the mortgaged property, subject to an interest or interests senior to that of the mortgage and subject to the terms of any lease of a residential tenant for the remaining term of the lease or for one year, whichever period is shorter. Any other person remaining in possession after the sale and any residential tenant remaining in possession after the applicable period shall be deemed a tenant at sufferance.

(d) There shall be no right of redemption, or right of possession based upon right of redemption, in the mortgagor or others subsequent to a foreclosure pursuant to this part.

Tax.

(e) When conveyance is made to the Secretary, no tax shall be imposed or collected with respect to the foreclosure commissioner's deed, whether as a tax upon the instrument or upon the privilege of conveying or transferring title to the property. Failure to collect or pay a tax of the type and under the circumstances stated in the preceding sentence shall not be grounds for refusing to record such a deed, for failing to recognize such recordation as imparting notice or for denying the enforcement of such a deed and its provisions in any State or Federal court.

RECORD OF FORECLOSURE AND SALE

Deed affidavit.
12 USC 3714.

SEC. 369F. (a) To establish a sufficient record of foreclosure and sale, the foreclosure commissioner shall include in the recitals of the deed to the purchaser or prepare an affidavit or addendum to the deed stating—

(1) that the mortgage was held by the Secretary;

(2) the particulars of the foreclosure commissioner's service of notice of default and foreclosure sale in accordance with sections 369 and 369B;

(3) that the foreclosure was conducted in accordance with the provisions of this part and with the terms of the notice of default and foreclosure sale;

(4) a correct statement of the costs of foreclosure, calculated in accordance with section 369C; and

(5) the name of the successful bidder and the amount of the successful bid.

(b) The deed executed by the foreclosure commissioner, the foreclosure commissioner's affidavit and any other instruments submitted for recordation in relation to the foreclosure of the security property under this part shall be accepted for recordation by the registrar of deeds or other appropriate official of the county or counties in which the security property is located upon tendering of payment of the usual recording fees for such instruments.

COMPUTATION OF TIME

SEC. 369G. Periods of time provided for in this part shall be calculated in consecutive calendar days including the day or days on which the actions or events occur or are to occur for which the period of time is provided and including the day on which an event occurs or is to occur from which the period is to be calculated. 12 USC 3715.

SEPARABILITY

SEC. 369H. If any clause, sentence, paragraph or part of this part shall, for any reason, be adjudged by a court of competent jurisdiction to be invalid or invalid as applied to a class of cases, such judgment shall not affect, impair, or invalidate the remainder thereof and of this part, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered. 12 USC 3716.

REGULATIONS

SEC. 369I. The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this part. 12 USC 3717.

PART 7—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 371. (a) Except as otherwise provided in this subtitle, the provisions of this subtitle shall take effect on October 1, 1981. 12 USC 3701 note.

(b) The amendments made by sections 324, 325, and 326(a) shall apply only with respect to contracts entered into on and after October 1, 1981. *Ante*, pp. 405, 406.

Subtitle B—Banking and Related Programs

Banking and Related Programs Authorization Adjustment Act. 12 USC 635 note.

SHORT TITLE

SEC. 380. This subtitle may be cited as the "Banking and Related Programs Authorization Adjustment Act".

EXPORT-IMPORT BANK OF THE UNITED STATES

SEC. 381. (a) Section 7(a) of the Export-Import Bank Act of 1945 (12 U.S.C. 635e(a)) is amended—

(1) by inserting "(1)" after "Sec. 7. (a)"; and

(2) by adding at the end thereof the following:

"(2) Within the limits of funds and borrowing authority available to the Bank pursuant to this Act, gross obligations for the principal amount of direct loans authorized by the Bank 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.".

Report to Congress.

(b) On or before December 15, 1981, the Secretary of the Treasury shall transmit a report to both Houses of the Congress regarding the status of negotiations within the Organization for Economic Cooperation and Development on improving the International Arrangement on Guidelines for Officially Supported Export Credits and on the status of any other multilateral or bilateral negotiations or discussions for the purpose of improving any other arrangements, standstills, minutes, and practices involving official export financing in which the United States participates. Such report shall include—

(1) an assessment of the progress, if any, that has been made in these negotiations, and of the prospects for a successful conclusion to these negotiations within a reasonable time; and

(2) a recommendation by the Secretary of the Treasury as to whether the Congress, in order to improve the prospects for a successful conclusion to these negotiations, should enact legislation for the purpose of enhancing the ability of the Export-Import Bank of the United States to offer or support export credit fully competitive with the subsidized official export credit offered or supported by other governments.

DEPARTMENT OF THE TREASURY

Appropriation authorization.

SEC. 382. (a) Section 5 of the Act of November 8, 1978 (92 Stat. 3092; Public Law 95-612), is amended—

(1) in subsection (a), by striking out "$24,000,000 for fiscal year 1979 and $22,375,000 for fiscal year 1980," and inserting in lieu thereof "$22,896,000 for fiscal year 1982, and such sums as may be necessary for each fiscal year thereafter"; and

(2) in subsection (b), by striking out "for fiscal year 1980 not to exceed $800,000" and inserting in lieu thereof "not to exceed $1,000,000 for fiscal year 1982, and such sums as may be necessary for each fiscal year thereafter,".

(b) The last sentence of section 3552 of the Revised Statutes (31 U.S.C. 369) is amended to read as follows: "There are authorized to be appropriated for fiscal year 1982 not to exceed $54,706,000 for all expenditures (salaries and expenses) of the mints and assay offices not herein otherwise provided for.".

Effective date. 31 USC 369 note.

(2) The amendment made by paragraph (1) shall take effect on October 1, 1981.

COUNCIL ON WAGE AND PRICE STABILITY

Repeal.

SEC. 383. Section 6 of the Council on Wage and Price Stability Act (12 U.S.C. 1904 note) is hereby repealed.

USURY PROVISION

SEC. 384. Section 501(a)(1)(C)(vi) of the Depository Institutions Deregulation and Monetary Control Act of 1980 (12 U.S.C. 1735f-7 note) is amended by inserting "or a residential manufactured home" after "residential real property".

RESERVE REQUIREMENTS

SEC. 385. (a) Section 19(b)(8)(E) of the Federal Reserve Act (12 U.S.C. 461(b)(8)(E)) is amended by striking out the first two sentences thereof and inserting in lieu thereof the following: "This subparagraph applies to any depository institution that, on August 1, 1978, (i) was engaged in business as a depository institution in a State outside the continental limits of the United States, and (ii) was not a member of the Federal Reserve System at any time on or after such date. Such a depository institution shall not be required to maintain reserves against its deposits held or maintained at its offices located in a State outside the continental limits of the United States until the first day of the sixth calendar year which begins after the effective date of the Monetary Control Act of 1980.". 94 Stat. 133.

(b) The third sentence of section 19(b)(8)(E) of such Act (12 U.S.C. 461(b)(8)(E)) is amended by striking out "its deposits" and inserting in lieu thereof "such deposits".

Subtitle C—National Consumer Cooperative Bank Act Amendments

National Consumer Cooperative Bank Act Amendments of 1981.

SHORT TITLE

SEC. 390. This subtitle may be cited as the "National Consumer Cooperative Bank Act Amendments of 1981". 12 USC 3001 note.

ACCELERATION OF FINAL GOVERNMENT EQUITY REDEMPTION DATE

SEC. 391. (a)(1) The National Consumer Cooperative Bank Act (12 U.S.C. 3001 et seq.) is amended by inserting after section 115 the following: *Post*, p. 436.

"ACCELERATION OF FINAL GOVERNMENT EQUITY REDEMPTION DATE

"SEC. 116. (a)(1)(A) The Final Government Equity Redemption Date shall occur on December 31, 1981, or not later than 10 days after the date of the enactment of the first Act providing for appropriations for fiscal year 1982 (other than continuing appropriations) for the Department of Housing and Urban Development and Independent Agencies, whichever occurs later. 12 USC 3026.

"(B) Not later than 5 days after the Final Government Equity Redemption Date, the Secretary of the Treasury shall publish a notice in the Federal Register indicating the day on which the Final Government Equity Redemption Date occurred. Publication in Federal Register.

"(2)(A) Before the Final Government Equity Redemption Date, the Secretary of the Treasury shall purchase all class A stock for which the Congress has appropriated funds.

"(B) After the Final Government Equity Redemption Date, the Secretary of the Treasury shall not purchase any class A stock.

"(3)(A) On the Final Government Equity Redemption Date, all class A stock held by the Secretary of the Treasury on such date shall be redeemed by the Bank in exchange for class A notes which are issued by the Bank to the Secretary of the Treasury on behalf of the United States and which have a total face value equal to the total par value of the class A stock which is so redeemed, plus any unpaid dividends on such stock.

"(B) During the period beginning on the Final Government Equity Redemption Date and ending on December 31, 1990, not less than 30

percent of the revenue derived from the sale of stock by the Bank, other than the sale of class B stock or class C stock, shall be used, upon receipt, to retire class A notes.

"(C) After December 31, 1990, the Bank shall maintain a repayment schedule for class A notes which will assure full repayment of all class A notes not later than December 31, 2020. The requirement specified in the previous sentence is in addition to the requirement regarding the redemption of class A notes which is specified in section 104(c).

12 USC 3014.

"(b)(1) The United States shall not be responsible for any obligation of the Bank which is incurred after the Final Government Equity Redemption Date.

Bylaws.

"(2) As soon as practicable after the date of the enactment of this section, the Board shall adopt bylaws which will assist in expediting and coordinating the activities which will occur with respect to the Final Government Equity Redemption Date.".

Effective date.
12 USC 3026 note.

(2) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

12 USC 3017a.

(b)(1) Only for purposes of section 107(a) of the National Consumer Cooperative Bank Act (12 U.S.C. 3017(a)), class A notes shall be deemed to be paid-in capital of the Bank.

Effective date.
12 USC 3017a note.

(2) This subsection shall take effect on the day after the Final Government Equity Redemption Date.

TAX STATUS OF THE BANK

SEC. 392. (a) Section 109 of the National Consumer Cooperative Bank Act (12 U.S.C. 3019) is amended—

(1) by striking out "Until the Final Government Equity Redemption Date, but not thereafter, the Bank" and inserting in lieu thereof "(a) The Bank"; and

(2) by adding at the end thereof the following:

"(b) Notwithstanding any other provision of law, for purposes of subchapter T of the Internal Revenue Code of 1954—

26 USC 1381.

"(1) the Bank shall be treated as a corporation operating on the cooperative basis within the meaning of section 1381(a)(2) of such Code;

Definitions.
26 USC 1388.

"(2) the term 'patronage dividend', as defined in section 1388(a) of such Code includes, only as such section applies to the Bank, any patronage refunds in the form of class B or class C stock or allocated surplus that are distributed or set aside by the Bank pursuant to section 104(i) of this Act;

12 USC 3014.

"(3) the terms 'written notice of allocation' and 'qualified written notices of allocation', as defined in sections 1388 (b) and (c) of such Code, include (to the extent of par value), only as such sections apply to the Bank, any class B or class C stock distributed by the Bank pursuant to section 104(i) of this Act and shall also include any allocated surplus set aside by the Bank pursuant to section 104(i) of this Act;

"(4) patrons of the Bank shall be deemed to have consented under section 1388(c)(2) of such Code to the inclusion in their incomes of any qualified written notices of allocation received by such patrons from the Bank; and

"(5) any amounts required to be included in the incomes of patrons of the Bank with respect to class B or class C stock or allocated surplus shall be treated as earnings from business done by such patrons of the Bank with or for their own patrons.".

(b) The amendments made by subsection (a) shall take effect on the day after the Final Government Equity Redemption Date. Effective date. 12 USC 3019 note.

BOARD OF DIRECTORS

SEC. 393. (a) Subsections (a), (b), (c), and (d) of section 103 of such Act (12 U.S.C. 3013) are amended to read as follows:

"(a) The Bank shall be governed by a Board of Directors (hereinafter in this Act referred to as the 'Board') which shall consist of 15 members. All members shall serve for a term of 3 years. After the expiration of the term of any member, such member may continue to serve until his successor has been elected or has been appointed and qualified. Any member appointed by the President may be removed for cause by the President. Removal.

"(b)(1) The President shall appoint, by and with the advice and consent of the Senate— Appointment.

"(A) one member who shall be selected from among proprietors of small business concerns, as defined under section 3 of the Small Business Act, which are manufacturers or retailers; 12 USC 371.

"(B) one member who shall be selected from among the officers of the agencies and departments of the United States; and

"(C) one member who shall be selected from among persons having extensive experience in the cooperative field representing low-income cooperatives eligible to borrow from the Bank.

"(2) Twelve members of the Board shall be elected by the holders of class B stock and class C stock in accordance with the provisions of subsection (d) and the bylaws of the Bank.

"(c)(1) On the day after the Final Government Equity Redemption Date, all members of the Board of Directors of the Bank who were appointed by the President shall resign, except that— Resignation.

"(A) the member who shall have been appointed by the President from among proprietors of small business concerns, and

"(B) one member who shall be designated by the President and who shall have been appointed by the President from among the officers and employees of the agencies and departments of the United States Government,

may continue to serve until their successors have been appointed and qualified.

"(2) Any member of the Board of Directors of the Bank who was elected by the holders of class B or class C stock before the Final Government Equity Redemption Date shall serve the remainder of the term for which such member was elected.

"(3) Any member appointed pursuant to subsection (b)(1) shall be entitled to sit on any committee of the Board, but not more than one member so appointed may sit on any one committee.

"(d)(1) All elections of members of the Board by the holders of class B stock and class C stock shall be conducted in accordance with the bylaws of the Bank. Such bylaws shall conform to the requirements of this section. Nominations for such elections shall be made by the following classes of cooperatives: (A) housing, (B) consumer goods, (C) low-income cooperatives, (D) consumer services, and (E) all other eligible cooperatives.

"(2)(A) Vacant shareholder directorships shall be filled so that at any time when there are three or more shareholder directors on the Board, there shall be at least one director representing each of the following classes of cooperatives: (i) housing cooperatives, (ii) Vacant shareholder directorships.

low-income cooperatives, and (iii) consumer goods and services cooperatives.

"(B) Each nominee for a shareholder directorship of a particular class shall have at least three years experience as a director or senior officer in the class of cooperatives to be represented.

"(C) No one class of cooperatives specified in paragraph (1) shall be represented on the Board by more than three directors.".

(b) Section 103(h) of such Act (12 U.S.C. 3013(h)) is amended—

(1) in the second sentence thereof, by striking out ", until the Final Government Equity Redemption Date" and all that follows through "class B and class C stock" and inserting in lieu thereof "the member of the Board appointed pursuant to subsection (b)(1)(C)"; and

(2) by adding at the end thereof the following: "The members of the Board who are elected by the holders of class B stock and class C stock shall be compensated in accordance with the bylaws of the Bank. All compensation and expenses paid to the members of the Board of Directors shall be paid by the Bank.".

Effective date. 12 USC 3013 note.

(c) The amendments made by subsections (a) and (b) shall take effect on the day after the Final Government Equity Redemption Date.

EXAMINATIONS AND AUDITS; CONFORMING AMENDMENTS

SEC. 394. (a)(1) Section 115 of the National Consumer Cooperative Bank Act (12 U.S.C. 3025) is amended to read as follows:

"EXAMINATION AND AUDIT

"SEC. 115. The Farm Credit Administration and the General Accounting Office are hereby authorized and directed to examine and audit the Bank. Reports regarding such examinations and audits shall be promptly forwarded to both Houses of the Congress. The Bank shall reimburse the Farm Credit Administration for the costs of any examination or audit conducted by the Farm Credit Administration.".

Reports to Congress.

Effective date. 12 USC 3025 note.

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.

(b) The second sentence of section 108(a) of such Act (12 U.S.C. 3018(a)) is amended by striking out "October 1, 1983" and inserting in lieu thereof "October 1, 1985".

(c)(1) The first sentence of section 104(a) of such Act (12 U.S.C. 3014(a)) is amended by inserting "by other public or private investors," after "by public bodies,".

12 USC 3014 note.

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.

(d)(1) The last sentence of section 102 of such Act (12 U.S.C. 3012) is amended to read as follows: "In determining whether a public offering is taking place for the purpose of the Securities Act of 1933, there shall be excluded from consideration all class B and class C stock purchases which took place prior to the date of the enactment of the National Consumer Cooperative Bank Act Amendments of 1981.".

12 USC 3012 note.

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date.

(e)(1) The first sentence of section 105(a) of such Act (12 U.S.C. 3015(a)) is amended by striking out "entirely owned" and inserting in lieu thereof "primarily owned".

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date. Effective date. 12 USC 3015 note.

(f) Section 105(a)(5) of such Act (12 U.S.C. 3015(a)(5)) is amended by inserting "(except that this requirement shall not apply to any housing cooperative in existence on March 21, 1980, which did not meet such requirement on such date)" after "one vote per person basis".

(g)(1) The second sentence of section 107(a) of such Act (12 U.S.C. 3017(a)) is amended by striking out "after consultation with the Secretary of the Treasury".

(2) The amendment made by paragraph (1) shall take effect on the day after the Final Government Equity Redemption Date. Effective date. 12 USC 3017 note.

NONPROFIT CORPORATION

SEC. 395. (a) The National Consumer Cooperative Bank Act (12 U.S.C. 3001 et seq.) is amended by inserting after section 210 the following:

"ESTABLISHMENT OF NONPROFIT CORPORATION

"SEC. 211. (a)(1) Upon the incorporation of the nonprofit corporation described in subsection (b), the Office of Self-Help Development and Technical Assistance is hereby abolished. 12 USC 3051.

"(2)(A) If the nonprofit corporation described in subsection (b) agrees to accept the liabilities of the Office, the Bank, notwithstanding any other provision of law, shall transfer all assets, liabilities, and property of the Office to such nonprofit corporation on the day on which such nonprofit corporation is incorporated.

"(B) Such assets shall include all sums which are appropriated to the Office by the Congress and all sums which are contained in the Account established pursuant to section 202. If any such sums are appropriated after the date on which the transfer described in subparagraph (A) occurs, the Bank shall promptly transfer such sums to such nonprofit corporation. 12 USC 3042.

"(b)(1) As soon as possible after the date of the enactment of this section, the Board shall establish a nonprofit corporation under the laws of the District of Columbia and, notwithstanding the laws of the District of Columbia, name the directors of such nonprofit corporation.

"(2) Notwithstanding the laws of the District of Columbia, the Board of Directors of such nonprofit corporation shall—

"(A) select an executive director who shall be responsible for the administration of such nonprofit corporation;

"(B) set the compensation of such executive director and the other employees of such nonprofit corporation;

"(C) promulgate and publish the policies of such nonprofit corporation and make such policies available at all times to eligible cooperatives; and

"(D) perform the functions specified in subparagraphs (A) and (C) of paragraph (3).

"(3) Such nonprofit corporation shall only perform— Functions.

"(A) the functions which are authorized to be performed pursuant to sections 203 through 208 and section 210; 12 USC 3043–3048, 3050.

"(B) such functions as are necessary to comply with the laws under which it was incorporated in the District of Columbia; and

"(C) such functions as are necessary to remain qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954. 26 USC 501.

"(4) Notwithstanding any other provision of law—

"(A) the Bank may provide administrative or staff support to such nonprofit corporation; and

"(B) any member of the Board of Directors of the Bank may serve as a member of the Board of Directors of such nonprofit corporation.

"(c)(1) Notwithstanding any other provision of law, such nonprofit corporation shall be deemed to be, and treated as, qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 from the date on which such nonprofit corporation is established under the laws of the District of Columbia until the date on which the Internal Revenue Service makes a final determination on the application which such nonprofit corporation will submit to the Internal Revenue Service seeking status as an organization qualifying under such section.

26 USC 501.

"(2) When performed by such nonprofit corporation, the functions described in subsection (b)(3)(A) shall be deemed to be performed for 'charitable purposes' within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954.

Contributions.

"(d)(1) The Board of Directors of the Bank may make contributions to the nonprofit corporation in such amounts as the Board of Directors of the Bank deems appropriate, except that—

"(A) such contributions may be made only out of the Bank's earnings, determined in accordance with generally accepted accounting principles; and

"(B) the Bank shall set aside amounts sufficient to satisfy its obligations to the Secretary of the Treasury for payments of principal and interest on class A notes and other debt before making any contributions to such nonprofit corporation.

"(2) During any period in which the nonprofit corporation described in subsection (b) is qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, contributions made by the Bank pursuant to paragraph (1) shall be treated as charitable contributions within the meaning of section 170(c)(2) of the Internal Revenue Code of 1954, and may be deducted notwithstanding the provisions of section 170(b)(2) of such Code.

26 USC 170.

"(3) During any period in which the nonprofit corporation described in subsection (b) is qualified as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, contributions to such nonprofit corporation by any person shall qualify as charitable contributions, as defined in section 170(c) of such Code, for purposes of the charitable contribution deduction provided for in section 170(a) of such Code, and shall also qualify for the deductions for estate and gift tax purposes provided for in sections 2055 and 2522 of the Internal Revenue Code of 1954.

26 USC 2055, 2522.

"(e) Notwithstanding the laws of the District of Columbia, the Board of Directors of such nonprofit corporation shall adopt and publish its own conflict of interest rules which shall be no less stringent in effect than the conflict of interest provisions adopted by the Board of Directors of the Bank pursuant to section 114.".

12 USC 3024.

(b)(1) The first sentence of section 202 of the National Consumer Cooperative Bank Act (12 U.S.C. 3042) is amended by striking out "$10,000,000 for the fiscal year ending September 30, 1979, and for the next two succeeding fiscal years an aggregate amount not to exceed $65,000,000, for the purpose of making advances under section 203 of this Act" and by inserting in lieu thereof "for the purpose of making advances under section 203 of this Act an amount not to exceed $14,000,000 for fiscal year 1982".

12 USC 3043.

(2) Section 104(a) of such Act (12 U.S.C. 3014(a)) is amended by striking out the second and third sentences thereof and inserting in lieu thereof the following: "There are authorized to be appropriated not to exceed $47,000,000 for fiscal year 1982 for purposes of purchasing class A stock.". Appropriation authorization.

(3) The amendments made by paragraphs (1) and (2) shall take effect on October 1, 1981. Effective date. 12 USC 3014 note.

CONFORMING AMENDMENTS; DEFINITIONS

SEC. 396. (a) For purposes of this subtitle, the term "Final Government Equity Redemption Date" shall have the same meaning given such term in section 101(5) of the National Consumer Cooperative Bank Act (12 U.S.C. 3011(5)). 12 USC 3012 note.

(b) The first sentence of section 101 of the National Consumer Cooperative Bank Act (12 U.S.C. 3011) is amended to read as follows: "The Congress of the United States hereby creates and charters a body corporate to be known as the National Consumer Cooperative Bank (hereinafter in this Act referred to as the 'Bank').".

(c)(1) Section 104(b) of such Act (12 U.S.C. 3014(b)) is amended—

(A) in the first sentence, by striking out "class A, class B," and inserting in lieu thereof "class B"; and

(B) by amending the second and third sentences to read as follows: "Class A notes which are held by the United States shall have first preference with respect to assets and interest payments over all classes of stock issued by the Bank. So long as any class A notes are outstanding, the Bank shall not pay any dividend on any class of stock at a rate greater than the statutory interest rate payable on class A notes.".

(2) Section 104(c) of such Act (12 U.S.C. 3014(c)) is amended—

(A) by striking out the first sentence thereof;

(B) in the second sentence—

(i) by striking out "class A stock" and inserting in lieu thereof "class A notes";

(ii) by striking out "dividends" each place it appears therein and inserting in lieu thereof "interest payments"; and

(iii) by striking out ": *Provided,* That" and inserting in lieu thereof ", except that";

(C) in the third sentence, by striking out "dividends" and inserting in lieu thereof "interest payments";

(D) by amending the fourth sentence to read as follows: "Any such interest payment may be deferred by the Board of Directors with the approval of the Secretary of the Treasury, except that any interest payment so deferred shall bear interest at a rate equal to the rate determined pursuant to the first sentence of this subsection.";

(E) in the fifth sentence, by striking out "any other class of stock" and all that follows through the end thereof and inserting in lieu thereof "any class of stock at any time when the deferred interest payments on class A notes shall not have been paid in full, together with any unpaid interest on such notes.";

(F) in the sixth sentence—

(i) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes";

(ii) by striking out "other";

(iii) by striking out "dividends" and inserting in lieu thereof "interest payments"; and

(iv) by striking out "par value" and inserting in lieu thereof "face value"; and

(G) in the seventh sentence—

(i) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes";

(ii) by striking out "cumulative dividends" and inserting in lieu thereof "interest payments";

(iii) by striking out ": *Provided,* That" and inserting in lieu thereof ", except that";

(iv) by striking out "of shares" after "fiscal year a number"; and

(v) by striking out "par value" each place it appears therein and inserting in lieu thereof "face value".

(3) Section 104(e) of such Act (12 U.S.C. 3014(e)) is amended—

(A) by striking out "class A stock" each place it appears therein and inserting in lieu thereof "class A notes"; and

(B) in the last sentence thereof, by striking out "statutory dividend" and inserting in lieu thereof "statutory interest payment".

(4) Section 104(f) of such Act (12 U.S.C. 3014(f)) is amended—

(A) by striking out "class A stock is" and inserting in lieu thereof "class A notes are"; and

(B) by striking out "class A stock as to dividends" and inserting in lieu thereof "class A notes as to dividends, interest payments,".

(5) Section 104(g)(2)(B) of such Act (12 U.S.C. 3014(g)(2)(B)) is amended by striking out "section 103(c)" and inserting in lieu thereof "section 103(d)(2)(A).".

(6) The second sentence of section 104(h) of such Act (12 U.S.C. 3014(h)) is hereby repealed.

(7) The first sentence of section 104(i) of such Act (12 U.S.C. 3014(i)) is amended—

(A) by striking out "cumulative dividends on class A stock" and inserting in lieu thereof "interest payments on class A notes"; and

(B) by striking out "class A stock in" and inserting in lieu thereof "class A notes in".

(d) Section 107 of such Act (12 U.S.C. 3017) is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(e) The second sentence of section 108(b) of such Act (12 U.S.C. 3018(b)) is amended by striking out ", but so long as" and all that follows through "class B stock in the Bank".

(f) The last sentence of section 114 of such Act (12 U.S.C. 3024) is hereby repealed.

(g) Section 203 of such Act (12 U.S.C. 3043) is amended by striking out "out of the Account" each place it appears therein.

(h)(1) Section 201 of the Government Corporation Control Act (31 U.S.C. 856) is amended by striking out "(7) the Rural Telephone Bank" and all that follows through the end thereof and inserting in lieu thereof "(7) the Rural Telephone Bank, (8) the United States Railway Association, and (9) the National Credit Union Administration Central Liquidity Facility.".

(2) Section 302 of the Government Corporation Control Act (31 U.S.C. 867) is amended—

(A) by inserting "or" after "the Regional Banks for Cooperatives,"; and

(B) by striking out "or the National Consumer Cooperative Bank,".

(3) The second sentence of section 303(d) of the Government Corporation Control Act (31 U.S.C. 868(d)) is amended by striking out "National Consumer Cooperative Bank,".

(4) Section 5315 of title 5, United States Code, is amended by striking out "Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank.".

(i) The amendments made by subsections (b) through (h) shall take effect on the day after the Final Government Equity Redemption Date.

Effective date. 12 USC 3011 note.

TITLE IV—THE DISTRICT OF COLUMBIA

LIMITATION ON THE AMOUNT OF FUNDS AUTHORIZED AND EXPENDED FOR LOANS FOR CAPITAL PROJECTS

SEC. 401. (a) Subsection (c) of section 723 of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 47-241 note) is amended to read as follows:

"(c) Subject to the limitations contained in section 603(b), there is authorized to be appropriated to make loans under this section the sum of $155,000,000 for the fiscal year ending on September 30, 1982, the sum of $155,000,000 for the fiscal year ending on September 30, 1983, and the sum of $155,000,000 for the fiscal year ending on September 30, 1984.".

D.C. Code 47-228.

(b) The amendment made by this section shall take effect on October 1, 1981.

Effective date.

TITLE V—EDUCATION PROGRAMS

Omnibus Education Reconciliation Act of 1981.

SHORT TITLE

SEC. 501. This title may be cited as the "Omnibus Education Reconciliation Act of 1981".

20 USC 3489 note.

Subtitle A—Authorization Savings for Fiscal Years 1982, 1983, and 1984

EFFECT ON OTHER LAWS; GENERAL RESTRICTIONS

SEC. 502. (a) Any provision of law which is not consistent with the provisions of this subtitle is hereby superseded and shall have only such force and effect during each of the fiscal years 1982, 1983, and 1984 which is consistent with this subtitle.

20 USC 3489 note.

(b) Notwithstanding any authorization of appropriations for fiscal year 1982, 1983, or 1984 contained in any provision of law which is specified in this subtitle (including any authorization of appropriations contained in section 528 of this title), no funds are authorized to be appropriated in excess of the limitations imposed upon appropriations by the provisions of this subtitle.

(c) No funds are authorized to be appropriated for the fiscal year 1982, 1983, or 1984 to pay for the expenses of any advisory council which provides advice to a program for which there are no authorizations of appropriations made under this subtitle or made by an amendment made by this subtitle.

ACT OF MARCH 2, 1867 (HOWARD UNIVERSITY)

20 USC 123 note.

SEC. 503. The total amount of appropriations to carry out the Act of March 2, 1867 (14 Stat. 439), shall not exceed $145,200,000 for each of the fiscal years 1982, 1983, and 1984.

ACT OF SEPTEMBER 23, 1950 (IMPACT AID)

20 USC 631 note.

SEC. 504. The total amount of appropriations to carry out the Act of September 23, 1950 (Public Law 815, 81st Congress), shall not exceed $20,000,000 for each of the fiscal years 1982, 1983, and 1984.

ACT OF SEPTEMBER 30, 1950 (IMPACT AID)

20 USC 237 note.

SEC. 505. (a)(1) The total amount of appropriations to make payments under the Act of September 30, 1950 (Public Law 874, 81st Congress), shall not exceed $455,000,000 for each of the fiscal years 1982, 1983, and 1984 of which—

(A) $10,000,000 shall be available for payments under section 2 of such Act; and

(B) $10,000,000 shall be available for payments under section 7 of such Act.

20 USC 237.

Funds available for section 2 of such Act for each such fiscal year shall also be available for section 16 of the Act of September 23, 1950

20 USC 646.

(Public Law 815, 81st Congress).

20 USC 238.

(2) Section 3(d)(2) of such Act is amended by adding at the end thereof the following new subparagraph:

"(E)(i) The amount of the entitlement of any local educational agency under this section for fiscal year 1982 with respect to children determined under subsection (b) with respect to such agency shall be the amount determined under paragraph (1) with respect to such children multiplied by 66⅔ per centum.

"(ii) The amount of the entitlement of any local educational agency under this section for fiscal year 1983 with respect to children determined under subsection (b) with respect to such agency shall be the amount determined under paragraph (1) with respect to such children multiplied by 33⅓ per centum.

"(iii) The amount of the entitlement of any local educational agency under this section for fiscal year 1984 or any succeeding fiscal year with respect to children determined under subsection (b) with respect to such agency shall be zero.".

20 USC 237 note.

(3) If the amount appropriated for making payments under such Act for fiscal year 1982, 1983, or 1984 is not sufficient to pay in full the

20 USC 237.

sum of the entitlements established under section 2 of such Act, then the amount of each such entitlement shall be ratably reduced. If, for any fiscal year in which such a reduction is required, additional amounts are made available for making such payments, then such entitlements shall be increased on the same basis as they were reduced.

20 USC 238 note.

(b) No funds are authorized to be appropriated for fiscal year 1982, 1983, or 1984 for the purpose of making payments—

(1) on the basis of entitlements determined under section 3(e)

20 USC 238, 239.

or 4 of such Act; or

94 Stat. 1500.

(2) under sections 4A or 6 of such Act.

20 USC 239a, 241.

(c)(1) Subsection (d) of section 402 of the Act of September 30, 1950

20 USC 243.

(Public Law 874, 81st Congress), shall not apply during fiscal year 1982, or any succeeding fiscal year.

(2) Funds appropriated to the Department of Defense shall be available to the Secretary of Defense for payments and arrangements of the kind that may be made by the Secretary of Education under section 6 of the Act of September 30, 1950 (Public Law 874, 81st Congress). 20 USC 241 note. 20 USC 241.

(3) The Secretary of Defense shall delegate to the Secretary of Education responsibility for the conduct of programs with funds so available. 20 USC 241 note.

ADULT EDUCATION ACT

SEC. 506. The total amount of appropriations to carry out the Adult Education Act shall not exceed $100,000,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 1211 note. 20 USC 1201 note.

ALCOHOL AND DRUG ABUSE EDUCATION ACT

SEC. 507. The total amount of appropriations to carry out the Alcohol and Drug Abuse Education Act shall not exceed $3,000,000 for fiscal year 1982. 21 USC 1002 note. 21 USC 1001 note.

CAREER EDUCATION INCENTIVE ACT

SEC. 508. The total amount of appropriations to carry out the Career Education Incentive Act shall not exceed $10,000,000 for fiscal year 1982. 20 USC 2603 note. 20 USC 2601 note.

CIVIL RIGHTS ACT OF 1964

SEC. 509. The total amount of appropriations to carry out sections 403, 404, and 405 of title IV of the Civil Rights Act of 1964 (42 U.S.C. 2000c et seq.) shall not exceed $37,100,000 for each of the fiscal years 1982, 1983, and 1984. 42 USC 2000c-2 note.

DEPARTMENT OF EDUCATION

SEC. 510. The total amount of appropriations for salaries and expenses of the Department of Education shall not exceed $308,000,000 for each of the fiscal years 1982, 1983, and 1984, of which— Appropriation authorization. 20 USC 3488 note.

(1) $49,396,000 shall be available for the Office of Civil Rights; and

(2) $12,989,000 shall be available for the Office of the Inspector General;

for each such year.

EDUCATION AMENDMENTS OF 1978

SEC. 511. (a) No funds are authorized to be appropriated to carry out section 1015 of the Education Amendments of 1978 for fiscal year 1982, 1983, or 1984. 94 Stat. 1497. 20 USC 236 note.

(b)(1) No funds are authorized to be appropriated to carry out part A of title XV of the Education Amendments of 1978 for fiscal year 1982, 1983, or 1984. 22 USC 287 note.

(2) No funds are authorized to be appropriated to carry out part B of title XV of the Education Amendments of 1978 for fiscal year 1982, 1983, or 1984. 20 USC 1123 note. 20 USC 1172 note.

(3) The total amount of appropriations to carry out section 1524 of the Education Amendments of 1978 relating to general assistance for the Virgin Islands shall not exceed $2,700,000 for each of the fiscal years 1982, 1983, and 1984. 92 Stat. 2379.

20 USC 1231a note.

(4) No funds are authorized to be appropriated to carry out section 1526 of the Education Amendments of 1978 for fiscal year 1982, 1983, or 1984.

EDUCATION AMENDMENTS OF 1980

94 Stat. 1499. 20 USC 1221-1 note.

SEC. 512. (a) No funds are authorized to be appropriated to carry out part D of title XIII of the Education Amendments of 1980 for fiscal year 1982, 1983, or 1984.

94 Stat. 1502.

(b) No funds are authorized to be appropriated to carry out part H of title XIII of the Education Amendments of 1980 for fiscal year 1982, 1983, or 1984.

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

20 USC 2702 note. 20 USC 2701.

SEC. 513. (a) The total amount of appropriations to carry out title I of the Elementary and Secondary Education Act of 1965 shall not exceed $3,480,000,000 for fiscal year 1982. From the amount appropriated in accordance with the preceding sentence, not more than 14.6 percent of such amount for fiscal year 1982 shall be available to carry out sections 141, 146, and 151, of such Act. After the requirement of the preceding sentence is met, the Secretary of Education shall assure that the amount available for section 117 of such Act bears the same ratio to the amount appropriated in such fiscal year for title I of such Act as the amount available for such section 117 in fiscal year 1980 bore to the total amount appropriated for title I of such Act in fiscal year 1980.

20 USC 2761, 2771, 2781. 20 USC 2722.

20 USC 2921 note.

(b) The total amount of appropriations to carry out title II of the Elementary and Secondary Education Act of 1965 shall not exceed $31,500,000 for fiscal year 1982.

20 USC 2943 note.

(c)(1) The total amount of appropriations to carry out section 303 of the Elementary and Secondary Education Act of 1965 shall not exceed $25,500,000 for fiscal year 1982.

20 USC 2954 note.

(2) The total amount of appropriations to carry out part B of title III of such Act shall not exceed $1,380,000 for fiscal year 1982.

20 USC 2963 note.

(3) The total amount of appropriations to carry out part C of title III of such Act shall not exceed $3,150,000 for fiscal year 1982.

20 USC 2971 note.

(4) No funds are authorized to be appropriated to carry out part D of title III of such Act for fiscal year 1982.

20 USC 2983 note.

(5) The total amount of appropriations to carry out part E of title III of such Act shall not exceed $3,600,000 for fiscal year 1982.

20 USC 2992 note.

(6) No funds are authorized to be appropriated to carry out part F of title III of such Act for fiscal year 1982.

20 USC 3003 note.

(7) The total amount of appropriations to carry out part G of title III of such Act shall not exceed $1,000,000 for fiscal year 1982.

20 USC 3018 note.

(8) No funds are authorized to be appropriated to carry out part H of title III of such Act for fiscal year 1982.

20 USC 3024 note.

(9) No funds are authorized to be appropriated to carry out part I of title III of such Act for fiscal year 1982.

20 USC 3034 note.

(10) No funds are authorized to be appropriated to carry out part J of title III of such Act for fiscal year 1982.

20 USC 3041 note.

(11) No funds are authorized to be appropriated to carry out part K of title III of such Act for fiscal year 1982.

20 USC 3057 note.

(12) The total amount of appropriations to carry out part L of title III of such Act shall not exceed $3,000,000 for fiscal year 1982.

20 USC 3062 note.

(13) No funds are authorized to be appropriated to carry out part M of title III of such Act for fiscal year 1982.

94 Stat. 1471. 20 USC 3065 note.

(14) No funds are authorized to be appropriated to carry out part N of title III of such Act for fiscal year 1982.

(d)(1) The total amount of appropriations to carry out part B of title IV of the Elementary and Secondary Education Act of 1965 shall not exceed $161,000,000 for fiscal year 1982. 20 USC 3101 note.

(2) The total amount of appropriations to carry out part C of title IV of such Act shall not exceed $66,130,000 for fiscal year 1982. 20 USC 3111 note.

(3) The total amount of appropriations to carry out part D of title IV of such Act shall not exceed $15,000,000 for fiscal year 1982. 20 USC 3121 note.

(e)(1) The total amount of appropriations to carry out part B of title V of the Elementary and Secondary Education Act of 1965 shall not exceed $42,075,000 for fiscal year 1982. 20 USC 3163 note.

(2) No funds are authorized to be appropriated to carry out part C of title V of such Act for fiscal year 1982. 20 USC 3171 note.

(f) The total amount of appropriations to carry out title VI of the Elementary and Secondary Education Act of 1965 shall not exceed $149,292,000 for fiscal year 1982. 20 USC 3194 note.

(g) The total amount of appropriations to carry out title VII of the Elementary and Secondary Education Act of 1965 shall not exceed $139,970,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 3222 note.

(h) The total amount of appropriations to carry out title VIII of the Elementary and Secondary Education Act of 1965 shall not exceed $3,138,000 for fiscal year 1982. 20 USC 3282 note.

(i)(1) The total amount of appropriations to carry out part A of title IX of the Elementary and Secondary Education Act of 1965 shall not exceed $5,652,000 for fiscal year 1982. 20 USC 3313 note.

(2) No funds are authorized to be appropriated to carry out part B of title IX of such Act for fiscal year 1982. 20 USC 3331 note.

(3) The total amount of appropriations to carry out part C of title IX of such Act shall not exceed $6,000,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 3348 note.

(4) No funds are authorized to be appropriated to carry out part D of title IX of such Act for fiscal year 1982. 20 USC 3352 note.

(5) The total amount of appropriations to carry out part E of title IX of such Act shall not exceed $2,250,000 for fiscal year 1982. 20 USC 3367 note.

(j)(1) Funds appropriated in an appropriation Act for fiscal year 1982 for title I of the Elementary and Secondary Education Act of 1965 which are intended for use by a State or local educational agency in the school year 1982–1983 shall remain available to such agency but shall be expended and used in accordance with chapter 1 of the Education Consolidation and Improvement Act of 1981. 20 USC 2702 note. *Post*, p. 464.

(2) Funds appropriated in an appropriation Act for fiscal year 1981 for title I of the Elementary and Secondary Education Act of 1965 which are not obligated by a State or local educational agency prior to July 1, 1982, shall remain available to such agency but shall be expended and used in accordance with chapter 1 of the Education Consolidation and Improvement Act of 1981.

EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981

SEC. 514. (a)(1) The total amount of appropriations to carry out chapter 1 of the Education Consolidation and Improvement Act of 1981 shall not exceed $3,480,000,000 for each of the fiscal years 1983 and 1984. 20 USC 3802 note.

(2) From the amount appropriated in accordance with the paragraph (1), not more than 14.6 percent of such amount for each of the fiscal years 1983 and 1984 shall be available to carry out programs described in sections 141, 146, and 151 of the Elementary and Secondary Education Act of 1965. After the requirement of the preceding sentence is met, the Secretary of Education shall assure 20 USC 2761, 2771, 2781.

20 USC 2722.

that the amount available for the programs described in section 117 of the Elementary and Secondary Education Act of 1965 bears the same ratio to the amount appropriated in each such fiscal year for chapter 1 of the Education Consolidation and Improvement Act of 1981 as the amount available for such section 117 in fiscal year 1980 bore to the total amount appropriated for title I of the Elementary and Secondary Education Act of 1965 in fiscal year 1980.

Post, p. 464.

20 USC 2701

Post, p. 469.

(b)(1) The total amount of appropriations to carry out chapter 2 of the Education Consolidation and Improvement Act of 1981 shall not exceed $589,368,000 for each of the fiscal years 1982, 1983, and 1984.

Post, p. 469.

(2)(A) Funds appropriated in an appropriation Act for fiscal year 1982 for any program described in section 561(a) (1), (2), (3), (5), and (6) of this Act which are intended for use by a State or local educational agency in the school year 1982-1983 shall remain available to such agency but shall be expended and used in accordance with chapter 2 of the Education Consolidation and Improvement Act of 1981.

(B) Funds appropriated in an appropriation Act for fiscal year 1981 for any program described in section 561(a) (1), (2), (3), (5), and (6) of this Act which are not obligated by a State or local educational agency prior to July 1, 1982, shall remain available to such agency but shall be expended and used in accordance with chapter 2 of the Education Consolidation and Improvement Act of 1981.

GENERAL EDUCATION PROVISIONS ACT

94 Stat. 1498.
20 USC 1221e note.

SEC. 515. (a) The total amount of appropriations to carry out section 405 of the General Education Provisions Act shall not exceed $55,614,000 for each of the fiscal years 1982, 1983, and 1984.

20 USC 1221e–1 note.

(b) The total amount of appropriations to carry out section 406 of the General Education Provisions Act shall not exceed $8,947,000 for each of the fiscal years 1982, 1983, and 1984.

20 USC 1221e–1a note.

(c) The total amount of appropriations to carry out section 406A(1) of the General Education Provisions Act shall not exceed $1,875,000 for fiscal year 1982.

(d) The total amount of appropriations to carry out section 406A(2) of the General Education Provisions Act shall not exceed $5,000,000 for each of the fiscal years 1982, 1983, and 1984.

HIGHER EDUCATION ACT OF 1965

94 Stat. 1373.
20 USC 1005 note.

SEC. 516. (a)(1) No funds are authorized to be appropriated to carry out part A of title I of the Higher Education Act of 1965 for fiscal year 1982, 1983, or 1984.

94 Stat. 1377.
20 USC 1019 note.

(2) The total amount of appropriations to carry out part B of title I of such Act shall not exceed $8,000,000 for fiscal year 1982, 1983, or 1984.

94 Stat. 1384.
20 USC 1029 note.

(b)(1) The total amount of appropriations to carry out part A of title II of the Higher Education Act of 1965 shall not exceed $5,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1385.
20 USC 1031 note.

(2) The total amount of appropriations to carry out part B of title II of such Act shall not exceed $1,200,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1386.
20 USC 1041 note.

(3) The total amount of appropriations to carry out part C of title II of such Act shall not exceed $6,000,000 for each of the fiscal years 1982, 1983, and 1984.

20 USC 1047j note.

(4) No funds are authorized to be appropriated to carry out part D of title II of such Act for fiscal year 1982, 1983, or 1984.

(5) No funds available for carrying out part A and section 224 of part B of such title for any such fiscal year shall be made available to any institution, organization, or agency which is a recipient of assistance under part C of such title. 94 Stat. 1384, 1385. 20 USC 1029 note.

(c)(1) The total amount of appropriations to carry out title III of the Higher Education Act of 1965 shall not exceed $129,600,000 for each of the fiscal years 1982, 1983, and 1984. 94 Stat. 1386. 20 USC 1041. 94 Stat. 1390. 20 USC 1069c note.

(2) Section 331(a)(1) of the Higher Education Act of 1965 is amended by striking out the period at the end of clause (B) and by inserting in lieu thereof a semicolon and the word "or", and by adding at the end thereof the following new clause: 94 Stat. 1395. 20 USC 1064.

"(C) which is an institution of higher education which includes a substantial number of minority and educationally disadvantaged students, which provides a medical education program which leads to a doctor of medicine degree or which is not less than a two year program fully acceptable toward such a degree, and which in fiscal year 1980 received a grant as a two year medical school under section 788(a) of the Health Professions Educational Assistance Act of 1976.". 42 USC 295g-8.

(d)(1)(A) The total amount of appropriations to carry out subpart 1 of part A of title IV of the Higher Education Act of 1965 shall not exceed $2,650,000,000 for fiscal year 1982, $2,800,000,000 for fiscal year 1983, and $3,000,000,000 for fiscal year 1984. 20 USC 1070a note.

(B) If the Secretary of Education determines that it is necessary to waive any provision of subpart 1 of part A of title IV of the Higher Education Act of 1965 to meet the authorizations specified in subparagraph (A) of this paragraph, the Secretary shall notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives. The notification shall contain a description of each provision of such subpart that the Secretary proposes to waive and the reasons for the waiver. The Secretary may waive each provision contained in the notification submitted under this subparagraph if the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives within 30 days after the receipt approve of the waiver of that provision. Before the Secretary may act under this subparagraph, each such committee must approve of the waiver of each provision requested in the notification. Waiver notification to congressional committees.

(2) The total amount of appropriations to carry out subpart 2 of part A of title IV of such Act shall not exceed $370,000,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 1070b note.

(3) The total amount of appropriations to carry out subpart 3 of part A of title IV of such Act shall not exceed $76,800,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 1070c note.

(4) The total amount of appropriations to carry out subpart 4 of part A of title IV of such Act shall not exceed $165,000,000 for the fiscal year 1982, $170,000,000 for each of the fiscal years 1983 and 1984. 94 Stat. 1407. 20 USC 1070d note.

(5) The total amount of appropriations to carry out subpart 5 of part A of title IV of such Act shall not exceed $7,500,000 for each of the fiscal years 1982, 1983, and 1984. 94 Stat. 1411. 20 USC 1070d-2 note.

(6)(A) No funds are authorized to be appropriated to carry out section 419 of such Act for fiscal year 1982, 1983, or 1984. 20 USC 1070e note.

(B) The total amount of appropriations to carry out section 420 of such Act shall not exceed $12,000,000 for each of the fiscal years 1982, 1983, and 1984. 94 Stat. 1412. 20 USC 1070e-1 note.

94 Stat. 1433. 42 USC 2751 note.

(7) The total amount of appropriations to carry out part C of title IV of such Act shall not exceed $550,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1437. 20 USC 1087aa note.

(8) The total amount of appropriations to carry out part E of title IV of such Act shall not exceed $286,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1454. 20 USC 1098 note.

(9) The total amount of appropriations to carry out section 491 of such Act shall not exceed $1,000,000 for fiscal year 1982 and $2,000,000 for fiscal year 1983.

94 Stat. 1459. 20 USC 1101 note.

(e)(1) The total amount of appropriations to carry out part A of title V of the Higher Education Act of 1965 shall not exceed $22,500,000 for fiscal year 1982.

94 Stat. 1459. 20 USC 1119 note.

(2)(A) The total amount of appropriations to carry out part B of title V of such Act shall not exceed $9,100,000 for fiscal year 1982.

(B) The last sentence of section 531 of such Act shall not apply to the funds appropriated to carry out part B of title V of such Act for fiscal year 1982, 1983, or 1984.

94 Stat. 1461. 20 USC 1119b-5 note.

(3) No funds are authorized to be appropriated to carry out part C of title V of such Act for fiscal year 1982, 1983, or 1984.

94 Stat. 1464. 20 USC 1119c note.

(4) No funds are authorized to be appropriated to carry out part D of title V of such Act for fiscal year 1982, 1983, or 1984.

94 Stat. 1464. 20 USC 1127 note.

(f) The total amount of appropriations to carry out title VI of the Higher Education Act of 1965 shall not exceed $30,600,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1472. 20 USC 1132a-1 note.

(g) No funds are authorized to be appropriated to carry out part A or B of title VII of the Higher Education Act of 1965 for fiscal year 1982, 1983, or 1984.

94 Stat. 1481. 20 USC 1133 note.

(h) The total amount of appropriations to carry out title VIII of the Higher Education Act of 1965 shall not exceed $20,000,000 for each of the fiscal years 1982, 1983, and 1984.

20 USC 1134 note.

(i)(1) No funds are authorized to be appropriated to carry out part A of title IX of such Act for fiscal year 1982, 1983, or 1984.

94 Stat. 1482. 20 USC 1134g note.

(2) The total amount of appropriations to carry out part B of title IX of the Higher Education Act of 1965 shall not exceed $14,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1484. 20 USC 1134h note.

(3) No funds are authorized to be appropriated to carry out part C of title IX of such Act for fiscal year 1982, 1983, or 1984.

94 Stat. 1486. 20 USC 1134m note.

(4) The total amount of appropriations to carry out part D of title IX of such Act shall not exceed $1,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1487. 20 USC 1134p note.

(5) The total amount of appropriations to carry out part E of title IX of such Act shall not exceed $1,000,000 for each of the fiscal years 1982, 1983, and 1984.

94 Stat. 1489. 20 USC 1135a-3 note.

(j) The total amount of appropriations to carry out title X of the Higher Education Act of 1965 shall not exceed $13,500,000 for each of the fiscal years 1982, 1983, and 1984.

INDIAN EDUCATION ACT

20 USC 241ff note. 20 USC 241aa note.

SEC. 517. The total amount of appropriations to carry out the Indian Education Act shall not exceed $81,700,000 for fiscal year 1982, $88,400,000 for the fiscal year 1983, and $95,300,000 for the fiscal year 1984.

JOHNSON-O'MALLEY ACT; SNYDER ACT; NAVAJO COMMUNITY COLLEGE ACT; TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978

SEC. 518. The total amount of appropriations— 25 USC 13 note.

(1) to carry out the Act of April 16, 1934, commonly referred to as the Johnson-O'Malley Act; 25 USC 452 note.

(2) to carry out all education programs under the direction of the Office of Indian Education Programs in the Bureau of Indian Affairs of the Department of the Interior authorized under the Act of November 2, 1921, commonly referred to as the Snyder Act (and not otherwise expressly authorized by law); 25 USC 13.

(3) to carry out the Navajo Community College Act; and 25 USC 640a note.

(4) to carry out the Tribally Controlled Community College Assistance Act of 1978; 25 USC 1801 note.

shall not exceed $262,300,000 for fiscal year 1982, $276,100,000 for the fiscal year 1983, and $290,400,000 for fiscal year 1984.

JOINT RESOLUTION OF OCTOBER 19, 1972 (ELLENDER FELLOWSHIP PROGRAM)

SEC. 519. The total amount of appropriations to carry out the joint resolution of October 19, 1972, shall not exceed $1,000,000 for each of the fiscal years 1982, 1983, and 1984. 86 Stat. 907.

LIBRARY SERVICES AND CONSTRUCTION ACT

SEC. 520. (a) The total amount of appropriations to carry out the Library Services and Construction Act shall not exceed $80,000,000 for each of the fiscal years 1982, 1983, and 1984 of which— 20 USC 351b note. 20 USC 351 note.

(1) not more than $65,000,000 shall be available for title I of such Act; and 20 USC 352.

(2) not more than $15,000,000 shall be available for title III of such Act, 20 USC 355e.

for each such year.

(b) No funds are authorized to be appropriated to carry out title II of the Library Services and Construction Act for fiscal year 1982, 1983, or 1984. 20 USC 355a.

MUSEUM SERVICES ACT

SEC. 521. The total amount of appropriations to carry out the Museum Services Act shall not exceed $9,600,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 967 note. 20 USC 961 note.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE ACT

SEC. 522. The total amount of appropriations to carry out the National Commission on Libraries and Information Science Act shall not exceed $700,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 1506 note. 20 USC 1501 note.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965 20 USC 951 note.

SEC. 523. The total amount of appropriations to the National Endowment for the Arts shall not exceed $119,300,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 960 note.

SEC. 524. The total amount of appropriations to the National Endowment for the Humanities shall not exceed $113,700,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 960 note.

REFUGEE EDUCATION CONSOLIDATION

94 Stat. 1799–1807. 8 USC 1522 note.

SEC. 525. The total amount of appropriations to carry out titles I through IV of the Refugee Education Assistance Act of 1980 shall not exceed $5,000,000 for fiscal year 1982, $7,500,000 for fiscal year 1983, and $10,000,000 for fiscal year 1984.

REFUGEE CUBAN AND HAITIAN PROGRAMS

8 USC 1522 note.

SEC. 526. (a)(1) The total amount of appropriations to carry out Cuban and Haitian reception activities shall not exceed $20,000,000 for fiscal year 1982.

(2) No funds are authorized to be appropriated to Cuban and Haitian reception activities for the fiscal year 1983.

(b) The total amount of appropriations to carry out Cuban and Haitian domestic activities shall not exceed $94,000,000 for fiscal year 1982 and $59,000,000 for fiscal year 1983.

VOCATIONAL EDUCATION ACT OF 1963

20 USC 2302 note. 20 USC 2301 note.

SEC. 527. The total amount of appropriations to carry out the Vocational Education Act of 1963 shall not exceed $735,000,000 for each of the fiscal years 1982, 1983, and 1984.

GENERAL EXTENSION OF AUTHORIZATIONS

20 USC 3489.

SEC. 528. Subject to the limitations contained in subtitle A of this title, there are authorized to be appropriated for fiscal years 1982, 1983, and 1984 such sums as may be necessary to carry out each of the following provisions of law:

20 USC 236 *et seq.* (1) the Act of September 30, 1950 (Public Law 874, 81st Congress);

20 USC 631 *et seq.* (2) the Act of September 23, 1950 (Public Law 815, 81st Congress);

20 USC 1221. (3) the General Education Provisions Act;

20 USC 241aa. (4) the Indian Education Act;

92 Stat. 2313, 2365, 2373. 94 Stat. 1502. 20 USC 1201 note. 20 USC 2532. 94 Stat. 487. 20 USC 3601 note. 20 USC 2301 note. 42 USC 2000c. 25 USC 351 note. 25 USC 640a. note. 20 USC 1801 note. 20 USC 3341.

(5) titles XI, XIV, and XV of the Education Amendments of 1978 and part H of title XIII of the Education Amendments of 1980;

(6) the Adult Education Act;

(7) section 342 of the Education Amendments of 1976;

(8) the Asbestos School Hazards Detection and Control Act;

(9) the Joint Resolution of October 19, 1972 (86 Stat. 907);

(10) the Vocational Education Act of 1963;

(11) title IV of the Civil Rights Act of 1964;

(12) the Library Services and Construction Act;

(13) the Navajo Community College Act and the Tribally Controlled Community College Assistance Act of 1978; and

(14) part C of title IX of the Elementary and Secondary Education Act of 1965, relating to Women's Educational Equity.

Subtitle B—Student Assistance Provisions

SHORT TITLE

Postsecondary Student Assistance Amendments of 1981. 20 USC 1001 note.

SEC. 531. This subtitle may be cited as the "Postsecondary Student Assistance Amendments of 1981".

ELIGIBILITY FOR SUBSIDIZED LOANS

SEC. 532. (a) Section 428(a)(2) of the Higher Education Act of 1965 (hereafter in this subtitle referred to as the "Act") is amended to read as follows: 20 USC 1078.

"(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 the adjusted gross income of such student's family—

"(i) is less than or equal to $30,000; or

"(ii) is greater than $30,000, and the eligible institution has provided the lender with a statement evidencing a determination of need for a loan and the amount of such need, subject to the provisions of subparagraph (F).

"(C) For the purpose of paragraph (1) and this paragraph—

"(i) a student's estimated cost of attendance means, for the period for which the loan is sought, the tuition and fees applicable to such student together with the institution's estimate of other expenses reasonably related to attendance at such institution, including, but not limited to, the cost of room and board, reasonable transportation costs, and costs for books and supplies;

"(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subparts 1 and 2 of part A, and parts C and E of this title, any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and any amount paid the student under chapters 32, 34, and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and 20 USC 1070a, 1070b; 42 USC 2751; 20 USC 1087aa. 42 USC 1305. 38 USC 1601 *et seq.*, 1651 *et seq.*, 1700 *et seq.*

"(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B)(ii) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student.

"(D) The Secretary shall submit a separate schedule of expected family contributions to the President of the Senate and the Speaker of the House of Representatives not later than the submission of, and in accordance with the procedures for, the proposed schedule of expected family contributions under section 482, except as provided in subparagraph (E). Schedule of expected family contributions. 94 Stat. 1445. 20 USC 1089.

"(E)(i) The initial separate schedule required by subparagraph (D) shall—

"(I) be submitted not later than August 15, 1981;

"(II) be effective on October 1, 1981, except as is otherwise provided in division (ii);

94 Stat. 1445.
20 USC 1089.
20 USC 1232.

"(III) not be the subject of public comment otherwise required by section 482(a)(1) of this Act or section 431 of the General Education Provisions Act; and

"(IV) be subject to amendment prior to the next regular submission of a separate schedule as required by subparagraph (D) only in accordance with division (iv) of this subparagraph.

Congressional disapproval.

"(ii) If either the Senate or the House of Representatives adopts, prior to October 1, 1981, a resolution of disapproval of the schedule submitted under division (i), such schedule shall not take effect. If such schedule is so disapproved, or if the Secretary does not submit such a schedule by August 15, 1981, then beginning on October 1, 1981, the expected family contribution for purposes of this paragraph shall be determined by the eligible institution in accordance with regulations promulgated under section 411 or 413B, as in effect for the period beginning on July 1, 1981, governing the determination of expected family contribution.

20 USC 1070a, 1070b-1.

"(iii) The method of determining the expected family contribution established under this subparagraph shall remain in effect until superseded by the taking effect of the next schedule submitted in accordance with subparagraph (D) or amended in accordance with division (iv) of this subparagraph.

"(iv) Any amendment promulgated by the Secretary to the initial separate schedule established under this subparagraph shall be transmitted to the President of the Senate and the Speaker of the House of Representatives not later than the time of its publication in the Federal Register. If either the Senate or House of Representatives adopts, within 30 legislative days following the publication of such amendment, a resolution of disapproval of such amendment, such amendment shall not take effect.

"(F) For the purpose of a student described in clause (ii) of subparagraph (B), the amount of the loan which is qualified for a payment under paragraph (1) is the amount of the need of such student as determined by the eligible institution, except that, if the amount of need is equal to or more than $500, but is less than $1,000, the amount of the loan which is qualified for such payment shall be $1,000.".

20 USC 1078.

(b)(1) Section 428(b)(1)(A)(i) of the Act is amended by striking out "section 428(a)(2)(B)(i)" and inserting in lieu thereof "section 428(a)(2)(C)(i)".

Repeal.
20 USC 1087-3a, 1078 note.
20 USC 1001 note.
20 USC 1071.

(2) Section 439B of the Act is repealed. Nothing in this paragraph or in any other provision of this title, or in any provision of the Higher Education Act of 1965 as amended by this title, shall be construed to permit any analysis of need for the purposes of loans under part B of title IV of such Act other than that expressly required by section 428(a)(2) of such Act as amended by this section or to require a student seeking to qualify under section 428(a)(2)(B)(i) to prove any element of need other than compliance with the adjusted gross income amount specified in such section.

94 Stat. 1424.
20 USC 1078-2.

(3) Section 428B(b)(3) of the Act is amended by striking out "No" and inserting in lieu thereof "Any loan under this section may be counted as part of the student's expected family contribution in the determination of need under this title, but no".

94 Stat. 1425.
20 USC 1087-1.

(4) Section 438(b)(5) of the Act is amended to read as follows:

"(5) As used in this section, the term 'eligible loan' means a loan—

"(A)(i) on which a portion of the interest is paid on behalf of the student and for his account to the holder of the loan under section 428(a);

94 Stat. 1430.
20 USC 1087-2.

"(ii) which is made under section 428B or 439(o); or

"(iii) which was made prior to October 1, 1981; and

"(B) which is insured under this part, or made under a program covered by an agreement under section 428(b) of this Act.". 20 USC 1078.

NEED ANALYSIS AMENDMENTS

SEC. 533. (a)(1) Section 482(a)(1) of the Act is amended by striking out everything after the comma following the words "family income, which," and inserting in lieu thereof the following: "together with any amendments published in the Federal Register, no later than September 1, 1981, June 1, 1982, and June 1 of each succeeding year, shall become effective July 1 of the calendar year which succeeds such calendar year, except as is otherwise provided in paragraph (2). During the thirty-day period following publication of a schedule the Secretary shall provide interested parties with an opportunity to present their views and make recommendations with respect to such schedule. Such schedule shall be adjusted annually.". 94 Stat. 1445. 20 USC 1089.

(2) Section 482(a)(2) of the Act is amended to read as follows:

"(2) The schedule of expected family contributions required for each academic year, including any amendments thereto published pursuant to paragraph (1), shall be transmitted to the President of the Senate and the Speaker of the House of Representatives not later than the time of its publication in the Federal Register. If either the Senate or House of Representatives adopts, prior to October 15, 1981, July 15, 1982, or July 15 of any succeeding year, following the submission of such schedule and any amendments thereto as required by this paragraph, a resolution of disapproval of such schedule or amendments, in whole or in part, the Secretary shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in either House in connection with such resolution. If within fifteen days following the submission of the revised schedule, either the Senate or the House of Representatives again adopts a resolution of disapproval, in whole or in part, of such revised schedule, the Secretary shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. This procedure shall be repeated until neither the Senate nor the House of Representatives adopts a resolution of disapproval. The Secretary shall publish together with each new schedule a statement identifying the recommendations made in either House in connection with such resolution of disapproval and explaining his reasons for the new schedule.". New or revised schedules, congressional disapproval. Publication in Federal Register. Publication in Federal Register.

(3) The first sentence of section 431(d)(1) of the General Education Provisions Act is amended by inserting after "final regulation" the first time it appears the following: "(except expected family contribution schedules and any amendments thereto promulgated pursuant to sections 428(a)(2) (D) and (E) and 482(a) (1) and (2) of the Higher Education Act of 1965)". 20 USC 1232. *Ante*, p. 451.

(b) Section 482(b)(4) of the Act is amended to read as follows: 94 Stat. 1445. 20 USC 1089.

"(4) In determining the expected family contribution under this section for any academic year after academic year 1981-1982, the Secretary shall establish a series of assessment rates to be applied to parental discretionary income.".

AUXILIARY PROGRAM

94 Stat. 1419.
20 USC 1077a.

SEC. 534. (a)(1) Section 427A of the Act is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following:

"(c)(1) Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 428B on or after October 1, 1981, shall be 14 per centum per annum on the unpaid principal balance of the loan.

94 Stat. 1424.
20 USC 1078-2.

"(2) If for any twelve-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period is equal to or less than 14 per centum, the applicable rate of interest for loans made pursuant to section 428B on and after the first day of the first month beginning after the date of publication of such determination shall be 12 per centum per annum on the unpaid principal balance of the loan.

"(3) If for any twelve-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period exceeds 14 per centum, the applicable rate of interest for loans made pursuant to section 428B on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 per centum per annum on the unpaid principal balance of the loan.".

(2) Section 428B(c)(3) is amended by striking out everything after "unpaid principal balance of the loan," and inserting in lieu thereof the following: "except as otherwise required by section 427A(c).".

94 Stat. 1425.
20 USC 1087-1.

(b) Section 438(b)(2) of the Act is amended—

(1) by striking out subparagraphs (A), (B), and (C) and inserting in lieu thereof the following:

"(2)(A) Subject to subparagraph (B) and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such three month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.5 per centum to the resultant per centum, and (iv) by dividing the resultant per centum by four.";

(2) by redesignating subparagraph (D) as subparagraph (B); and

(3) by striking out "subparagraph (A), (B), or (C)" in subparagraph (B) (as so redesignated) and inserting in lieu thereof "subparagraph (A)".

(c)(1) Section 428B(a) of the Act is amended by inserting "(1)" after "(a)" and by adding at the end thereof the following new paragraph:

"(2) Graduate or professional students (as defined by regulations of the Secretary) and independent undergraduate students (as defined in section 482(c)(2)) shall be eligible to borrow funds under this section in amounts specified in subsection (b) (treating graduate and professional students as parents for the purposes of such subsection), and unless otherwise specified in subsections (c) and (d), such loans shall have the same terms, conditions, and benefits as all other loans made under this part.".

94 Stat. 1445.
20 USC 1089.

94 Stat. 1424.
20 USC 1078-2.

(2) Section 428B(b) of the Act is amended by adding at the end thereof the following new paragraph:

"(4)(A) Subject to subparagraph (B) of this paragraph, the maximum amount an independent undergraduate student may borrow under this section in any academic year or its equivalent (as defined by regulation by the Secretary) is equal to (i) $2,500, minus (ii) the amount of all other loans under this part to such student for such academic year or its equivalent.

"(B) The aggregate insured unpaid principal amount for insured loans made to an independent undergraduate student under this part (including loans made under this section) shall not exceed $12,500.".

(3) The heading of section 428B of the Act is amended to read as follows:

"AUXILIARY LOANS TO ASSIST STUDENTS".

INDEPENDENT STUDENT LOAN LIMITATIONS

SEC. 535. (a) Section 425(a)(1) of the Act is amended— 94 Stat. 1416. 20 USC 1075.

(1) by striking out clause (A) and by redesignating clauses (B), (C), and (D) as clauses (A), (B), and (C), respectively; and

(2) by striking out "clause (C)" in the last sentence of such section and inserting in lieu thereof "clause (B)".

(b) Section 425(a)(2) of the Act is amended—

(1) by striking out "(other than an independent student)"; and

(2) by striking out "$15,000 in the case of any independent student who has not successfully completed a program of undergraduate education,".

(c) The matter preceding subdivision (i) of section 428(b)(1)(A) of the Act is amended— *Ante*, p. 452.

(1) by striking out "(other than an independent student)"; and

(2) by striking out "or not more than $3,000 in the case of an independent student (defined in accordance with section 482(c)(2)) who has not successfully completed a program of undergraduate education,". 94 Stat. 1445. 20 USC 1089.

(d) Section 428(b)(1)(B) of the Act is amended—

(1) by striking out "(other than an independent student)"; and

(2) by striking out "$15,000 in the case of any independent student who has not successfully completed a program of undergraduate education,".

(e) Section 428A of the Act is amended— 94 Stat. 1416, 1417. 20 USC 1078-1.

(1) by striking out ", other than an independent student," in subsection (a)(1)(A) and in subsection (a)(2)(A);

(2) by striking out "$3,000 (in the case of an independent student (as defined in section 482(c)(2)) who has not successfully completed a program of undergraduate education)," in each such subsection;

(3) by striking out "(other than an independent student)" in each such subsection; and

(4) by striking out "$15,000 in the case of any independent student who has not successfully completed a program of undergraduate education," in each such subsection.

ORIGINATION FEES

SEC. 536. (a) Section 438 of the Act is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection: 94 Stat. 1425. 20 USC 1087-1.

"(c)(1) Notwithstanding subsection (b), the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsec- 20 USC 1078.

tion (b) of this section, respectively, to any holder shall be reduced by the Secretary by the amount which the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

20 USC 1078.

"(2) With respect to any loan (other than loans made under section 428B and section 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 5 per centum of the principal amount of the loan, which may be deducted from the proceeds of the loan prior to payment to the borrower.

94 Stat. 1424, 1430.
20 USC 1078-2, 1087-2.
Ante, p. 450.

"(3) Such origination fee shall not be taken into account for purposes of determining compliance with section 427A.

94 Stat. 1419.
20 USC 1077a.

"(4) The lender shall disclose to the borrower the amount and method of calculating the origination fee. For any loan for which the lender is authorized to charge an origination fee and which is made prior to August 1, 1982—

"(A) this disclosure need not meet the requirements of the Truth in Lending Act (15 U.S.C. 1601 et seq.) or the disclosure requirements of any State law;

"(B) for purposes of such Act, a lender may disclose either in the note or other written evidence of the loan or in a supplementary letter (which need not be signed by the borrower);

"(C) for purposes of such Act, the origination fee shall not be taken into account in calculating and disclosing the annual percentage rate; and

"(D) a lender or an assignee shall not incur civil liability under section 130 of such Act nor be subject to any administrative enforcement action pursuant to section 108 of such Act for disclosures in connection with such loans.".

15 USC 1640.
15 USC 1607.

20 USC 1078.
Ante, p. 455.

(b) Section 428(a)(3)(A) of the Act is amended by inserting "and subject to section 438(c)" after "Except as provided in paragraph (8)".

ADMINISTRATIVE SAVINGS; TECHNICAL AMENDMENTS

SEC. 537. (a)(1) Section 428(e) of the Act is repealed.

94 Stat. 1453.
20 USC 1096.

(2) The first sentence of section 489(a) of the Act is amended by striking out "$10" and inserting in lieu thereof "$5".

20 USC 1077.

(b)(1) Section 427(c) of the Act is amended by striking out "$360" each place it appears and inserting in lieu thereof "$600".

20 USC 1078.

(2) Section 428(b)(1)(L) of the Act is amended by striking out "$360" each place it appears and inserting in lieu thereof "$600".

(c) Section 428(c) of the Act is amended—

(1) in paragraph (2)(D), by striking out "but shall not otherwise provide for subrogation of the United States to rights of any insurance beneficiary" and inserting in lieu thereof "but shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for purposes of paragraph (8)"; and

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

"(8) If the Secretary determines that the protection of the Federal fiscal interest so requires, a State or nonprofit private institution or organization with which the Secretary has an agreement under subsection (b) shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.".

(d)(1) The matter following section 428(b)(1)(M)(viii) of the Act is amended by striking out ", and that no repayment of principal of any loan for any period of study, training, service, or unemployment described in this clause or any combination thereof shall begin until six months after the completion of such period or combination thereof". 20 USC 1078.

(2) Section 427(a)(2)(C) of the Act is amended— 20 USC 1077.

(A) by striking out "that any such period" and inserting in lieu thereof "and that any such period"; and

(B) by striking out ", and that no repayment of principal of any loan for a period of study, training, service, or unemployment described in this clause or any combination thereof shall begin until six months after the completion of such period or combination thereof".

(e)(1) Section 427(a)(2)(B) of the Act is amended by striking out "not earlier than".

(2) Section 428(b)(1)(E) of the Act is amended by striking out "not earlier than".

AMENDMENTS CONCERNING THE STUDENT LOAN MARKETING ASSOCIATION

SEC. 538. (a) Section 439(a) of the Act is amended by striking out "insured" wherever it appears, and by inserting after "student loans," the first time it appears the following: "including loans which are insured". 20 USC 1087-2. 20 USC 1079.

(b) Section 439(a) of the Act is further amended by striking out "and" at the end of clause (1), and by striking the period at the end of clause (2) and inserting in lieu thereof the following: "; and (3) to assure nationwide the establishment of adequate loan insurance programs for students, to provide for an additional program of loan insurance to be covered by agreements with the Secretary.".

(c) Section 439(d)(1) of the Act is amended to read as follows:

"(d)(1) The Association is authorized, subject to the provisions of this section—

"(A) pursuant to commitments or otherwise to make advances on the security of, purchase, or repurchase, service, sell or resell, offer participations, or pooled interests or otherwise deal in, at prices and on terms and conditions determined by the Association, student loans which are insured by the Secretary under this part or by a State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b);

"(B) to buy, sell, hold, underwrite, and otherwise deal in obligations, if such obligations are issued, for the purpose of making or purchasing insured loans, by a State or nonprofit private institution or organization which has an agreement with the Secretary under section 428(b) or by an eligible lender in a State described in section 435(g)(1) (D) or (F);

"(C) to undertake a program of loan insurance pursuant to agreements with the Secretary under sections 428 and 428(A), and except with respect to loans under section 439(o), the Secre-

tary may enter into an agreement with the Association for such purpose only if the Secretary determines that (i) eligible borrowers are seeking and unable to obtain loans under this part, and (ii) no State or nonprofit private institution or organization having an agreement with the Secretary for a program of loan insurance under this part is capable of or willing to provide a program of loan insurance for such borrowers; and

"(D) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students.

The Association is further authorized to undertake any activity with regard to student loans which are not insured or guaranteed as provided for in this subsection as it may undertake with regard to insured or guaranteed student loans. Any warehousing advance made on the security of such loans shall be subject to the provisions of paragraph (3) of this subsection to the same extent as a warehousing advance made on the security of insured loans.".

20 USC 1087-2.

(d) Section 439(l) of the Act is amended by adding at the end thereof the following: "The obligations of the Association shall be deemed to be obligations of the United States for purposes of section 3701 of the Revised Statutes (31 U.S.C. 742). For the purpose of the distribution of its property pursuant to section 726 of title 11, United States Code, the Association shall be deemed a person within the meaning of such title.".

DIRECT STUDENT LOAN INTEREST RATE

20 USC 1087dd.

SEC. 539. Section 464(c)(1)(D) of the Act is amended by striking out "October 1, 1980," and inserting in lieu thereof "July 1, 1981, or 5 per centum in the case of any loan made on or after October 1, 1981,".

EFFECTIVE DATES

20 USC 1078 note.

SEC. 540. (a) Except as provided in subsection (b), the amendments made by this subtitle take effect on October 1, 1981.

(b)(1) The amendments made by section 532 (other than subsection (b)(4)) shall apply to loans for which the statement required by section 428(a)(2)(A) of the Act is completed by the eligible institution on or after October 1, 1981.

20 USC 1078.

(2) The amendments made by section 534(b) shall apply to loans made on or after October 1, 1981.

(3) The amendments made by section 536 shall take effect as provided therein.

(4) The amendments made by section 538 shall take effect 30 days after the date of enactment of this Act.

Consolidated Refugee Education Assistance Act.

Subtitle C—Refugee Education Consolidation

SHORT TITLE

8 USC 1522 note.

SEC. 541. This subtitle may be cited as the "Consolidated Refugee Education Assistance Act".

REPEALER

SEC. 542. The following provisions are hereby repealed:

20 USC 239a.

(1) Section 4A of the Act of September 30, 1950 (Public Law 81-874).

(2) Titles I and II of the Indochina Refugee Children Assistance Act of 1976. 20 USC 1211b note.

(3) Section 317 of the Adult Education Act. 20 USC 1211b.

AMENDMENTS TO TITLE I OF THE REFUGEE EDUCATION ASSISTANCE ACT OF 1980

SEC. 543. (a)(1) Section 101 of the Refugee Education Assistance Act of 1980 is amended— 8 USC 1522 note.

(A) by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively;

(B) by inserting after paragraph (2) (as so redesignated) the following new paragraph:

"(3) The term 'eligible participant' means any alien who— "Eligible participant."

"(A) has been admitted into the United States as a refugee under section 207 of the Immigration and Nationality Act; 8 USC 1157.

"(B) has been paroled into the United States as a refugee by the Attorney General pursuant to section 212(d)(5) of such Act; 8 USC 1182.

"(C) is an applicant for asylum, or has been granted asylum, in the United States; or

"(D) has fled from the alien's country of origin and has, pursuant to an Executive order of the President, been permitted to enter the United States and remain in the United States indefinitely for humanitarian reasons;

but only during the 36-month beginning with the first month in which the alien entered the United States (in the case of an alien described in (A), (B), or (D)) or the month in which the alien applied for asylum (in the case of an alien described in subparagraph (C))."; and

(C) by striking out paragraph (4) and redesignating paragraph (5) as paragraph (4).

(2) For purposes of the Refugee Education Assistance Act of 1980, an alien who entered the United States on or after November 1, 1979, and is in the United States with the immigration status of a Cuban-Haitian entrant (status pending) shall be considered to be an eligible participant (within the meaning of section 101(3) of such Act), but only during the 36-month period beginning with the first month in which the alien entered the United States as such an entrant or otherwise first acquired such status. 8 USC 1522 note.

(b) Section 103(b)(1)(A) of the Refugee Education Assistance Act of 1980 is amended by striking out "aggregate of the amounts to which all States are entitled" and inserting in lieu thereof "amount authorized to be appropriated". 8 USC 1522 note.

(c) Section 104 of the Refugee Education Assistance Act of 1980 is amended by striking out "1 percent of the amounts which that State educational agency is entitled to receive for that period under this Act" and inserting in lieu thereof "2 percent of the amount which that State educational agency receives for that period under this Act". 8 USC 1522 note.

(d) Title I of the Refugee Education Assistance Act of 1980 is amended by adding at the end thereof the following new section:

"CONSULTATION WITH OTHER AGENCIES

"SEC. 106. To the extent that may be appropriate to facilitate the determination of the amount of any reductions under sections 201(b)(2), 301(b)(3), and 401(b)(2), the Secretary shall consult with the 8 USC 1522 note.

heads of other agencies providing assistance to eligible participants in order to secure information concerning the disbursement of funds for educational purposes under programs administered by them and provide, wherever feasible, for coordination among those programs and the programs under titles II through IV of this Act.".

8 USC 1522 note.

AMENDMENTS TO TITLE II OF THE REFUGEE EDUCATION ASSISTANCE ACT OF 1980

Grants to State educational agencies.
8 USC 1522 note.

SEC. 544. (a) Section 201 of the Refugee Education Assistance Act is amended—

(1) by amending the first sentence of subsection (a)(1) to read as follows: "The Secretary shall, in accordance with the provisions of this title, make grants to State educational agencies for fiscal year 1981, and for each subsequent fiscal year, for the purposes of assisting local educational agencies of that State in providing basic education for eligible participants enrolled in elementary or secondary public schools.";

(2) in the second sentence of subsection (a)(1), by striking out "Cuban and Haitian refugee children" and inserting in lieu thereof "eligible participants";

(3) by amending subsection (b)(1) to read as follows:

Grant entitlement formula.

"(b)(1) As soon as possible after the date of the enactment of the Consolidated Refugee Education Assistance Act, the Secretary shall establish a formula (reflecting the availability of the full amount authorized for this title under section 203(b)) by which to determine the amount of the grant which each State educational agency is entitled to receive under this title for any fiscal year. The formula established by the Secretary shall take into account the number of years that an eligible participant assisted under this title has resided within the United States and the relative costs, by grade level, of providing education for elementary and secondary school children. On the basis of the formula the Secretary shall allocate among the State educational agencies, for each fiscal year, the amounts available to carry out this title, subject to such reductions or adjustments as may be required under paragraph (2) or subsection (c). Funds shall be allocated among State educational agencies pursuant to the formula without regard to variations in educational costs among different geographical areas.";

(4) by amending the first sentence of subsection (b)(2) to read as follows: "The amount of the grant to which a State educational agency is otherwise entitled for any fiscal year, as determined under paragraph (1), shall be reduced by the amounts made available for such fiscal year under any other Federal law (other than section 303 of the Elementary and Secondary Education Act of 1965) for expenditure within the State for the same purposes as those for which funds are made available under this title, except that the reduction shall be made only to the extent that (A) such amounts are made available for such purposes specifically because of the refugee, parolee, or asylee status of the individuals to be served by such funds, and (B) such amounts are made available to provide assistance to individuals eligible for services under this title."; and

20 USC 843.

(5) in subsection (c), by striking out "Cuban and Haitian refugee children" and inserting in lieu thereof "eligible participants".

8 USC 1522 note.

(b) Section 202(a) of the Refugee Education Assistance Act of 1980 is amended—

(1) by amending paragraph (2) to read as follows:

"(2) provide assurances that such payments will be distributed among local educational agencies within that State in accordance with the formula established by the Secretary under section 201, subject to any reductions in payments for those local educational agencies identified under paragraph (3) to which funds described by section 201(b)(2) are made available for the same purposes under other Federal laws;";

8 USC 1522 note.

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

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

"(3) specify the amount of funds described by section 201(b)(2) which are made available under other Federal laws for expenditure within the State for the same purposes as those for which funds are made available under this title and the local educational agencies to which such funds are made available;".

(c) Section 203 of the Refugee Education Assistance Act of 1980 is amended—

8 USC 1522 note.

(1) by amending the section heading to read as follows:

"PAYMENTS AND AUTHORIZATIONS";

(2) by inserting "(a)" after the section designation; and

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

"(b) For fiscal year 1981 and for each subsequent fiscal year, there is authorized to be appropriated, in the manner specified under section 102, to make payments under this title an amount equal to the product of—

8 USC 1522 note.

"(1) the total number of eligible participants enrolled in elementary or secondary public schools under the jurisdiction of local educational agencies within all the States (other than the jurisdictions to which section 103 is applicable) during the fiscal year for which the determination is made,

8 USC 1522 note.

multiplied by—

"(2) $400.".

AMENDMENTS TO TITLE III OF THE REFUGEE EDUCATION ASSISTANCE ACT OF 1980

SEC. 545. (a) The heading of title III of the Refugee Education Assistance Act of 1980 is amended by striking out "REFUGEE".

Grants to State educational agencies.

(b) Section 301 of the Refugee Education Assistance Act of 1980 is amended—

8 USC 1522 note.

(1) in subsection (a), by striking out "for each of the fiscal years 1981, 1982, and 1983" and inserting in lieu thereof "for fiscal year 1981, and for each subsequent fiscal year,";

(2) by amending subsection (b)(1) to read as follows:

"(b)(1) Except as provided in paragraph (3) of this subsection and in subsections (c) and (d) of this section, the amount of the grant to which a State educational agency is entitled under this title for any fiscal year shall be equal to the sum of—

"(A) the amount equal to the product of (i) the number of eligible participants enrolled during the period for which the determination is made in elementary or secondary public schools under the jurisdiction of each local educational agency described under paragraph (2) within that State, or in any elementary or secondary nonpublic school within the district served by each

such local educational agency, who have been eligible participants less than one year, multiplied by (ii) $700;

"(B) the amount equal to the product of (i) the number of eligible participants enrolled during the period for which the determination is made in elementary or secondary public schools under the jurisdiction of each local educational agency described under paragraph (2) within that State, or in any elementary or secondary nonpublic school within the district served by each such local educational agency, who have been eligible participants at least one year but not more than two years, multiplied by (ii) $500; and

"(C) the product of (i) the number of eligible participants enrolled during the period for which the determination is made in elementary or secondary public schools under the jurisdiction of each local educational agency described under paragraph (2) within that State, or in any elementary or secondary nonpublic school within the district served by each such local educational agency, who have been eligible participants more than two years but not more than three years, multiplied by (ii) $300.";

(3) in subsection (b)(2), by striking out "Cuban and Haitian refugee children and Indochinese refugee children" and inserting in lieu thereof "eligible participants";

(4) in the first sentence of subsection (b)(3), by striking out "Cuban and Haitian refugee children and Indochinese refugee children" and all that follows through the period and inserting in lieu thereof "eligible participants, except that no reduction under this paragraph shall be made for any funds made available to the State under section 303 of the Elementary and Secondary Education Act of 1965.";

20 USC 843.

(5) in subsection (b)(5), by striking out "Cuban and Haitian refugee children who meet the requirements of section 101(1)" and inserting in lieu thereof "eligible participants who meet the requirements of section 101(4)"; and

(6) in subsection (c), by striking out "Cuban and Haitian refugee children and Indochinese refugee children" and inserting in lieu thereof "eligible participants".

8 USC 1522 note.

(b) Section 302 of the Refugee Education Assistance Act of 1980 is amended by striking out "Cuban and Haitian refugee children and Indochinese refugee children" each place it appears and inserting in lieu thereof "eligible participants".

8 USC 1522 note.

(c) Section 303(a) of the Refugee Education Assistance Act of 1980 is amended—

(1) in paragraph (3), by inserting before the semicolon ", subject to any reductions in payments for local educational agencies identified under paragraph (5) to take into account the funds described by section 301(b)(3) that are made available for educational, or education-related, services or activities for eligible participants enrolled in elementary or secondary public schools under the jurisdiction of such agencies or elementary or secondary nonpublic schools within the districts served by such agencies;";

8 USC 1522 note.

(2) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively;

(3) by inserting after paragraph (4) the following:

"(5) specify (A) the amount of funds described by section 301(b)(3) that are made available under other Federal laws to agencies or other entities for educational, or education-related, services or activities within the State because of a significant

concentration of eligible participants, and (B) the local educational agencies within whose districts are eligible participants provided services from such funds who are enrolled in elementary or secondary schools under the jurisdiction of such agencies, or in elementary or secondary nonpublic schools served by such agencies;"; and

(4) in paragraph (7), as so redesignated, by striking out "Cuban and Haitian refugee children and Indochinese refugee children" and inserting in lieu thereof "eligible participants".

AMENDMENTS TO TITLE IV OF THE REFUGEE EDUCATION ASSISTANCE ACT OF 1980

SEC. 546. (a) Title IV of the Refugee Education Assistance Act of 1980 is amended by striking out "Cuban and Haitian refugee adults" and "Haitian and Cuban refugee adults" each place such terms appear and inserting in lieu thereof "eligible participants". 8 USC 1522 note.

(b)(1) Section 401(a) of the Refugee Education Assistance Act of 1980 is amended by striking out "for each of the fiscal years 1982 and 1983" and inserting in lieu thereof "for fiscal year 1982, and for each subsequent fiscal year".

(2) The first sentence of section 401(b)(2) of the Refugee Education Assistance Act of 1980 is amended to read as follows: "The amount of the grant to which a State educational agency is otherwise entitled for any fiscal year, as determined under paragraph (1), shall be reduced by the amounts made available for such fiscal year under any other Federal law (other than section 303 of the Elementary and Secondary Education Act of 1965) for expenditure within the State for the same purposes as those for which funds are made available under this title, except that the reduction shall be made only to the extent that (A) such amounts are made available for such purposes specifically because of the refugee, parolee, or asylee status of the individuals to be served by such funds, and (B) such amounts are made available to provide assistance to individuals eligible for services under this title.". 8 USC 1522 note. 20 USC 843.

(c) Section 403(a) of the Refugee Education Assistance Act of 1980 is amended— 8 USC 1522 note.

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

(2) by inserting after paragraph (1) the following:

"(2) specify the amount of reduction required under section 401(b)(2);".

EFFECTIVE DATE

SEC. 547. This subtitle shall take effect on October 1, 1981. 8 USC 1522 note.

Subtitle D—Elementary and Secondary Education Block Grant

Education Consolidation and Improvement Act of 1981. 20 USC 3801 note.

SEC. 551. This subtitle may be cited as the "Education Consolidation and Improvement Act of 1981".

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

DECLARATION OF POLICY

20 USC 3801. SEC. 552. The Congress declares it to be the policy of the United States to continue to provide financial assistance to State and local educational agencies to meet the special needs of educationally deprived children, on the basis of entitlements calculated under title
20 USC 2701. I of the Elementary and Secondary Education Act of 1965, but to do so in a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary Federal supervision, direction, and control. Further, the Congress recognizes the special educational needs of children of low-income families, and that concentrations of such children in local educational agencies adversely affect their ability to provide educational programs which will meet the needs of such children. The Congress also finds that Federal assistance for this purpose will be more effective if education officials, principals, teachers, and supporting personnel are freed from overly prescriptive regulations and administrative burdens which are not necessary for fiscal accountability and make no contribution to the instructional program.

DURATION OF ASSISTANCE

20 USC 3802. SEC. 553. During the period beginning October 1, 1982, and ending September 30, 1987, the Secretary shall, in accordance with the provisions of this subtitle, make payments to State educational agencies for grants made on the basis of entitlements created under title I of the Elementary and Secondary Education Act of 1965 and calculated in accordance with provisions of that title in effect on September 30, 1982.

APPLICABILITY OF TITLE I PROVISIONS OF LAW

20 USC 3803. SEC. 554. (a) PROGRAM ELIGIBILITY.—Except as otherwise provided in this subtitle, the Secretary shall make payments based upon the amount of, and eligibility for, grants as determined under the following provisions of title I of the Elementary and Secondary Education Act in effect on September 30, 1982:

20 USC 2711. (1) Part A—"Programs Operated by Local Education Agencies":

(A) Subpart 1—"Basic Grants"; and

20 USC 2721. (B) Subpart 2—"Special Grants".

20 USC 2761. (2) Part B—"Programs Operated by State Agencies":

(A) Subpart 1—"Programs for Migratory Children";

20 USC 2771. (B) Subpart 2—"Programs for Handicapped Children";

20 USC 2781. (C) Subpart 3—"Programs for Neglected and Delinquent Children"; and

20 USC 2791. (D) Subpart 4—"General Provisions for State Operated Programs".

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

20 USC 2841. (1) Part E—"Payments":

(A) Section 191—"Payment Methods";

(B) Section 192—"Amount of Payments to Local Educational Agencies"; 20 USC 2842.

(C) Section 193—"Adjustments Where Necessitated by Appropriations"; and 20 USC 2843.

(D) Section 194—"Payments for State Administration", subject to subsection (d) of this section. 20 USC 2844.

(2) Part F—"General Provisions": 20 USC 2851.

(A) Section 197—"Limitation on Grants to Puerto Rico"; and 20 USC 2853.

(B) Section 198—"Definitions" and conforming amendments to other Acts, except that only those definitions applicable to this subtitle shall be used. 20 USC 2854.

(c) APPLICABILITY RULE.—The provisions of title I of the Elementary and Secondary Education Act of 1965 which are not specifically made applicable by this chapter shall not be applicable to programs authorized under this chapter. 20 USC 2701.

(d) AMENDMENT.—Section 194(a)(1) of the Elementary and Secondary Education Act of 1965 is amended by striking out "1.5 per centum" and inserting in lieu thereof "1 per centum". 20 USC 2844.

AUTHORIZED PROGRAMS

SEC. 555. (a) GENERAL.—Each State and local educational agency shall use the payments under this chapter for programs and projects (including the acquisition of equipment and, where necessary, the construction of school facilities) which are designed to meet the special educational needs of educationally deprived children. 20 USC 3804.

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

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

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

APPROVAL OF APPLICATIONS

SEC. 556. (a) APPLICATION BY LOCAL EDUCATIONAL AGENCY.—A local educational agency may receive a grant under this chapter for any fiscal year if it has on file with the State educational agency an application which describes the programs and projects to be conducted with such assistance for a period of not more than three years, 20 USC 3805.

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

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

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

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

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

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

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

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

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

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

20 USC 3806.

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

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

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

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

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

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

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

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

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

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

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

(c) Any bypass determination by the Secretary under title I of the Elementary and Secondary Education Act of 1965 prior to the effective date of this chapter shall remain in effect to the extent consistent with the purposes of this chapter. 20 USC 2701.

GENERAL PROVISIONS

20 USC 3807.

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

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

Waiver of requirements.

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

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

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

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

(A) a districtwide salary schedule;

(B) a policy to ensure equivalence among schools in teachers, administrators, and auxiliary personnel; and

(C) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

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

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

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

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

STATEMENT OF PURPOSE

SEC. 561. (a) It is the purpose of this chapter to consolidate the program authorizations contained in— 20 USC 3811.

(1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965; 20 USC 2881, 2941, 3081, 3141, 3191, 3281, 3311, 3341.

(2) the Alcohol and Drug Abuse Education Act;

(3) part A and section 532 of title V of the Higher Education Act of 1965; 21 USC 1001 note.

(4) the Follow Through Act (on a phased basis);

(5) section 3(a)(1) of the National Science Foundation Act of 1950 relating to precollege science teacher training; and 20 USC 1101, 1119a.

(6) the Career Education Incentive Act; *Post*, p. 508. 42 USC 1862. 20 USC 2601 note.

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

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

AUTHORIZATION OF APPROPRIATIONS; DURATION OF ASSISTANCE

SEC. 562. (a) There are authorized to be appropriated such sums as may be necessary for fiscal year 1982 and each of the five succeeding fiscal years to carry out the provisions of this chapter. 20 USC 3812.

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

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

Ante, p. 445.

ALLOTMENTS TO STATES

20 USC 3813.

SEC. 563. (a) From the sums appropriated to carry out this chapter in any fiscal year, the Secretary shall reserve not to exceed 1 per centum for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, to be allotted in accordance with their respective needs. The Secretary shall reserve an additional amount, not to exceed 6 per centum of the sums appropriated, to carry out the purposes of section 583. From the remainder of such sums the Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-age population of the State bears to the school-age population of all States, except that no State shall receive less than an amount equal to 0.5 per centum of such remainder.

(b) For the purposes of this section:

"School-age population."

(1) The term "school-age population" means the population aged five through seventeen.

"States."

(2) The term "States" includes the fifty States, the District of Columbia, and Puerto Rico.

STATE APPLICATIONS

20 USC 3814.

SEC. 564. (a) Any State which desires to receive grants under this chapter shall file an application with the Secretary which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this chapter;

(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);

(F) institutions of higher education; and

(G) the State legislature;

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

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

Post, pp. 472, 473, 475.

chapter and among the authorized programs and projects which are to be implemented, and the allocation of such funds required to implement section 586, including administrative costs of carrying out the responsibilities of the State educational agency under this chapter;

(4) provides for timely public notice and public dissemination of the information provided pursuant to paragraphs (2) and (3);

(5) beginning with fiscal year 1984, provides for an annual evaluation of the effectiveness of programs assisted under this chapter, which shall include comments of the advisory committee, and shall be made available to the public; and

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

(7) contains assurances that there is compliance with the specific requirements of this chapter.

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

ALLOCATION TO LOCAL EDUCATIONAL AGENCIES

SEC. 565. (a) From the sum made available each year under section 563, the State educational agency shall distribute not less than 80 per centum to local educational agencies within such State according to the relative enrollments in public and nonpublic schools within the school districts of such agencies, adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocations to local educational agencies which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child, such as— 20 USC 3815.

(1) children from low-income families,

(2) children living in economically depressed urban and rural areas, and

(3) children living in sparsely populated areas.

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

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

LOCAL APPLICATIONS

SEC. 566. (a) A local educational agency may receive its allocation of funds under this chapter for any year in which it has on file with the State educational agency an application which— 20 USC 3816.

(1) sets forth the planned allocation of funds among subchapters A, B, and C of this chapter and for the programs authorized by such subchapters which it intends to support, including the allocation of such funds required to implement section 586; *Post*, pp. 472, 473, 475.

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

Recordkeeping.

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

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

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

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

Subchapter A—Basic Skills Development

USE OF FUNDS

20 USC 3821.

SEC. 571. Funds allocated for use under this subchapter shall be used by State and local educational agencies to develop and implement a comprehensive and coordinated program designed to improve elementary and secondary school instruction in the basic skills of reading, mathematics, and written and oral communication, as formerly authorized by title II of the Elementary and Secondary Education Act of 1965, relating to basic skills improvement, including the special mathematics program as formerly authorized by section 232 of such title.

20 USC 2881.

20 USC 2912.

STATE LEADERSHIP AND SUPPORT SERVICES

Grants and contracts.
20 USC 3822.

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

(1) to carry out planning, research and development, demonstration projects, training of leadership personnel, short term and regular session teacher training institutes; and

(2) for the development of instructional materials, the dissemination of information, and technical assistance to local educational agencies.

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

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

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

(1) the development and dissemination of materials that parents may use in the home to improve their children's performance in those skills; and

(2) voluntary training activities for parents to encourage and assist them to help their children in developing basic skills;

except that such activities conducted in local areas shall be conducted with the approval of and in conjunction with programs of local educational agencies.

SCHOOL LEVEL PROGRAMS

SEC. 573. (a) In planning for the utilization of funds it allocates for this chapter (from its allotment under section 565) a local educational agency shall provide for the participation of children enrolled in private elementary and secondary schools (and of teachers in such schools) in accordance with section 586. Such plans shall be developed in conjunction with and involve continuing consultation with teachers and principals in such district. Such planning shall include a systematic strategy for improving basic skills instruction for all children which provides for planning and implementation at the school building level, involving teachers, administrators, and (to the extent practicable) parents, and utilizing all available resources in a comprehensive program. The programs shall include— 20 USC 3823.

(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 B—Educational Improvement and Support Services

STATEMENT OF PURPOSE

SEC. 576. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly, and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title IV, relating to educational improvement, resources, and support, title V, relating to State leadership, title VI, relating to emergency school aid, of the Elementary and Secondary Education Act of 1965, section 3(a)(1) of the National 20 USC 3831. 20 USC 3081. 20 USC 3141. 20 USC 3191.

42 USC 1862.
20 USC 1101, 1119a.

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 sections 564 and 566, in conformity with the other requirements of this chapter.

AUTHORIZED ACTIVITIES

20 USC 3832.

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

(1) the acquisition and utilization—

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

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

which take into account the needs of children in both public and private schools based upon periodic consultation with teachers, librarians, media specialists, and private school officials;

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

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

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

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

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

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

Subchapter C—Special Projects

STATEMENT OF PURPOSE

SEC. 581. It is the purpose of this subchapter to permit State and local educational agencies to use Federal funds (directly and through grants to or contracts with educational agencies, local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions) to carry out selected activities from among the full range of programs and projects formerly authorized under title III, relating to special projects, title VIII, relating to community schools, and title IX (except part C), relating to gifted and talented children, educational proficiency standards, safe schools program, and ethnic heritage program, of the Elementary and Secondary Education Act of 1965, the Career Education Incentive Act, and part B of title V of the Economic Opportunity Act of 1964, relating to Follow Through programs, in accordance with the planned allocation of funds set forth in the applications under sections 564 and 566, in conformity with the other requirements of this chapter. 20 USC 3841. 20 USC 2941, 3281, 3311. 20 USC 2601 note. 42 USC 2929.

AUTHORIZED ACTIVITIES

SEC. 582. Programs and projects authorized under this subchapter include— 20 USC 3842.

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

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

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

(C)(i) in-school partnership programs in which the parents of school-age children participate to enhance the education and personal development of the children, previously authorized by part B of the Headstart-Follow Through Act; 42 USC 2929.

(ii) preschool partnership programs in which the schools work with parents of preschool children in cooperation with programs funded under the Headstart-Follow Through Act; 42 USC 2921.

(D) consumer education;

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

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

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

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

(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, cul-

tural, and other related community and human services for the community served in accordance with the needs, interests, and concerns of the community and the agreement and conditions of the governing board of the local educational agency; and

(3) additional programs, including—

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

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

Ante, p. 472.

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

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

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

42 USC 2000c.

Subchapter D—Secretary's Discretionary Funds

DISCRETIONARY PROGRAM AUTHORIZED

20 USC 3851.

SEC. 583. (a) From the sums reserved by the Secretary pursuant to the second sentence of section 563(a) the Secretary is authorized to carry out directly or through grants to or contracts with State and local educational agencies, institutions of higher education, and other public and private agencies, organizations, and institutions, programs and projects which—

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

20 USC 3041.

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

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

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

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

(1) the Inexpensive Book Distribution Program (as carried out through "Reading is Fundamental") as formerly authorized by part C of title II of the Elementary and Secondary Education Act of 1965, 20 USC 2911.

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

(3) programs in alcohol and drug abuse education as formerly authorized by the Alcohol and Drug Abuse Education Act, at least in amounts necessary to sustain the activities described in this sentence at the level of operations during fiscal year 1981, and then utilize the remainder of such funds for the other authorized activities described in subsection (a). 21 USC 1001 note.

Subchapter E—General Provisions

MAINTENANCE OF EFFORT; FEDERAL FUNDS SUPPLEMENTARY

SEC. 585. (a)(1) Except as provided in paragraph (2), a State is entitled to receive its full allocation of funds under this chapter for any fiscal year if the Secretary finds that either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education for the preceding fiscal year was not less than 90 per centum of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year. 20 USC 3861.

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

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

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

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

PARTICIPATION OF CHILDREN ENROLLED IN PRIVATE SCHOOLS

SEC. 586. (a)(1) To the extent consistent with the number of children in the school district of a local educational agency which is eligible to receive funds under this chapter or which serves the area in which a program or project assisted under this chapter is located who are enrolled in private nonprofit elementary and secondary schools, or with respect to instructional or personnel training programs funded by the State educational agency from funds reserved for State use 20 USC 3862.

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

Contract authority.

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

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

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

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

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

Waiver of requirements.

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

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

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

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

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

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

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

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

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

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

(i) Any bypass determination by the Secretary under titles II through VI and VIII and IX of the Elementary and Secondary Education Act of 1965 prior to the effective date of this chapter shall remain in effect to the extent consistent with the purposes of this chapter. 20 USC 2881, 3191, 3281, 3311.

REPEALS

20 USC 3863.

SEC. 587. (a) Effective October 1, 1982, the provisions of—

(1) titles II, III, IV, V, VI, VIII, and IX (except part C) of the Elementary and Secondary Education Act of 1965;

20 USC 2881, 2941, 3081, 3141, 3191, 3281, 3311, 3341.

(2) part A and section 532 of title V of the Higher Education Act of 1965;

20 USC 1101, 1119a.

(3) the Alcohol and Drug Abuse Education Act; and

21 USC 1001 note.

(4) the Career Education Incentive Act;

are repealed.

20 USC 2601 note.

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

Post, p. 508.

CHAPTER 3—GENERAL PROVISIONS

FEDERAL REGULATIONS

20 USC 3871.

SEC. 591. (a) The Secretary is authorized to issue regulations—

(1) relating to the discharge of duties specifically assigned to the Secretary under this subtitle;

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

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

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

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

WITHHOLDING OF PAYMENTS

20 USC 3872.

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

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

JUDICIAL REVIEW

SEC. 593. (a) If any State is dissatisfied with the Secretary's action under section 592(a), such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The filing of such petition shall act to suspend any withholding of funds by the Secretary pending the judgment of the court and prior to a final action on any review of such judgment. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. 20 USC 3873.

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

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

AVAILABILITY OF APPROPRIATIONS

SEC. 594. Notwithstanding any other provision of law, unless expressly in limitation of this section, funds appropriated in any fiscal year to carry out activities under this subtitle shall become available for obligation on July 1 of such fiscal year and shall remain available for obligation until the end of the succeeding fiscal year. 20 USC 3874.

DEFINITIONS

SEC. 595. (a) Except as otherwise provided herein as used in this subtitle— 20 USC 3875.

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

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

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

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

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

(5) the term "parent" includes a legal guardian or other person standing in loco parentis;

(6) the term "free public education" means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that such term does not include any education provided beyond grade twelve;

(7) the term "elementary school" means a day or residential school which provides elementary education, as determined under State law, and the term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade twelve;

(8) the term "construction" includes the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities;

(9) the term "equipment" includes machinery, utilities, and building equipment and any necessary enclosure or structures to house them, and includes all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books, periodicals, documents, and other related materials; and

(10) the term "school facilities" means classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading, and improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.

(b) Any term used in provisions referenced by section 554 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.

20 USC 2701.

APPLICATION OF OTHER LAWS

20 USC 3876.
20 USC 1232c, 1232d, 1232e.

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

20 USC 1225.

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

TITLE VI—HUMAN SERVICES PROGRAMS

Subtitle A—Authorizations Savings for Fiscal Years 1982, 1983, and 1984

CHAPTER 1—GENERAL PROVISIONS

EFFECT ON OTHER LAWS

SEC. 601. (a) Any provision of law which is not consistent with the provisions of this subtitle hereby is superseded and shall have only such force and effect during each of the fiscal years 1982, 1983, and 1984 which is consistent with this subtitle. 42 USC 9801 note.

(b) Notwithstanding any authorization of appropriations for fiscal year 1982, 1983, or 1984 contained in any provision of law which is specified in this subtitle, no funds are authorized to be appropriated in excess of the limitations imposed upon appropriations by the provisions of this subtitle.

CHAPTER 2—EDUCATION OF THE HANDICAPPED PROGRAMS

EDUCATION OF THE HANDICAPPED ACT

SEC. 602. (a)(1) There is authorized to be appropriated to carry out part B of the Education of the Handicapped Act, other than sections 618 and 619, $969,850,000 for fiscal year 1982, and $1,017,900,000 for each of the fiscal years 1983 and 1984. 20 USC 1411 note. 20 USC 1418, 1419.

(2) There is authorized to be appropriated to carry out section 618 of such Act $2,300,000 for each of the fiscal years 1982 and 1983. 20 USC 1418 note.

(3) There is authorized to be appropriated to carry out section 619 of such Act $25,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1419 note.

(b)(1) There is authorized to be appropriated to carry out section 621 of the Education of the Handicapped Act (relating to regional resource centers) $9,800,000 for each of the fiscal years 1982 and 1983. 20 USC 1421 note.

(2) There is authorized to be appropriated to carry out section 622 of such Act $16,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1422 note.

(3) There is authorized to be appropriated to carry out section 623 of such Act $20,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1423 note.

(4) There is authorized to be appropriated to carry out sections 621 and 624 of such Act (relating to projects for severely handicapped children) $5,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1421 note.

(5) There is authorized to be appropriated to carry out section 625 of such Act $4,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1424a note.

(6) There is authorized to be appropriated to carry out sections 631, 632, and 634 of such Act $58,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1431 note.

(7) There is authorized to be appropriated to carry out section 633 of such Act $1,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1433 note.

(8) There is authorized to be appropriated to carry out part E of such Act $20,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1444 note.

(9) There is authorized to be appropriated to carry out part F of such Act $19,000,000 for each of the fiscal years 1982 and 1983. 20 USC 1454 note.

CHAPTER 3—VOCATIONAL REHABILITATION PROGRAMS

GENERAL AUTHORIZATION UNDER REHABILITATION ACT OF 1973

29 USC 701 note.

SEC. 603. There is authorized to be appropriated to carry out the Rehabilitation Act of 1973 $1,009,260,000 for fiscal year 1982, and $1,054,160,000 for fiscal year 1983.

SPECIFIC SPENDING LIMITS UNDER REHABILITATION ACT OF 1973

29 USC 701 note.

SEC. 604. (a) Of the amounts authorized to be appropriated in section 603, not to exceed $250,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out section 12 of the Rehabilitation Act of 1973.

29 USC 711.

(b) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 14 of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983.

29 USC 713.

(c) Of the amounts authorized to be appropriated in section 603, such sums as may be necessary shall be available, for each of the fiscal years 1982 and 1983, to carry out section 15 of the Rehabilitation Act of 1973.

29 USC 714.

(d) Of the amounts authorized to be appropriated in section 603, not to exceed $899,000,000 for fiscal year 1982, and not to exceed $943,900,000 for fiscal year 1983, shall be available for the purpose of making grants to States pursuant to State entitlements under part B of title I of the Rehabilitation Act of 1973.

29 USC 730.

(e) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 120(a) of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983.

29 USC 740.

(f) Of the amounts authorized to be appropriated in section 603, not to exceed $650,000 shall be available, for each of the fiscal years 1982 and 1983, for the purpose of making grants to Indian tribes under part D of title I of the Rehabilitation Act of 1973.

29 USC 750.

(g)(1) Of the amounts authorized to be appropriated in section 603, not to exceed $3,500,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out section 112 of the Rehabilitation Act of 1973.

29 USC 732.

(2) The requirement for the setting aside of funds established in the first sentence of section 112(a) of such Act shall not have any force or effect for each of the fiscal years 1982 and 1983.

(h) Of the amounts authorized to be appropriated in section 603, not to exceed $35,000,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out title II of the Rehabilitation Act of 1973.

29 USC 760.

(i) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 301 of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983.

29 USC 771.

(j) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 302 of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983.

29 USC 772.

(k) Of the amounts authorized to be appropriated in section 603, not to exceed $25,500,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out section 304 of the Rehabilitation Act of 1973.

29 USC 774.

(l) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 305 of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983. 29 USC 775.

(m)(1) Of the amounts authorized to be appropriated in section 603, not to exceed $12,210,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out sections 310, 311, 312, 314, and 315 of the Rehabilitation Act of 1973. 29 USC 777, 777a, 777b, 777d, 777e.

(2) The requirement for the setting aside of funds established in the first sentence of section 310(b) of such Act shall not have any force or effect for each of the fiscal years 1982 and 1983.

(n) Of the amounts authorized to be appropriated in section 603, not to exceed $2,000,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out section 316 of the Rehabilitation Act of 1973. 29 USC 777f.

(o) Of the amounts authorized to be appropriated in section 603, not to exceed $3,500,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out section 313 of the Rehabilitation Act of 1973. 29 USC 777c.

(p) Of the amounts authorized to be appropriated in section 603, not to exceed $256,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out title IV of the Rehabilitation Act of 1973. 29 USC 780.

(q) Of the amounts authorized to be appropriated in section 603, such sums as may be necessary shall be available, for each of the fiscal years 1982 and 1983, to carry out section 502 of the Rehabilitation Act of 1973. 29 USC 792.

(r) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out section 506 of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983. 29 USC 794b.

(s) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out part A of title VI of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983. 29 USC 795.

(t) Of the amounts authorized to be appropriated in section 603, not to exceed $8,000,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out part B of title VI of the Rehabilitation Act of 1973. 29 USC 795g.

(u) Notwithstanding the authorization of appropriations made in section 603, no funds are authorized to be appropriated to carry out part A, C, or D of title VII of the Rehabilitation Act of 1973 for fiscal year 1982 or 1983. 29 USC 796, 796f, 796g.

(v) Of the amounts authorized to be appropriated in section 603, not to exceed $19,400,000 shall be available, for each of the fiscal years 1982 and 1983, to carry out part B of title VII of the Rehabilitation Act of 1973. 29 USC 796e.

CHAPTER 4—OTHER HANDICAPPED PROGRAMS AND SERVICES

AMERICAN PRINTING HOUSE FOR THE BLIND; GALLAUDET COLLEGE; KENDALL SCHOOL; MODEL SECONDARY SCHOOL FOR THE DEAF; NATIONAL TECHNICAL INSTITUTE FOR THE DEAF ACT

SEC. 605. (a) The total amount of appropriations to carry out the Act of March 3, 1979 (20 Stat. 468), relating to the American Printing House for the Blind, shall not exceed $5,000,000 for each of the fiscal years 1982, 1983, and 1984. 20 USC 101 note.

(b) The total amount of appropriations to carry out the Act of June 18, 1954 (68 Stat. 265), relating to Gallaudet College, shall not exceed $52,000,000 for each of the fiscal years 1982, 1983, and 1984. Amounts appropriated pursuant to this subsection also shall be available for the administration of the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf.

20 USC 681 note.

(c) The total amount of appropriations to carry out the National Technical Institute for the Deaf Act shall not exceed $26,300,000 for each of the fiscal years 1982, 1983, and 1984.

CHAPTER 5—OLDER AMERICAN PROGRAMS

OLDER AMERICANS ACT OF 1965

42 USC 3001 note.
42 USC 3056.
42 USC 3056f note.

SEC. 606. (a) There is authorized to be appropriated to carry out the Older Americans Act of 1965 (other than title V of such Act) $715,000,000 for fiscal year 1982 and $793,312,000 for fiscal year 1983.

(b)(1) There is authorized to be appropriated to carry out title V of the Older Americans Act of 1965—

(A) $277,100,000 for fiscal year 1982 and $293,726,000 for fiscal year 1983; and

(B) such additional sums as may be necessary for each such fiscal year to enable the Secretary of Labor, through the operation of older American community service employment programs under such title, to provide for at least 54,200 part-time employment positions for eligible individuals.

"Eligible individual."
42 USC 3056e.
"Part-time employment position.
42 USC 3020c.

(2) For purposes of this subsection:

(A) The term "eligible individual" has the meaning given it in section 507(2) of the Older Americans Act of 1965.

(B) The term "part-time employment position" means an employment position with a workweek of at least 20 hours.

(c) Section 213 of the Older Americans Act of 1965 is amended by striking out ", where such organization demonstrates clear superiority with respect to the quality of services covered by such contract".

CHAPTER 6—DOMESTIC VOLUNTEER SERVICE PROGRAMS

AUTHORIZATIONS UNDER DOMESTIC VOLUNTEER SERVICE ACT OF 1973

42 USC 5081.

SEC. 607. (a) Section 501 of the Domestic Volunteer Service Act of 1973 is amended to read as follows:

"NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS

42 USC 4951.

"SEC. 501. There is authorized to be appropriated to carry out title I of this Act $25,763,000 for fiscal year 1982 and $15,391,000 for fiscal year 1983. Of the amounts appropriated under this section, not less than $16,000,000 shall first be available for carrying out part A of title I for fiscal year 1982, and not less than $8,000,000 shall first be available for carrying out part A of title I for fiscal year 1983.".

42 USC 5082.

(b)(1) Section 502(a) of the Domestic Volunteer Service Act of 1973 is amended to read as follows:

"SEC. 502. (a) There is authorized to be appropriated $28,691,000 for fiscal year 1982 and $30,412,000 for fiscal year 1983, for the purpose of carrying out programs under part A of title II of this Act.".

(2) Section 502(b) of such Act is amended to read as follows:

"(b) There is authorized to be appropriated $49,670,000 for fiscal year 1982 and $52,650,000 for fiscal year 1983, for the purpose of carrying out programs under part B of title II of this Act.". 42 USC 5011.

(3) Section 502 of such Act is amended by adding at the end thereof the following new subsection: 42 USC 5082.

"(c) There is 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.". 42 USC 5021.

(c) Section 504 of the Domestic Volunteer Service Act of 1973 is amended to read as follows: 42 USC 5084.

"ADMINISTRATION AND COORDINATION

"SEC. 504. There is authorized to be appropriated for the administration of this Act, as authorized in title IV of this Act, $30,091,000 for fiscal year 1982 and $29,348,000 for fiscal year 1983.". 42 USC 5041.

AMENDMENTS TO DOMESTIC VOLUNTEER SERVICE ACT OF 1973

SEC. 608. (a) Section 114(a) of the Domestic Volunteer Service Act of 1973 is amended to read as follows: Grants and contracts. 42 USC 4974.

"SEC. 114. (a) The Director is authorized to make grants and contracts for projects and programs which encourage and enable students in secondary, secondary vocational, and post-secondary schools to participate in service-learning programs on an in-school or out-of-school basis in assignments of a character and on such terms and conditions as are described in subsections (a) and (c) of section 103.".

(b) Section 211 of the Domestic Volunteer Service Act of 1973 is amended— 42 USC 5011.

(1) by striking out subsection (b); and

(2) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively.

(c) Title II of the Domestic Volunteer Service Act of 1973 is amended—

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

(2) by inserting after section 212 the following new part:

"PART C—SENIOR COMPANIONS PROGRAM

"GRANTS AND CONTRACTS FOR THE PROGRAM

"SEC. 213. (a) The Director is authorized to make grants to or contracts with public and nonprofit private agencies and organizations to pay part or all of the cost of development and operation of projects (including direct payments to individuals serving under this part in the same manner as provided in section 211(a)) designed for the purpose of providing opportunities for low-income persons aged 60 or over to serve as 'senior companions' to persons with exceptional needs. Senior companions may provide services designed to help older persons requiring long-term care, including services to persons receiving home health care, nursing care, home-delivered meals or other nutrition services; services designed to help persons deinstitutionalized from mental hospitals, nursing homes, and other institutions; and services designed to assist persons having developmental disabilities and other special needs for companionship. 42 USC 5013.

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42 USC 5011.

"(b) The provisions of section 211(d) and section 211(e) and such other provisions of part B as the Director determines to be necessary shall apply to the provisions of this part.".

(d) The heading of part B of the Domestic Volunteer Service Act of 1973 is amended to read as follows:

"PART B—FOSTER GRANDPARENT PROGRAM".

(e)(1) The item relating to part B of title II in the table of contents of the Domestic Volunteer Service Act of 1973 is amended to read as follows:

"PART B—FOSTER GRANDPARENT PROGRAM".

(2) The table of contents of such Act is amended by inserting after the item relating to part B the following new items:

"PART C—SENIOR COMPANIONS PROGRAM

"Sec. 213. Grants and contracts for the program.".

(3) The item relating to part C of title II in the table of contents of such Act is amended by striking out "PART C" and inserting in lieu thereof "PART D".

42 USC 4973.

(f)(1) Section 113(c)(2) of the Domestic Volunteer Service Act of 1973 is amended by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services".

42 USC 5021.

(2) Section 221 of such Act is amended—

(A) by striking out "the Community Services Administration,"; and

(B) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

42 USC 5057.

(3) 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".

CHAPTER 7—CHILD ABUSE PREVENTION AND TREATMENT PROGRAMS

STATE GRANTS UNDER CHILD ABUSE PREVENTION AND TREATMENT ACT

42 USC 5103 note.
42 USC 5103.

SEC. 609. There is authorized to be appropriated to make grants to States under section 4(b)(1) of the Child Abuse Prevention and Treatment Act $7,000,000 for each of the fiscal years 1982 and 1983.

DISCRETIONARY PROGRAMS

42 USC 5107.

SEC. 610. (a)(1) The Secretary of Health and Human Services, either directly, through grants to States and public and private, nonprofit organizations and agencies, or through jointly financed cooperative arrangements with States, public agencies, and other agencies and organizations, is authorized to provide for activities of national significance related to child abuse prevention and treatment and adoption reform, including operation of a national center to collect and disseminate information regarding child abuse and neglect, and operation of a national adoption information exchange system to facilitate the adoptive placement of children.

(2) The Secretary, in carrying out the provisions of this subsection, shall provide for the continued operation of the National Center on Child Abuse and Neglect in accordance with section 2(a) of the Child Abuse Prevention and Treatment Act for each of the fiscal years 1982 and 1983. 42 USC 5101.

(3) If the Secretary determines, in fiscal year 1982 or 1983, to carry out any of the activities described in section 2(b) of the Child Abuse Prevention and Treatment Act, the Secretary shall carry out such activities through the National Center on Child Abuse and Neglect.

(b) There is authorized to be appropriated to carry out this section $12,000,000 for each of the fiscal years 1982 and 1983. Of the amounts appropriated under this subsection for any fiscal year, not less than $2,000,000 shall be available to carry out title II of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978. Appropriation authorization. 42 USC 5111.

CHAPTER 8—COMMUNITY SERVICES PROGRAMS

Subchapter A—Community Economic Development

Community Economic Development Act of 1981.

SHORT TITLE

SEC. 611. This subchapter may be cited as the "Community Economic Development Act of 1981". 42 USC 9801 note.

STATEMENT OF PURPOSE

SEC. 612. The purpose of this subchapter is to encourage the development of special programs by which the residents of urban and rural low-income areas may, through self-help and mobilization of the community at large, with appropriate Federal assistance, improve the quality of their economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits. 42 USC 9801.

DEFINITION

SEC. 613. For purposes of this subchapter, the term "community development corporation" means a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part 1 and any organization more than 50 percent of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this subchapter. 42 USC 9802. *Post*, p. 490.

SOURCE OF FUNDS

SEC. 614. The Secretary is authorized to use funds made available to the Secretary under section 681(b) for purposes of carrying out the provisions of this subchapter. 42 USC 9803. *Post*, p. 518.

ADVISORY COMMUNITY INVESTMENT BOARDS

SEC. 615. (a)(1) The President is authorized to establish a National Advisory Community Investment Board (hereinafter in this section referred to as the "Investment Board"). Such Investment Board shall be composed of 15 members appointed, for staggered terms and without regard to the civil service laws, by the President, in consultation with the Secretary of Health and Human Services (hereinafter in Establishment. 42 USC 9804.

this subchapter referred to as the "Secretary"). Such members shall be representative of the investment and business communities and appropriate fields of endeavor related to this subchapter. The Investment Board shall meet at the call of the chairperson, but not less often than 3 times each year. The Secretary and the administrator of community economic development programs shall be ex officio members of the Investment Board.

(2) The Secretary shall carry out the provisions of this subchapter through the Office of Community Services established in section 676(a).

(b) The Investment Board shall promote cooperation between private investors and businesses and community development corporation projects through—

(1) advising the Secretary and the community development corporations on ways to facilitate private investment;

(2) advising businesses and other investors of opportunities in community development corporation projects; and

(3) advising the Secretary, community development corporations, and private investors and businesses of ways in which they might engage in mutually beneficial efforts.

(c) The governing body of each Community Development Corporation may establish an advisory community investment board composed of not to exceed 15 members who shall be appointed by the governing body after consultation with appropriate local officials. Each such board shall promote cooperation between private investors and businesses and the governing body of the Community Development Corporation through—

(1) advising the governing body on ways to facilitate private investors;

(2) advising businesses and other investors of opportunities in Community Development Corporation projects; and

(3) advising the governing body, private investors, and businesses of ways in which they might engage in mutually beneficial efforts.

PART 1—URBAN AND RURAL SPECIAL IMPACT PROGRAMS

STATEMENT OF PURPOSE

42 USC 9805.

SEC. 616. The purpose of this part is to establish special programs of assistance to nonprofit private locally initiated community development corporations which (1) are directed to the solution of the critical problems existing in particular communities or neighborhoods (defined without regard to political or other subdivisions or boundaries) within those urban and rural areas having concentrations or substantial numbers of low-income persons; (2) are of sufficient size, scope, and duration to have an appreciable impact in such communities, neighborhoods, and rural areas in arresting tendencies toward dependency, chronic unemployment, and community deterioration; (3) hold forth the prospect of continuing to have such impact after the termination of financial assistance under this part; and (4) provide financial and other assistance to start, expand, or locate enterprises in or near the area to be served so as to provide employment and ownership opportunities for residents of such areas, including those who are disadvantaged in the labor market because of their limited speaking, reading, and writing abilities in the English language.

ESTABLISHMENT AND SCOPE OF PROGRAMS

SEC. 617. (a) The Secretary is authorized to provide financial assistance in the form of grants to nonprofit and for profit community development corporations and other affiliated and supportive agencies and organizations associated with qualifying community development corporations for the payment of all or part of the cost of programs which are designed to carry out the purposes of this part. Financial assistance shall be provided so that each community economic development program is of sufficient size, scope, and duration to have an appreciable impact on the area served. Such programs may include— Grants. 42 USC 9806.

(1) community business and commercial development programs, including (A) programs which provide financial and other assistance (including equity capital) to start, expand, or locate businesses in or near the area served so as to provide employment and ownership opportunities for residents of such areas; and (B) programs for small businesses located in or owned by residents of such areas;

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

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

(4) social service programs which support and complement community business and commercial development programs financed under this part, including child care, educational services, health services, credit counseling, energy conservation, recreation services, and programs for the maintenance of housing facilities.

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

FINANCIAL ASSISTANCE REQUIREMENTS

SEC. 618. (a) The Secretary, under such regulations as the Secretary may establish, shall not provide financial assistance for any community economic development program under this part unless the Secretary determines that— 42 USC 9807.

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

(2) the program will be appropriately coordinated with local planning under this subchapter with housing and community development programs, with employment and training pro-

grams, and with other relevant planning for physical and human resources in the areas served;

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Financial assistance for commercial development under this part shall not be extended until the community economic development program that has applied for assistance under this subchapter has specified in some detail its development goals and its development timetable. The Secretary, in providing continued financial assistance to a community economic development program, shall give serious consideration to the experience such program has had in meeting development goals or in adhering to development timetables.

FEDERAL SHARE

SEC. 619. (a)(1) Assistance provided under this subchapter to any program described in section 618(a) shall not exceed 90 percent of the cost of such program, including costs of administration, unless the Secretary determines that the assistance in excess of such percentage is required in furtherance of the purposes of this subchapter. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. 42 USC 9808.

(2) The assistance referred to in paragraph (1) shall be made available (A) for deposit to the order of grantees which have demonstrated successful program performance, under conditions which the Secretary deems appropriate, within 30 days following approval of the grant agreement by the Secretary and such grantee; or (B) whenever the Secretary deems appropriate, in accordance with applicable rules and regulations prescribed by the Secretary of the Treasury, and including any other conditions which the Secretary of Health and Human Services deems appropriate, within 30 days following approval of the grant agreement by the Secretary and such grantee.

(b) Property acquired as a result of capital investments made by any community development corporation with funds granted as its Federal share of the cost of programs carried out under this subchapter, and the proceeds from such property, shall become the property of the community development corporation and shall not be considered to be Federal property. The Federal Government retains the right to direct that on severance of the grant relationship the assets purchased with grant funds shall continue to be used for the original purpose for which they were granted.

PART 2—SPECIAL RURAL PROGRAMS

STATEMENT OF PURPOSE

SEC. 620. It is the purpose of this part to meet the special economic needs of rural communities or areas with concentrations or substantial numbers of low-income persons by providing support to self-help programs which promote economic development and independence, as a supplement to existing similar programs conducted by other departments and agencies of the Federal Government. Such programs should encourage low-income families to pool their talents and resources so as to create and expand rural economic enterprise. 42 USC 9809.

FINANCIAL ASSISTANCE

SEC. 621. (a) The Secretary is authorized to provide financial assistance, including loans having a maximum maturity of fifteen years and in amounts not resulting in an aggregate principal indebtedness of more than $3,500 at any one time, to any low-income rural family where, in the judgment of the Secretary, such financial assistance has a reasonable possibility of effecting a permanent increase in the income of such families, or will contribute to the improvement of their living or housing conditions, by assisting or permitting them to— 42 USC 9810.

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

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

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

(b) The Secretary is authorized to provide financial assistance to local cooperative associations or local public and private nonprofit organizations or agencies in rural areas containing concentrations or substantial numbers of low-income persons for the purpose of defraying all or part of the costs of establishing and operating cooperative programs for farming, purchasing, marketing, processing, and to improve their income as producers and their purchasing power as consumers, and to provide such essentials as credit and health services. Costs which may be defrayed shall include—

(1) administrative costs of staff and overhead;

(2) costs of planning and developing new enterprises;

(3) costs of acquiring technical assistance; and

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

LIMITATION ON ASSISTANCE

42 USC 9811.

SEC. 622. No financial assistance shall be provided under this part unless the Secretary determines that—

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

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

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

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

PART 3—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

DEVELOPMENT LOAN FUND

42 USC 9812.

SEC. 623. (a) The Secretary is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, to families and local cooperatives and the designated supportive organizations of cooperatives eligible for financial assistance under this subchapter, to private nonprofit organizations receiving assistance under subtitle B of this title, or to public and private nonprofit organizations or agencies, for business facilities and community development projects, including community development credit unions, which the Secretary determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Secretary determines that—

Post, p. 511.

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

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

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

Loans made by the Secretary pursuant to this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus such additional charge, if any, toward covering other costs of the program as the Secretary of Health and Human Services may determine to be consistent with its purposes, except that, for the 5 years following the date in which funds are initially available to the borrower, the rate of interest shall be set at a rate considered appropriate by the Secretary in light of the particular needs of the borrower, which rate shall not be lower than 1 percent. All such loans shall be repayable within a period of not more than 30 years.

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

Rural Development Loan Fund and Community Development Loan Fund, Establishment.

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

(2) The Rural Development Loan Fund shall consist of the remaining funds provided for in part A of title III of the Economic Opportunity Act of 1964, as in effect on September 19, 1972, and such amounts as may be deposited in such fund by the Secretary out of funds made available from appropriations for purposes of carrying out this part. The Secretary shall utilize the services of the Farmers Home Administration in administering such fund.

42 USC 2851.

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

ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION

SEC. 624. To the extent he deems appropriate, the Secretary shall utilize funds available under this part to prepare a plan of action for the establishment of a Model Community Economic Development Finance Corporation to provide a user-controlled independent and professionally operated long-term financing vehicle with the principal purpose of providing financial support for community economic development corporations, cooperatives, other affiliated and supportive agencies and organizations associated with community economic development corporations, and other entities eligible for assistance under this subchapter.

42 USC 9813.

PART 4—SUPPORTIVE PROGRAMS AND ACTIVITIES

TRAINING AND TECHNICAL ASSISTANCE

42 USC 9814.

SEC. 625. (a) The Secretary shall provide, directly or through grants, contracts, or other arrangements, such technical assistance and training of personnel as may be required to effectively implement the purposes of this subchapter. No financial assistance shall be provided to any public or private organization under this section unless the Secretary provides the beneficiaries of these services with opportunity to participate in the selection of and to review the quality and utility of the services furnished them by such organization.

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

(c) Training for employees of community development corporations and for employees and members of urban and rural cooperatives shall include on-the-job training, classroom instruction, and scholarships to assist them in development, managerial, entrepreneurial, planning, and other technical and organizational skills which will contribute to the effectiveness of programs assisted under this subchapter.

SMALL BUSINESS ADMINISTRATION AND DEPARTMENT OF COMMERCE PROGRAMS

42 USC 9815.

SEC. 626. (a)(1) Funds granted under this subchapter which are invested directly or indirectly, in a small investment company, local development company, limited small business investment company, or small business investment company licensee under section 301(d) of the Small Business Investment Act of 1958 shall be included as "private paid-in capital and paid-in surplus", "combined paid-in capital and paid-in surplus", and "paid-in capital" for purposes of sections 302, 303, and 502, respectively, of the Small Business Investment Act of 1958.

15 USC 681.

15 USC 682, 683, 696.

Regulations.

(2) Not later than 90 days after the date of the enactment of this Act, the Administrator of the Small Business Administration, after consultation with the Secretary, shall promulgate regulations to ensure the availability to community development corporations of such programs as shall further the purposes of this subchapter, including programs under section 8(a) of the Small Business Act.

15 USC 637.

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

42 USC 3161.

42 USC 3131, 3141.
42 USC 3142.

Regulations.

(2) Not later than 90 days after the date of the enactment of this Act, the Secretary of Commerce shall prescribe regulations which will ensure that community development corporations and cooperatives shall qualify for assistance and shall be eligible to receive such assistance under all such programs of the Economic Development Administration as shall further the purposes of this subchapter.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

SEC. 627. The Secretary of Housing and Urban Development, after consultation with the Secretary, shall take all necessary steps to assist community development corporations and local cooperative associations to qualify for and receive (1) such assistance in connection with technical assistance, counseling to tenants and homeowners, and loans to sponsors of low-income and moderate-income housing under section 106 of the Housing and Urban Development Act of 1968, as amended by section 811 of the Housing and Community Development Act of 1974; (2) such land for housing and business location and expansion under title I of the Housing and Community Development Act of 1974; and (3) such funds for comprehensive planning under section 701 of the Housing Act of 1954, as amended by section 401 of the Housing and Community Development Act of 1974, as shall further the purposes of this subchapter. 42 USC 9816. 12 USC 1701x. 42 USC 5301. 40 USC 461.

DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

SEC. 628. The Secretary of Agriculture or, where appropriate, the Administrator of the Farmers Home Administration, after consultation with the Secretary of Health and Human Services, shall take all necessary steps to ensure that community development corporations and local cooperative associations shall qualify for and shall receive— 42 USC 9817.

(1) such assistance in connection with housing development under the Housing Act of 1949, as amended; 42 USC 1441 note.

(2) such assistance in connection with housing, business, industrial, and community development under the Consolidated Farmers Home Administration Act of 1961 and the Rural Development Act of 1972; and 7 USC 1921 note. 7 USC 1921 note.

(3) such further assistance under all such programs of the United States Department of Agriculture; as shall further the purposes of this subchapter.

COORDINATION AND ELIGIBILITY

SEC. 629. (a) The Secretary shall take all necessary and appropriate steps to encourage Federal departments and agencies and State and local governments to make grants, provide technical assistance, enter into contracts, and generally support and cooperate with community development corporations and local cooperative associations. 42 USC 9818.

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

EVALUATION AND RESEARCH

SEC. 630. (a) Each program for which grants are made under this subchapter shall provide for a thorough evaluation of the effectiveness of the program in achieving its purposes, which evaluation shall be conducted by such public or private organizations as the Secretary in consultation with existing grantees familiar with programs carried out under the Community Services Block Grant Act may designate, and all or part of the costs of evaluation may be paid from funds appropriated to carry out this part. In evaluating the performance of any community development corporation funded under part 1, the criteria for evaluation shall be based upon such program objectives, 42 USC 9819. *Post*, p. 511.

goals, and priorities as are consistent with the purposes of this subchapter and were set forth by such community development corporation in its proposal for funding as approved and agreed upon by or as subsequently modified from time to time by mutual agreement between the Secretary and such community development corporation.

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

PLANNING GRANTS

42 USC 9820.

SEC. 631. In order to facilitate the purposes of this subchapter, the Secretary is authorized to provide financial assistance to any public or private nonprofit agency or organization for planning of community economic development programs and cooperative programs under this subchapter.

NONDISCRIMINATION PROVISIONS

42 USC 9821.

SEC. 632. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

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

42 USC 2000d-1.
42 USC 2000d-2.

AVAILABILITY OF CERTAIN APPROPRIATED FUNDS

42 USC 9822.
42 USC 2981.

SEC. 633. Funds appropriated to the Rural Development Loan Fund under title VII of the Economic Opportunity Act of 1964 (as in effect on the day before the date of the enactment of this Act), and interest accumulated in such fund, shall be deposited in the Rural Development Loan Fund established under section 623(c)(1) and shall continue to be available to carry out the purposes of such fund. Funds appropriated to the Community Development Credit Union Revolving Loan Fund under title VII of the Economic Opportunity Act of 1964 (as in effect on the day before the date of the enactment of this Act), and interest accumulated in such fund, shall continue to be available to carry out the purposes of such fund.

Subchapter B—Head Start Programs

Head Start Act.

SHORT TITLE

SEC. 635. This subchapter may be cited as the "Head Start Act". 42 USC 9801 note.

STATEMENT OF PURPOSE AND POLICY

SEC. 636. (a) In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to extend the authority for the appropriation of funds for such program. 42 USC 9831.

(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant and Indian children and shall assure that appropriate funding is provided to meet such needs.

DEFINITIONS

SEC. 637. For purposes of this subchapter: 42 USC 9832.

(1) The term "Secretary" means the Secretary of Health and Human Services.

(2) The term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

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

FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS

SEC. 638. The Secretary may, upon application by an agency which is eligible for designation as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start 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. 42 USC 9833.

AUTHORIZATION OF APPROPRIATIONS

SEC. 639. There is authorized to be appropriated for carrying out the provisions of this subchapter $950,000,000 for fiscal year 1982, $1,007,000,000 for fiscal year 1983, and $1,058,357,000 for fiscal year 1984. 42 USC 9834.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) and (3). 42 USC 9835.

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

(A) Indian and migrant Head Start programs and services for handicapped children, except that—

(i) there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1982 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1981; and

(ii) cost-of-living adjustments shall be made with respect to such Indian and migrant Head Start programs for fiscal year 1982 and each subsequent fiscal year, and such adjustments shall, at the minimum, reflect changes in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor;

(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 one-half of 1 percent 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 87 percent 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) 33⅓ percent of any amount available after all allotments have been made under clause (A) for such fiscal 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

(ii) 66⅔ percent of such amount shall be distributed on the basis of the relative number of children from birth through 5 years of age living with families with incomes below the poverty line in each State as compared to all States.

(4) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

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

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

(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1982 and thereafter no less than 10 percent of the total number of enrollment opportunities in Head Start programs in each State shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Head Start programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

20 USC 3192.
Report to Congress.

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

DESIGNATION OF HEAD START AGENCIES

SEC. 641. (a) The Secretary is authorized to designate as a Head Start agency any local public or private nonprofit agency which (1) has the power and authority to carry out the purposes of this subchapter and perform the functions set forth in section 642 within a community; and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Head Start program.

42 USC 9836.

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

"Community."

(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Head Start agencies to any local public or private nonprofit agency which is receiving funds under any Head Start program on the date of the enactment of this Act, except that—

(1) the Secretary shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the Secretary; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Secretary shall give priority in the designation of Head Start agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made.

The provisions of clause (2) shall apply only to agencies actually operating Head Start programs.

(d) The Secretary shall require that the practice of significantly involving parents and area residents affected by the program in selection of Head Start agencies be continued.

POWERS AND FUNCTIONS OF HEAD START AGENCIES

42 USC 9837.

SEC. 642. (a) In order to be designated as a Head Start agency under this subchapter, an agency must have authority under its charter or applicable law to receive and administer funds under this subchapter, funds and contributions from private or local public sources which may be used in support of a Head Start program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this subchapter, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Head Start program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. The power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) In order to be so designated, a Head Start agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to directly participate in decisions that influence the character of programs affecting their interests; (2) provide for their regular participation in the implementation of such programs; (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources; and (4) establish procedures to seek reimbursement, to the extent feasible, from other agencies for services for which any such other agency is responsible, which are provided to a Head Start participant by the Head Start agency.

(c) The head of each Head Start agency shall coordinate with other programs serving the children in the Head Start agency to carry out the provisions of this subsection.

SUBMISSION OF PLANS TO GOVERNORS

42 USC 9838.

SEC. 643. In carrying out the provisions of this subchapter, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Head Start program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within 30 days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by the Secretary to be fully consistent with the provisions and in furtherance of the purposes of this subchapter. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of the enactment of this Act.

ADMINISTRATIVE REQUIREMENTS AND STANDARDS

42 USC 9839.

SEC. 644. (a) Each Head Start agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this subchapter and the

objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to (1) establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; (2) 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; (3) guard against personal or financial conflicts of interest; and (4) define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

(b) No financial assistance shall be extended under this subchapter in any case in which the Secretary determines that the costs of developing and administering a program assisted under this subchapter exceed 15 percent 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 percent 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 Head Start 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 12 months whenever the Secretary determines that such a waiver is necessary in order to carry out the purposes of this subchapter.

(c) The Secretary shall prescribe rules or regulations to supplement subsection (a), which shall be binding on all agencies carrying on Head Start program activities with financial assistance under this subchapter. 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 ensure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this subchapter and other programs shall be fairly allocated among the various programs which utilize such facilities and services. Regulations.

(d) At least 30 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. Publication in Federal Register.

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PARTICIPATION IN HEAD START PROGRAMS

42 USC 9840.

SEC. 645. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Head Start programs assisted under this subchapter. Except as provided in paragraph (2), such criteria may provide (A) that children from low-income families shall be eligible for participation in programs assisted under this subchapter if their families' incomes are below the poverty line, or if their families are eligible or, in the absence of child care, would potentially be eligible for public assistance; and (B) pursuant to such regulations as the Secretary shall prescribe, that programs assisted under this subchapter may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (A).

(2) Whenever a Head Start program is operated in a community with a population of 1,000 or less individuals and—

(A) there is no other preschool program in the community;

(B) the community is located in a medically underserved area, as designated by the Secretary pursuant to section 330(b)(3) of the Public Health Service Act and is located in a health manpower shortage area, as designated by the Secretary pursuant to section 332(a)(1) of such Act;

42 USC 254c.

42 USC 254e.

(C) the community is in a location which, by reason of remoteness, does not permit reasonable access to the types of services described in clauses (A) and (B); and

(D) not less than 50 percent of the families to be served in the community are eligible under the eligibility criteria established by the Secretary under paragraph (1);

the Head Start program in each such locality shall establish the criteria for eligibility, except that no child residing in such community whose family is eligible under such eligibility criteria shall, by virtue of such project's eligibility criteria, be denied an opportunity to participate in such program.

(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Head Start programs, unless such fees are authorized by legislation hereafter enacted. Nothing in this subsection shall be construed to prevent the families of children who participate in Head Start programs and who are willing and able to pay the full cost of such participation from doing so.

APPEALS, NOTICE, AND HEARING

42 USC 9841.

SEC. 646. The Secretary shall prescribe procedures to assure that—

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

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

(3) financial assistance under this subchapter shall not be terminated, an application for refunding shall not be denied, and

a suspension of financial assistance shall not be continued for longer than 30 days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

RECORDS AND AUDITS

SEC. 647. (a) Each recipient of financial assistance under this subchapter shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. 42 USC 9842.

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

TECHNICAL ASSISTANCE AND TRAINING

SEC. 648. The Secretary may provide, directly or through grants or other arrangements (1) technical assistance to communities in developing, conducting, and administering programs under this subchapter; and (2) training for specialized or other personnel needed in connection with Head Start programs. 42 USC 9843.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 649. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this subchapter. Grants and contracts. 42 USC 9844.

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

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS CONTRACTS

SEC. 650. (a) The Secretary shall make a public announcement concerning— 42 USC 9845.

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

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

(b) The public announcements required by subsection (a)(1) shall be made within 30 days of making such grants or contracts, and the public announcements required by subsection (a)(2) shall be made within 90 days of the receipt of such results.

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

(d) The Secretary shall publish summaries of the results of activities carried out pursuant to this subchapter not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such summaries.

Report to congressional committees.

EVALUATION

Grants and contracts. 42 USC 9846.

SEC. 651. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this subchapter, including evaluations that measure and evaluate the impact of programs authorized by this subchapter, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project operation.

(b) The Secretary shall operate the programs and projects covered by this subchapter in accordance with Head Start performance standards. Any revisions in such standards shall result in standards which are no less comprehensive than those in effect on the date of the enactment of the Economic Opportunity Amendments of 1978. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this subchapter.

42 USC 2701 note.

(c)(1) In carrying out evaluations under this subchapter, the Secretary shall establish working relationships with the faculties of colleges or universities located in the area in which any such evaluation is being conducted, unless there is no such college or university willing and able to participate in the evaluation. For purposes of the preceding sentence, for any single evaluation, areas in which such working relationships are established may not be larger than 3 contiguous States.

(2) In carrying out evaluations under this subchapter, the Secretary may require Head Start agencies to provide for independent evaluations.

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

(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

Report to congressional committees.

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

POVERTY LINE

42 USC 9847.

SEC. 652. (a) The Secretary shall revise annually (or at any shorter interval the Secretary deems feasible and desirable) a poverty line

which, except as provided in section 645, shall be used as a criterion of eligibility for participation in Head Start programs.

(b) The revision required by subsection (a) shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

(c) Revisions required by subsection (a) shall be made and issued not more than 30 days after the date on which the necessary Consumer Price Index data become available.

COMPARABILITY OF WAGES

SEC. 653. The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this subchapter shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher; or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938. 42 USC 9848. 29 USC 206.

NONDISCRIMINATION PROVISIONS

SEC. 654. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs. 42 USC 9849.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this subchapter. The Secretary shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if such person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this subchapter. 42 USC 2000d-1, 2000d-2.

(c) The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract relating to the financial assistance specifically provides that no person with responsibilities in the operation of the program, project, or activity will discriminate against any individual because of a handicapping condition in violation of section 504 of the Rehabilitation Act of 1973. 29 USC 794.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 655. No individual employed or assigned by any Head Start agency or other agency assisted under this subchapter shall, pursu- 42 USC 9850.

ant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this subchapter by such Head Start agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

POLITICAL ACTIVITIES

42 USC 9851. 5 USC 1501 *et seq.*

SEC. 656. (a) For purposes of chapter 15 of title 5, United States Code, any agency which assumes responsibility for planning, developing, and coordinating Head Start programs and receives assistance under this subchapter shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 1502(a) of such title, any agency receiving assistance under this subchapter shall be deemed to be a State or local agency.

5 USC 1502.

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

ADVANCE FUNDING

42 USC 9852.

SEC. 657. For the purpose of affording adequate notice of funding available under this subchapter, appropriations for carrying out this subchapter are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

Follow Through Act.

Subchapter C—Follow Through Programs

SHORT TITLE

42 USC 9801 note.

SEC. 661. This subchapter may be cited as the "Follow Through Act".

FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

42 USC 9861.

SEC. 662. (a) The Secretary of Education (hereinafter in this subchapter referred to as the "Secretary") is authorized to provide financial assistance in the form of grants to local educational agencies, combinations of such agencies, and, as provided in subsection (b), any other public or appropriate nonprofit private agencies, organizations, and institutions for the purpose of carrying out Follow Through programs focused primarily on children from low-income families in kindergarten and primary grades, including such children enrolled in private nonprofit elementary schools, who were previously enrolled in Head Start or similar programs. Other children in kindergarten and primary grades, including such other children enrolled in private nonprofit elementary schools, who were previously enrolled in preschool programs of a compensatory nature which received

Federal financial assistance may participate in such Follow Through programs.

(b) Whenever the Secretary determines—

(1) that a local educational agency receiving assistance under subsection (a) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein; or

(2) that it is otherwise necessary in order to accomplish the purposes of this section;

the Secretary may provide financial assistance for the purpose of carrying out a Follow Through program to any other public or appropriate nonprofit private agency, organization, or institution.

(c) Programs to be assisted under this section shall provide such comprehensive educational, health, nutritional, social, and other services as will aid in the continued development of children described in subsection (a) to their full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, the Secretary may provide for the inclusion of such children from non-low-income families, but only to the extent that their participation will not dilute the effectiveness of the services designed for children described in subsection (a).

AUTHORIZATION OF APPROPRIATIONS

SEC. 663. (a)(1) There is authorized to be appropriated for carrying out the purposes of this subchapter $44,300,000 for fiscal year 1982, $22,150,000 for fiscal year 1983, and $14,767,000 for fiscal year 1984. 42 USC 9862.

(2) Funds appropriated under this section for fiscal years 1982 and 1983 shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

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

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

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 664. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public and private agencies which are designed to test or assist in the development of new approaches or methods 42 USC 9863.

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

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

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

42 USC 9864.

SEC. 665. (a) The Secretary shall make a public announcement concerning—

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

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

(b) The public announcements required by subsection (a)(1) shall be made not later than 30 days after making such grants or contracts, and the public announcements required by subsection (a)(2) shall be made not later than 90 days after the receipt of such results.

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

Summaries, submittal to congressional committees.

(d) The Secretary shall publish summaries of the results of activities carried out pursuant to this subchapter not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such summaries.

EVALUATION

42 USC 9865.

SEC. 666. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this subchapter, including evaluations that measure and evaluate the impact of programs authorized by this subchapter, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanism for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project.

(b) The Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this subchapter. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this subchapter.

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

Submittal to congressional committees.

(d) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than 90 days after the completion thereof. The

Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

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

TECHNICAL ASSISTANCE AND TRAINING

SEC. 667. The Secretary may provide, directly or through grants or other appropriate arrangements (1) technical assistance to Follow Through programs in developing, conducting, and administering programs under this subchapter; and (2) training for specialized or other personnel which is needed in connection with Follow Through programs. 42 USC 9866.

SPECIAL CONDITIONS

SEC. 668. (a) Recipients of financial assistance under this subchapter shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this subchapter. 42 USC 9867.

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

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

APPLICABILITY OF PROVISIONS OF SUBCHAPTER B

SEC. 669. The provisions of sections 637 (other than section 637(1)), 653, 654, 655, 656, and 657 shall apply to the administration of this subchapter. 42 USC 9868.

REPEALER

SEC. 670. Effective October 1, 1984, the provisions of this subchapter are repealed. *Ante*, p. 508. 42 USC 9861 note, 9801 note.

Subtitle B—Community Services Block Grant Program

Community Services Block Grant Act.

SHORT TITLE

SEC. 671. This subtitle may be cited as the "Community Services Block Grant Act". 42 USC 9901 note.

COMMUNITY SERVICES GRANTS AUTHORIZED

SEC. 672. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State. 42 USC 9901.

(b) There is authorized to be appropriated $389,375,000 for the fiscal year 1982 and for each of the 4 succeeding fiscal years to carry out the provisions of this subtitle.

DEFINITIONS

SEC. 673. For purposes of this subtitle: 42 USC 9902.

(1) The term "eligible entity" means any organization which was officially designated as a community action agency or a community action program under the provisions of section 210 of
42 USC 2790. the Economic Opportunity Act of 1964 for fiscal year 1981, unless such community action agency or a community action program lost its designation under section 210 of such Act as a result of a failure to comply with the provisions of such Act.

(2) The term "poverty line" means the official poverty line established by the Director of the Office of Management and Budget. The Secretary shall revise the poverty line annually (or at any shorter interval the Secretary deems feasible and desirable) which shall be used as a criterion of eligibility in community service block grant programs. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

(3) The term "Secretary" means the Secretary of Health and Human Services.

(4) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

STATE ALLOCATIONS

42 USC 9903. SEC. 674. (a)(1) The Secretary shall from the amount appropriated under section 672 for each fiscal year which remains after—

(A) the Secretary makes the apportionment required in subsection (b)(1); and

(B) the Secretary determines the amount necessary for the purposes of section 681(b);

allot to each State an amount which bears the same ratio to such remaining amount as the amount received by the State for fiscal year
42 USC 2808. 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such part, except that no State shall receive less than one-quarter of 1 percent of the amount appropriated under section 672 for such fiscal year.

(2) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(b)(1) The Secretary shall apportion one-half of 1 percent of the amount appropriated under section 672 for each fiscal year on the basis of need among Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this subtitle upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this subtitle, and which are consistent with the requirements of section 675.

(c)(1) If, with respect to any State, the Secretary—

(A) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle;

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

(2) The Secretary shall reserve for the purpose of paragraph (1) from sums that would otherwise be allotted to such State not less than 100 percent of an amount which bears the same ratio to the State's allotment for the fiscal year involved as the population of all eligible Indians for whom a determination under this paragraph has been made bears to the population of all individuals eligible for assistance under this subtitle in such State.

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

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

(5) The terms "Indian tribe" and "tribal organization" mean those tribes, bands, or other organized groups of Indians recognized in the State in which they reside or considered by the Secretary of the Interior to be an Indian tribe or an Indian organization for any purpose.

"Indian tribe," and "tribal organization."

APPLICATIONS AND REQUIREMENTS

SEC. 675. (a) Each State desiring to receive an allotment for a fiscal year under this subtitle shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will comply with subsection (b) and will meet the conditions enumerated in subsection (c).

42 USC 9904.

(b) After the expiration of the first fiscal year in which a State received funds under this subtitle, no funds shall be allotted to such State for any fiscal year under this subtitle unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under this subtitle for such fiscal year.

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

(1) use the funds available under this subtitle—

(A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(B) to provide activities designed to assist low-income participants including the elderly poor—

(i) to secure and retain meaningful employment;

(ii) to attain an adequate education;

(iii) to make better use of available income;

(iv) to obtain and maintain adequate housing and a suitable living environment;

(v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services,

nutritious food, housing, and employment-related assistance;

(vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;

(vii) to achieve greater participation in the affairs of the community; and

(viii) to make more effective use of other programs related to the purposes of this subtitle;

(C) to provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;

(D) to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and

(E) to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

(2)(A)(i) use, for fiscal year 1982 only, not less than 90 percent of the funds allotted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers; and

(ii) use, for fiscal year 1983 and for each subsequent fiscal year, not less than 90 percent of the funds allotted to the State under section 674 to make grants to political subdivisions of the State for the political subdivisions to use for the purposes described in clause (1) directly or to nonprofit private community organizations which have a board which meets the requirements of clause (3), or to migrant and seasonal farm worker organizations; and

(B) provide assurances that the State will not expend more than 5 percent of its allotment under section 674 for administrative expenses at the State level;

(3) provide assurances that, in the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (B) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community;

(4) give special consideration in the designation of local community action agencies under this subtitle to any community action agency which is receiving funds under any Federal antipoverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State

shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made;

(5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, for the provisions set forth in this subtitle to services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, or the energy crisis intervention program under title XXVI of this Act (relating to low-income home energy assistance); 42 USC 3001 note. *Ante*, p. 499. *Post*, p. 893.

(6) prohibit any political activities in accordance with subsection (e);

(7) prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity;

(8) provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under title XXVI of this Act (relating to low-income home energy assistance) conducted in such community;

(9) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the assistance provided under this subtitle, and provide that at least every year each State shall prepare, in accordance with subsection (f), an audit of its expenditures of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

(10) permit and cooperate with Federal investigations undertaken in accordance with section 679.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.

(d)(1) In addition to the requirements of subsection (c), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained in subsection (c). The chief executive officer of each State may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

(e) For purposes of chapter 15 of title 5, United States Code, any nonprofit private organization receiving assistance under this subtitle which has responsibility for planning, developing, and coordinating community antipoverty programs shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 1502(a) of such title, any such organization receiving assistance under this subtitle shall be deemed to be a State or local agency. 5 USC 1501 *et seq.* 5 USC 1502.

(f) Each audit required by subsection (c)(9) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State

shall submit a copy of such audit to the legislature of the State and to the Secretary.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this subtitle in order to assure that expenditures are consistent with the provisions of this subtitle and to determine the effectiveness of the State in accomplishing the purposes of this subtitle.

ADMINISTRATION

Office of Community Services. Establishment. 42 USC 9905.

SEC. 676. (a) There is established in the Department of Health and Human Services an Office of Community Services. The Office shall be headed by a Director.

(b) The Secretary shall carry out his functions under this subtitle through the Office of Community Services established in subsection (a).

NONDISCRIMINATION PROVISIONS

42 USC 9906.

SEC. 677. (a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.

42 USC 6101 note.

29 USC 794.

(b) Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

42 USC 2000d.

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

PAYMENTS TO STATES

42 USC 9907.

SEC. 678. (a) From its allotment under section 674, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), for use under this subtitle.

(b) Payments to a State from its allotment for any fiscal year shall be expended by the State in such fiscal year or in the succeeding fiscal year.

WITHHOLDING

SEC. 679. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this subtitle and the assurances such State provided under section 675. Notice and hearing. 42 USC 9908.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle or the assurances provided by the State under section 675. For purposes of this paragraph, a violation of any one of the assurances contained in section 675(c) that constitutes a disregard of that assurance shall be considered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle. Investigations.

(2) Whenever the Secretary determines that there is a pattern of complaints from any State in any fiscal year, he shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

(3) The Comptroller General of the United States may conduct an investigation of the use of funds received under this subtitle by a State in order to ensure compliance with the provisions of this subtitle.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

(d) In conducting any investigation under subsection (b), the Secretary may not request any information not readily available to such State or require that any information be compiled, collected, or transmitted in any new form not already available.

LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

SEC. 680. (a) Except as provided in subsection (b), grants made under this subtitle (other than amounts made available under section 681(b)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility. 42 USC 9909.

(b) The Secretary may waive the limitation contained in subsection (a) upon the State's request for such a waiver if he finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the State's ability to carry out the purposes of this subtitle.

DISCRETIONARY AUTHORITY OF SECRETARY

42 USC 9910.

SEC. 681. (a) The Secretary is authorized, either directly or through grants, loans, or guarantees to States and public and other organizations and agencies, or contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies, to provide for—

(1) training related to the purposes of this subtitle; and

(2) ongoing activities of national or regional significance related to the purposes of this subtitle, including special emphasis programs for—

(A) special programs of assistance to private, locally initiated community development programs which sponsor enterprises providing employment and business development opportunities for low-income residents of the area;

(B) Rural Development Loan Fund revolving loans and guarantees under subchapter A of chapter 8 of subtitle A of this title;

(C) community development credit union programs administered under subchapter A of chapter 8 of subtitle A of this title;

Ante, p. 489.

(D) technical assistance and training programs in rural housing and community facilities development;

(E) assistance for migrants and seasonal farmworkers; and

(F) national or regional programs designed to provide recreational activities for low-income youth.

(b) Of the amounts appropriated under section 672(b) for any fiscal year, not more than 9 percent of such amounts shall be available to the Secretary for purposes of carrying out this section and subchapter A of chapter 8 of subtitle A of this title.

TRANSITION PROVISIONS

42 USC 9911.

SEC. 682. (a)(1) The purpose of this section is to permit, for fiscal year 1982 only, States to choose to operate programs under the block grant established by this subtitle or to have the Secretary operate programs under the provisions of law repealed by section 683(a).

(2) The Secretary shall carry out the provisions of this section through the Office of Community Services established in section 676(a).

(b)(1) Notwithstanding the provisions of section 683(a) or any other provision of law, a State may, for fiscal year 1982 only, make a determination that the State chooses not to operate programs under the block grant established by this subtitle. If the State makes such a determination, the State's allotment under section 674 shall be used within the State by the Secretary to carry out programs (in accordance with paragraph (4)) under the provisions of law in effect on September 30, 1981, but repealed by section 683(a).

(2) The provisions of paragraph (1) apply to the provisions of law referred to in such paragraph, regardless of whether there is a specific termination provision or other provision of law repealing or otherwise terminating any program subject to this Act.

(3) Each State which, pursuant to paragraph (1), determines to have the Secretary operate programs under the provisions of law in effect on September 30, 1981, but repealed by section 683(a), shall give notice to the Secretary of such determination. Such notice shall be submitted to the Secretary prior to the beginning of the first quarter of fiscal year 1982 and at least 30 days before the beginning of any

other quarter during such fiscal year. For purposes of this section, the quarters for fiscal year 1982 shall commence on October 1, January 1, April 1, and July 1 of fiscal year 1982.

(4) In any case in which the Secretary carries out programs under paragraph (1), the Secretary shall provide for the carrying out of such programs by making grants for such purpose to eligible entities (as defined in section 673(1)).

(c) The Secretary shall provide such assistance to the States as the States may require in order to carry out the provisions of this section.

(d) The Secretary may reserve not more than 5 percent of any State's allotment for administration of such State's programs under the block grant established by this subtitle, if such State has made a determination that the State chooses not to operate programs under the block grant established by this subtitle, and the Secretary is carrying out such State's programs under the provisions of law in effect on September 30, 1981.

(e) Upon the enactment of this Act, the Director of the Office of Management and Budget is authorized to provide for termination of the affairs of the Community Services Administration. He shall provide for the transfer or other disposition of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with implementation of the authorities terminated by section 683(a) as necessary to effectuate the purposes of this subtitle.

REPEALER; REAUTHORIZATION PROVISIONS; TECHNICAL AND CONFORMING PROVISIONS

SEC. 683. (a) Effective October 1, 1981, the Economic Opportunity Act of 1964, other than titles VIII and X of such Act, is repealed. 42 USC 9912. Repeal.

(b) There is authorized to be appropriated such sums as may be necessary for each of the fiscal years 1982, 1983, and 1984, to carry out title VIII of the Economic Opportunity Act of 1964. 42 USC 2701. 42 USC 2991.

(c)(1) Any reference in any provision of law to the poverty line set forth in section 624 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673(2) of this Act. 42 USC 2971c.

(2) Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to private nonprofit community organizations eligible to receive funds under this subtitle.

(3) No action or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any agency administering the Act repealed by subsection (a) of this section shall abate by reason of the enactment of this Act.

TITLE VII—EMPLOYMENT PROGRAMS

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

SEC. 701. (a) Section 112 of the Comprehensive Employment and Training Act is amended to read as follows: 29 USC 822.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 112. (a) There are authorized to be appropriated for fiscal year 1982 for the purpose of carrying out this Act—

29 USC 841, 846, 852.
29 USC 871, 891.
29 USC 893.
29 USC 923.
29 USC 942.
29 USC 981.

"(1) $1,430,775,000 for carrying out parts A, B, and C of title II;
"(2) $219,015,000 for carrying out titles III and V, of which not more than $3 million may be transferred to the National Occupational Information Coordinating Committee established pursuant to section 161(b) of the Vocational Education Act of 1963 for purposes described in section 315 of this Act;
"(3) $576,200,000 for carrying out part A of title IV;
"(4) $628,263,000 for carrying out part B of title IV;
"(5) $766,100,000 for carrying out part C of title IV;
"(6) $274,700,000 for carrying out title VII; and
"(7) $75,462,000 for the expenses of the Department of Labor in administering this Act.

"(b)(1) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are first available for obligation.

"(2) In order to effect a transition to the advance funding method of timing appropriation action, the provisions of this subsection shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.".

29 USC 842. (b) The matter preceding clause (i) of section 202(a)(2)(A) of the Act is amended by striking out "Eighty-five percent" and inserting in lieu thereof "Eighty-six and one-half percent".

(c) Section 202 of the Comprehensive Employment and Training Act is amended by adding the following subsection at the end thereof:

"(h) Notwithstanding the provisions of subsections (b), (c), (d), and (e) of this section, not more than 10½ percent of the amounts available for this title shall be available for the purposes specified in such subsections. The Governor of each State may in his own discretion determine the amount of funds to be used for each of the functions specified in such subsections but not to exceed the amounts specified therein.".

29 USC 909. (d)(1) Section 433(a)(1) of the Comprehensive Employment and Training Act is amended by striking out "75" and inserting in lieu thereof "85".

29 USC 912. (2) Section 436(a)(2) of such Act is amended by striking out ", but services to youth under that title shall not be reduced because of the availability of financial assistance under this subpart".

(e)(1) Title IV of the Comprehensive Employment and Training Act is amended by inserting after section 402 the following new section:

"TRANSFERABILITY OF FUNDS

29 USC 892a. "SEC. 403. (a) Twenty percent of the funds available to a prime
29 USC 893. sponsor in fiscal year 1982 to carry out part A of this title may, at the prime sponsor's discretion, be used in accordance with the provisions
29 USC 942. of part C and 20 percent of the funds available to a prime sponsor in fiscal year 1982 to carry out part C of this title may, at the prime sponsor's discretion, be used in accordance with the provisions of part A.

"(b) Funds available to a prime sponsor under subpart 2 of part A of
29 USC 899. this title may, at the prime sponsor's discretion, be used in accordance with the provisions of subpart 3 of part A of this title. Any funds allocated under subpart 2 of part A of this title which are reallocated
29 USC 818. by the Secretary pursuant to section 108 may, in the Secretary's

discretion, be allocated for use in accordance with the provisions of subpart 3 of part A of this title.". 29 USC 907.

(2) The table of contents of such Act is amended by inserting after the item pertaining to section 402 the following new item:

"403. Transferability of funds.".

(f) Section 702 of the Comprehensive Employment and Training Act is amended— 29 USC 982.

(1) by striking out "Eighty-five" in subsection (b)(1) and inserting in lieu thereof "Ninety-five"; and

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

"(2) Funds available to prime sponsors under this title may be used to promote coordination with economic development activities supported by Federal, State, or local funds. Funds used for such coordinated activities shall not be taken into account in the computation of cost per participant or cost per placement for purposes of program evaluation.".

(g) If, during the second session of the 97th Congress, neither the House of Representatives nor the Senate have passed legislation replacing or amending the Comprehensive Employment and Training Act by September 10, 1982, the provisions of section 112 of that Act (relating to authorization of appropriations) applicable to fiscal 1982 shall be applicable to fiscal 1983. 29 USC 822 note. *Ante*, p. 519.

THE WAGNER-PEYSER ACT

SEC. 702. Section 5(b) of the Act of June 6, 1933 (commonly known as the Wagner-Peyser Act), is amended by inserting before the period at the end thereof a comma and the following: "but not to exceed $677,800,000 in the fiscal year beginning October 1, 1981. For purposes of this subsection, the term 'proper and efficient administration of its public employment offices' shall mean only such functions as are necessary to carry out the provisions of this Act and shall not include functions authorized or required under the Internal Revenue Code of 1954, the Immigration and Nationality Act, or chapter 41 of title 38, United States Code.". 29 USC 49d. 26 USC 1 *et seq.*; 8 USC 1101 *et seq.*; 38 USC 2001 *et seq.*

TITLE VIII—SCHOOL LUNCH AND CHILD NUTRITION PROGRAMS

CHANGES IN REIMBURSEMENT FOR SCHOOL LUNCHES AND BREAKFASTS

SEC. 801. (a) Section 4 of the National School Lunch Act is amended— 42 USC 1753.

(1) by inserting "(a)" after "SEC. 4.";

(2) in subsection (a) (as so designated), by striking out the second sentence; and

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

"(b)(1) The Secretary shall make food assistance payments to each State educational agency each fiscal year, at such times as the Secretary may determine, from the sums appropriated for such purpose, in a total amount equal to the product obtained by multiplying—

"(A) the number of lunches (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under section 9(a) of this Act) served

during such fiscal year in schools in such State which participate in the school lunch program under this Act under agreements with such State educational agency; by

"(B) the national average lunch payment prescribed in paragraph (2) of this subsection.

"(2) The national average lunch payment for each lunch served shall be 10.5 cents (as adjusted pursuant to section 11(a) of this Act) except that for each lunch served in school food authorities in which 60 percent or more of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced-price, the national average lunch payment shall be 2 cents more.".

42 USC 1759a.

(b) Section 11(a) of the National School Lunch Act is amended—

(1) by inserting "(1)" after "SEC. 11. (a)";

(2) in the third sentence, by striking out "(1)" and inserting in lieu thereof "(A)" and by striking out "(2)" and inserting in lieu thereof "(B)"; and

(3) by striking out the fifth sentence and all that follows through the end of the subsection and inserting in lieu thereof the following:

"(2) The special-assistance factor prescribed by the Secretary for free lunches shall be 98.75 cents and the special-assistance factor for reduced-price lunches shall be 40 cents less than the special-assistance factor for free lunches.

"(3)(A) The Secretary shall prescribe on July 1, 1982, and on each subsequent July 1, an annual adjustment in the following:

"(i) The national average payment rates for lunches (as established under section 4 of this Act).

Ante, p. 521.

"(ii) The special assistance factor for lunches (as established under paragraph (2) of this subsection).

"(iii) The national average payment rates for breakfasts (as established under section 4(b) of the Child Nutrition Act of 1966).

Infra.

"(iv) The national average payment rates for supplements (as established under section 17(c) of this Act).

Post, p. 528.

"(B) The annual adjustment under this paragraph shall reflect changes in the cost of operating meal programs under this Act and the Child Nutrition Act of 1966, as indicated by the change in the series for food away from home of the Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor. Each annual adjustment shall reflect the changes in the series for food away from home for the most recent 12-month period for which such data are available. The adjustments made under this paragraph shall be computed to the nearest one-fourth cent.".

42 USC 1773.

(c)(1) Section 4(b)(1) of the Child Nutrition Act of 1966 is amended to read as follows:

"(b)(1)(A) The Secretary shall make breakfast assistance payments to each State educational agency each fiscal year, at such times as the Secretary may determine, from the sums appropriated for such purpose, in an amount equal to the product obtained by multiplying—

"(i) the number of breakfasts served during such fiscal year to children in schools in such States which participate in the school breakfast program under agreements with such State educational agency; by

"(ii) the national average breakfast payment for free breakfasts, for reduced-price breakfasts, or for breakfasts served to

children not eligible for free or reduced-price meals, as appropriate, as prescribed in clause (B) of this paragraph.

"(B) The national average payment for each free breakfast shall be 57 cents (as adjusted pursuant to section 11(a) of the National School Lunch Act). The national average payment for each reduced-price breakfast shall be one-half of the national average payment for each free breakfast, adjusted to the nearest one-fourth cent, except that in no case shall the difference between the amount of the national average payment for a free breakfast and the national average payment for a reduced-price breakfast exceed 30 cents. The national average payment for each breakfast served to a child not eligible for free or reduced-price meals shall be 8.25 cents (as adjusted pursuant to section 11(a) of the National School Lunch Act). *Ante*, p. 522.

"(C) No school which receives breakfast assistance payments under this section may charge a price of more than 30 cents for a reduced-price breakfast.

"(D) No breakfast assistance payment may be made under this subsection for any breakfast served by a school unless such breakfast consists of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under subsection (e) of this section.".

(2) Section 4(b)(2) of the Child Nutrition Act of 1966 is amended— *Ante*, p. 522.

(A) in clause (B)(ii)—

(i) by striking out "on a semiannual basis each July 1 and January 1" and inserting in lieu thereof "on an annual basis each July 1"; and

(ii) by striking out "six-month" and inserting in lieu thereof "twelve-month"; and

(B) in clause (C), by striking out "five" and inserting in lieu thereof "thirty".

(3)(A) Section 4(d) of the Child Nutrition Act of 1966 is amended to read as follows: 42 USC 1773.

"(d)(1) Each State educational agency shall provide additional assistance to schools in severe need, which shall include only—

"(A) those schools in which the service of breakfasts is required pursuant to State law; and

"(B) those schools (having a breakfast program or desiring to initiate a breakfast program) in which, during the most recent second preceding school year for which lunches were served, 40 percent or more of the lunches served to students at the school were served free or at a reduced-price, and in which the rate per meal established by the Secretary is insufficient to cover the costs of the breakfast program.

The provision of eligibility specified in clause (A) of this paragraph shall terminate effective July 1, 1983, for schools in States where the State legislatures meet annually and shall terminate effective July 1, 1984, for schools in States where the State legislatures meet biennially.

"(2) A school, upon the submission of appropriate documentation about the need circumstances in that school and the school's eligibility for additional assistance, shall be entitled to receive 100 percent of the operating costs of the breakfast program, including the costs of obtaining, preparing, and serving food, or the meal reimbursement rate specified in paragraph (2) of section 4(b) of this Act, whichever is less.".

REDUCTION IN COMMODITY ASSISTANCE FOR LUNCHES

42 USC 1755.

SEC. 802. The first sentence of section 6(e) of the National School Lunch Act is amended to read as follows: "The national average value of donated foods, or cash payments in lieu thereof, shall be 11 cents, adjusted on July 1, 1982, and each July 1 thereafter to reflect changes in the Price Index for Food Used in Schools and Institutions.".

REVISION OF INCOME ELIGIBILITY GUIDELINES

42 USC 1758.

SEC. 803. (a) Section 9(b) of the National School Lunch Act is amended—

(1) by amending paragraph (1) to read as follows:

"(1)(A) Not 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 12-month period beginning July 1 of such fiscal year and ending June 30 of the following fiscal year. For the school years ending June 30, 1982, and June 30, 1983, the income guidelines for determining eligibility for free lunches shall be 130 percent of the applicable family-size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B). Beginning July 1, 1983, the income guidelines for determining eligibility for free lunches for any school year shall be the same as the gross income eligibility standards announced by the Secretary for any such period for eligibility for participation in the food stamp program under the Food Stamp Act of 1977. The income guidelines for determining eligibility for reduced-price lunches for any school year shall be 185 percent of the applicable family-size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B). The Office of Management and Budget guidelines shall be revised at annual intervals, or at any shorter interval deemed feasible and desirable.

7 USC 2011 note.

"(B) The revision required by subparagraph (A) of this paragraph shall be made by multiplying—

"(i) the official poverty line (as defined by the Office of Management and Budget); by

"(ii) the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the adjustment is made.

Revisions under this subparagraph shall be made not more than 30 days after the date on which the consumer price index data required to compute the adjustment becomes available.";

(2) by redesignating paragraph (2) (and any references thereto) as paragraph (5) and by inserting after paragraph (1) the following new paragraphs:

"(2)(A) Following the determination by the Secretary under paragraph (1) of this subsection of the income eligibility guidelines for each school year, each State educational agency shall announce the income eligibility guidelines, by family-size, to be used by schools in the State in making determinations of eligibility for free and reduced-price lunches. Local school authorities shall, each year, publicly announce the income eligibility guidelines for free and reduced-price lunches on or before the opening of school.

"(B) Applications for free and reduced-price lunches, in such form as the Secretary may prescribe or approve, and any descriptive material, shall be distributed to the parents or guardians of children

in attendance at the school, and shall contain only the family-size income levels for reduced-price meal eligibility with the explanation that households with incomes less than or equal to these values would be eligible for free or reduced-price lunches. Such forms and descriptive material may not contain the income eligibility guidelines for free lunches.

"(C) Eligibility determinations shall be made on the basis of a complete application executed by an adult member of the household. The Secretary, States, and local school food authorities may seek verification of the data contained in the application. Local school food authorities shall undertake such verification of the information contained in these applications as the Secretary may by regulation prescribe and, in accordance with such regulations, make appropriate changes in the eligibility determinations on the basis of such verification.

"(3) Any child who is a member of a household whose income, at the time the application is submitted, is at an annual rate which does not exceed the applicable family-size income level of the income eligibility guidelines for free lunches, as determined under paragraph (1), shall be served a free lunch. Any child who is a member of a household whose income, at the time the application is submitted, is at an annual rate greater than the applicable family-size income level of the income eligibility guidelines for free lunches, as determined under paragraph (1), but less than or equal to the applicable family-size income level of the income eligibility guidelines for reduced-price lunches, as determined under paragraph (1), shall be served a reduced-price lunch. The price charged for a reduced-price lunch shall not exceed 40 cents.

"(4) No physical segregation of or other discrimination against any child eligible for a free lunch or a reduced-price lunch under this subsection shall be made by the school nor shall there by any overt identification of any child by special tokens or tickets, announced or published lists of names, or by other means."; and

(3) in the second sentence of paragraph (5), as so redesignated by paragraph (2) of this subsection, by striking out "solely".

(b) Section 9 of the National School Lunch Act is further amended by adding at the end thereof the following new subsection: 42 USC 1758.

"(d)(1) The Secretary shall require as a condition of eligibility for receipt of free or reduced-price lunches that the member of the household who executes the application furnish the social security account numbers of all adult members of the household of which such person is a member.

"(2) No member of a household may be provided a free or reduced-price lunch under this Act unless—

"(A) appropriate documentation, as prescribed by the Secretary, of the income of such household has been provided to the appropriate local school food authority; or

"(B) documentation showing that the household is participating in the food stamp program under the Food Stamp Act of 1977 has been provided to the appropriate local school food authority.".

(c) Notwithstanding any other provision of law, the Secretary of Agriculture shall conduct a pilot study to verify the data submitted on a sample of applications for free and reduced-price meals. In conducting the pilot study, the Secretary may require households included in the study to furnish social security numbers of all household members and such other information as the Secretary may require, including, but not limited to, pay stubs, documentation of the Study. 42 USC 1758 note.

current status of household members who are recipients of public assistance, unemployment insurance documents, and written statements from employers, as a condition for receipt of free or reduced-price meals.

42 USC 1758 note.

(d) For the school year ending June 30, 1982, the Secretary may prescribe procedures for implementing the revisions made by the amendments contained in this section to the income eligibility guidelines for free and reduced-price lunches under section 9 of the

42 USC 1758.

National School Lunch Act. Such procedures may allow school food authorities to (1) use applications distributed at the beginning of the school year when making eligibility determinations based on the revised income eligibility guidelines, or (2) distribute new applications and make determinations using such applications.

REVISION OF STATE REVENUE MATCHING REQUIREMENTS

42 USC 1756.

SEC. 804. Section 7 of the National School Lunch Act is amended to read as follows:

42 USC 1753.

"SEC. 7. (a)(1) Funds appropriated to carry out section 4 of this Act during any fiscal year shall be available for payment to the States for disbursement by State educational agencies in accordance with such agreements, not inconsistent with the provisions of this Act, as may be entered into by the Secretary and such State educational agencies for the purpose of assisting schools within the States in obtaining agricultural commodities and other foods for consumption by children in furtherance of the school lunch program authorized under this Act. For any school year, such payments shall be made to a State only if, during such school year, the amount of the State revenues (excluding State revenues derived from the operation of the program) appropriated or used specifically for program purposes (other than any State revenues expended for salaries and administrative expenses of the program at the State level) is not less than 30 percent of the funds made available to such State under section 4 of this Act for the school year beginning July 1, 1980.

"(2) If, for any school year, the per capita income of a State is less than the average per capita income of all the States, the amount required to be expended by a State under paragraph (1) for such year shall be an amount bearing the same ratio to the amount equal to 30 percent of the funds made available to such State under section 4 of this Act for the the school year beginning July 1, 1980, as the per capita income of such State bears to the average per capita income of all the States.

"(b) The State revenues provided by any State to meet the requirement of subsection (a) shall, to the extent the State deems practicable, be disbursed to schools participating in the school lunch program under this Act. No State in which the State educational agency is prohibited by law from disbursing State appropriated funds to private schools shall be required to match Federal funds made available for meals served in such schools, or to disburse, to such schools, any of the State revenues required to meet the requirements of subsection (a).

"(c) The Secretary shall certify to the Secretary of the Treasury, from time to time, the amounts to be paid to any State under this section and shall specify when such payments are to be made. The Secretary of the Treasury shall pay to the State, at the time or times fixed by the Secretary, the amounts so certified.".

TERMINATION OF FOOD SERVICE EQUIPMENT ASSISTANCE

SEC. 805. (a) Section 5 of the National School Lunch Act is repealed. Repeals.
(b) Section 5 of the Child Nutrition Act of 1966 is repealed. 42 USC 1754. 42 USC 1774.

NUTRITION EDUCATION AND TRAINING PROGRAM

SEC. 806. The second sentence of section 19(j)(2) of the Child Nutrition Act of 1966 is amended to read as follows: "There is authorized to be appropriated for the grants referred to in the preceding sentence not more than $15,000,000 for fiscal year 1981, and not more than $5,000,000 for each subsequent fiscal year.". 42 USC 1788.

REVISION OF THE SPECIAL MILK PROGRAM

SEC. 807. Section 3 of the Child Nutrition Act of 1966 is amended— 42 USC 1772.
(1) in the first sentence—
(A) in clause (1), by inserting "which do not participate in a meal service program authorized under this Act or the National School Lunch Act," after "under,"; and 42 USC 1751 note.
(B) in clause (2), by inserting ", which do not participate in a meal service program authorized under this Act or the National School Lunch Act" after "training of children";
(2) in the fourth sentence, by inserting "which does not participate in a meal service program authorized under this Act or the National School Lunch Act" after "institution";
(3) in the fifth sentence, by striking out "also"; and
(4) by striking out the eighth sentence.

LIMITATION ON PRIVATE SCHOOL PARTICIPATION

SEC. 808. (a) Section 12(d)(6) of the National School Lunch Act is amended by inserting in the first sentence "except private schools whose average yearly tuition exceeds $1,500 per child," after "under,". 42 USC 1760.

(b) Section 15(c) of the Child Nutrition Act of 1966 is amended by inserting in the first sentence "except private schools whose average yearly tuition exceeds $1,500 per child," after "such school,". 42 USC 1784.

SUMMER FOOD SERVICE PROGRAM

SEC. 809. Section 13 of the National School Lunch Act is amended— 42 USC 1761.
(1) in subsection (a)(1)—
(A) in clause (B), by striking out "nonresidential public or private nonprofit institutions," and inserting in lieu thereof "public or private nonprofit school food authorities, local, municipal, or county governments,"; and
(B) in clause (C), by striking out "33⅓ percent" and inserting in lieu thereof "50 percent"; and
(2) by adding at the end of subsection (a) the following new paragraph:
"(6) Service institutions that are local, municipal, or county governments shall be eligible for reimbursement for meals served in programs under this section only if such programs are operated directly by such governments.".

REVISION OF CHILD CARE FOOD PROGRAM

42 USC 1766.

SEC. 810. (a) Section 17(a) of the National School Lunch Act is amended—

(1) in the second sentence, by adding at the end before the period the following: "(but only if such organization receives compensation under such title for at least 25 percent of the children for which the organization provides such nonresidential day care services)"; and

(2) by adding after the third sentence the following: "Reimbursement may be provided under this section only for meals or supplements served to children not over 12 years of age (except that such age limitation shall not be applicable for children of migrant workers if 15 years of age or less or for handicapped children).".

(b) Section 17(b) of the National School Lunch Act is amended by striking out "served in the manner specified in subsection (c)" and inserting in lieu thereof "as provided in subsection (f)".

(c) Section 17(c) of the National School Lunch Act is amended to read as follows:

"(c)(1) For purposes of this section, the national average payment rate for free lunches and suppers, the national average payment rate for reduced-price lunches and suppers, and the national average payment rate for paid lunches and suppers shall be the same as the national average payment rates for free lunches, reduced-price lunches, and paid lunches, respectively, under sections 4 and 11 of this Act as appropriate (as adjusted pursuant to section 11(a) of this Act).

42 USC 1753, 1759a.

"(2) For purposes of this section, the national average payment rate for free breakfasts, the national average payment rate for reduced-price breakfasts, and the national average payment rate for paid breakfasts shall be the same as the national average payment rates for free breakfasts, reduced-price breakfasts, and paid breakfasts, respectively, under section 4(b) of the Child Nutrition Act of 1966 (as adjusted pursuant to section 11(a) of this Act).

Ante, p. 522.

"(3) For purposes of this section, the national average payment rate for free supplements shall be 30 cents, the national average payment rate for reduced-price supplements shall be one-half the rate for free supplements, and the national average payment rate for paid supplements shall be 2.75 cents (as adjusted pursuant to section 11(a) of this Act).

"(4) Determinations with regard to eligibility for free and reduced-price meals and supplements shall be made in accordance with the income eligibility guidelines for free lunches and reduced-price lunches, respectively, under section 9 of this Act.".

42 USC 1758.

(d) Section 17(f) of the National School Lunch Act is amended—

(1) by amending paragraph (2) to read as follows:

"(2)(A) Subject to subparagraph (B) of this paragraph, the disbursement for any fiscal year to any State for disbursement to institutions, other than family or group day care home sponsoring organizations, for meals provided under this section shall be equal to the sum of the products obtained by multiplying the total number of each type of meal (breakfast, lunch or supper, or supplement) served in such institution in that fiscal year by the applicable national average payment rate for each such type of meal, as determined under subsection (c).

"(B) No reimbursement may be made to any institution under this paragraph, or to family or group day care home sponsoring organiza-

tions under paragraph (3) of this subsection, for more than two meals and one supplement per day per child.";

(2) by striking out paragraph (3) and by redesignating paragraphs (4) and (5) (and any references thereto) as paragraphs (3) and (4), respectively; and

(3) in paragraph (3), as so redesignated—

(A) by redesignating the fourth sentence and all that follows through the end of the paragraph as subparagraph (C); and

(B) by amending all that precedes subparagraph (C) (as so redesignated) to read as follows:

"(3)(A) Institutions that participate in the program under this section as family or group day care home sponsoring organizations shall be provided, for payment to such homes, a reimbursement factor set by the Secretary for the cost of obtaining and preparing food and prescribed labor costs, involved in providing meals under this section, without a requirement for documentation of such costs, except that reimbursement shall not be provided under this subparagraph for meals or supplements served to the children of a person acting as a family or group day care home provider unless such children meet the eligiblity standards for free or reduced-price meals under section 9 of this Act. The reimbursement factor in effect as of the date of the enactment of this sentence shall be reduced by 10 percent. The reimbursement factor under this subparagraph shall be adjusted on July 1 of each year to reflect changes in the Consumer Price Index for food away from home for the most recent 12-month period for which such data are available. The reimbursement factor under this subparagraph shall be rounded to the nearest one-fourth cent.

"(B) Family or group day care home sponsoring organizations shall also receive reimbursement for their administrative expenses in amounts not exceeding the maximum allowable levels prescribed by the Secretary. Such levels shall be adjusted July 1 of each year to reflect changes in the Consumer Price Index for all items for the most recent 12-month period for which such data are available. The maximum allowable levels for administrative expense payments, as in effect as of the date of the enactment of this subparagraph, shall be adjusted by the Secretary so as to achieve a 10 percent reduction in the total amount of reimbursement provided to institutions for such administrative expenses. In making the reduction required by the preceding sentence, the Secretary shall increase the economy of scale factors used to distinguish institutions that sponsor a greater number of family or group day care homes from those that sponsor a lesser number of such homes.".

(e) Section 17(g) of the National School Lunch Act is amended by striking out paragraph (2) and by redesignating paragraphs (3) and (4) (and any references thereto) as paragraphs (2) and (3), respectively. 42 USC 1766.

(f) Section 17 of the National School Lunch Act is further amended by striking out subsections (i) and (n).

(g) Section 17(o) of the National School Lunch Act is amended in the second sentence by striking out "the availability of food service equipment funds under the program,".

FOOD NOT INTENDED TO BE CONSUMED

SEC. 811. The third sentence of section 9(a) of the National School Lunch Act is amended by striking out "in any junior high school or middle school". 42 USC 1758.

STATE PLAN REQUIREMENTS

42 USC 1759a.

SEC. 812. Section 11(e) of the National School Lunch Act is amended—

(1) by striking out paragraph (1) and redesignating paragraphs (2) and (3) (and any references thereto) as paragraphs (1) and (2), respectively; and

(2) in paragraphs (1) and (2), as so redesignated, by striking out the second sentence of each such paragraph.

COMMODITY ONLY SCHOOLS

42 USC 1762a.

SEC. 813. (a) Section 14 of the National School Lunch Act is amended by adding at the end thereof the following new subsection:

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

Ante, p. 524.

42 USC 1753.

42 USC 1759a.

(b) Section 11 of the National School Lunch Act is further amended by adding at the end thereof the following new subsection:

"(f) Commodity only schools shall also be eligible for special-assistance payments under this section. Such schools shall serve meals free to children who meet the eligibility requirements for free meals under section 9(b) of this Act, and shall serve meals at a reduced price, not exceeding the price specified in section 9(b)(3) of this Act, to children meeting the eligibility requirements for reduced-price meals under such section. No physical segregation of, or other discrimination against, any child eligible for a free or reduced-priced lunch shall be made by the school, nor shall there be any overt identification of any such child by any means.".

Ante, p. 524.

42 USC 1772.

(c) Section 3 of the Child Nutrition Act of 1966 is further amended by—

(1) inserting "(a)" after "SEC. 3."; and

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

"(b) Commodity only schools shall not be eligible to participate in the special milk program under this section. For the purposes of the preceding sentence, the term 'commodity only schools' means schools that do not participate in the school lunch program under the National School Lunch Act, but which receive commodities made available by the Secretary for use by such schools in nonprofit lunch programs.".

42 USC 1760.

(d) Section 12(d) of the National School Lunch Act is further amended by adding at the end thereof the following new paragraph:

"(8) 'Commodity only schools' means schools that do not participate in the school lunch program under this Act, but which receive commodities made available by the Secretary for use by such schools in nonprofit lunch programs."

STATE ADMINISTRATIVE EXPENSES

SEC. 814. (a) Section 7(a)(2) of the Child Nutrition Act of 1966 is amended by striking out "September 30, 1978" in the second sentence and inserting in lieu thereof "September 30, 1981". 42 USC 1776.

(b) Section 7(e) of the Child Nutrition Act is amended to read as follows:

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

AUTHORIZATIONS FOR WIC PROGRAM

SEC. 815. Section 17(g) of the Child Nutrition Act of 1966 is amended by striking out in the first sentence "and such sums as may be necessary for the three subsequent fiscal years," and inserting in lieu thereof "$1,017,000,000 for the fiscal year ending September 30, 1982, $1,060,000,000 for the fiscal year ending September 30, 1983, and $1,126,000,000 for the fiscal year ending September 30, 1984,". 42 USC 1786.

CLAIMS ADJUSTMENT AUTHORITY

SEC. 816. Section 16 of the Child Nutrition Act of 1966 is amended— 42 USC 1785.

(1) by inserting "(a)" after "SEC. 16."; and

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

"(b) With regard to any claim arising under this Act or under the National School Lunch Act, the Secretary shall have the authority to determine the amount of, to settle and to adjust any such claim, and to compromise or deny such claim or any part thereof. The Secretary shall also have the authority to waive such claims if the Secretary determines that to do so would serve the purposes of either such Act. Nothing contained in this subsection shall be construed to diminish the authority of the Attorney General of the United States under section 516 of title 28, United States Code, to conduct litigation on behalf of the United States.". 42 USC 1751 note.

LIMITATIONS ON SECRETARY'S AUTHORITY TO DIRECTLY ADMINISTER PROGRAMS

SEC. 817. (a) Section 10 of the National School Lunch Act is amended to read as follows: 42 USC 1759.

"DISBURSEMENT TO SCHOOLS BY THE SECRETARY

"SEC. 10. (a) The Secretary shall withhold funds payable to a State under this Act and disburse the funds directly to schools, institutions, or service institutions within the State for the purposes authorized by this Act to the extent that the Secretary has so withheld and disbursed such funds continuously since October 1, 1980, but only to such extent (except as otherwise required by subsection (b)). Any funds so withheld and disbursed by the Secretary shall be used for the same purposes, and shall be subject to the same conditions, as applicable to a State disbursing funds made available under this Act.

If the Secretary is administering (in whole or in part) any program authorized under this Act, the State in which the Secretary is administering the program may, upon request to the Secretary, assume administration of that program.

"(b) If a State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the nonpublic schools in the State, the Secretary shall disburse the funds directly to such schools within the State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to public schools within the State by the State educational agency.".

42 USC 1761. (b) Section 13 of the National School Lunch Act is further amended by striking out subsection (i).

42 USC 1766. (c) Section 17 of the National School Lunch Act is further amended—

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

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

42 USC 1773 (d) Section 4 of the Child Nutrition Act of 1966 is further amended by striking out subsection (f) and redesignating subsection (g) as subsection (f).

(e) The Child Nutrition Act of 1966 is further amended by inserting after section 4 the following new section:

"DISBURSEMENT TO SCHOOLS BY THE SECRETARY

Ante, p. 527. 42 USC 1774. "SEC. 5. (a) The Secretary shall withhold funds payable to a State under this Act and disburse the funds directly to schools or institutions within the State for the purposes authorized by this Act to the extent that the Secretary has so withheld and disbursed such funds continuously since October 1, 1980, but only to such extent (except as otherwise required by subsection (b)). Any funds so withheld and disbursed by the Secretary shall be used for the same purposes, and shall be subject to the same conditions, as applicable to a State disbursing funds made available under this Act. If the Secretary is administering (in whole or in part) any program authorized under this Act, the State in which the Secretary is administering the program may, upon request to the Secretary, assume administration of that program.

"(b) If a State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the nonpublic schools in the State, the Secretary shall disburse the funds directly to such schools within the State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to public schools within the State by the State educational agency.".

42 USC 1788. (f) Section 19(d) of the Child Nutrition Act of 1966 is amended by striking out paragraph (6).

COST SAVINGS REVISIONS BY THE SECRETARY

SEC. 818. As soon as possible after the date of the enactment of this Act, the Secretary of Agriculture shall review regulations promulgated under section 10 of the Child Nutrition Act of 1966 (including regulations pertaining to nutritional requirements for meals) for the purposes of determining ways in which cost savings might be accomplished at the local level in the operation of meal programs under the National School Lunch Act and the Child Nutrition Act of 1966

42 USC 1779.

42 USC 1751 note, 1771 note.

without impairing the nutritional value of such meals. Not later than 90 days after the date of the enactment of this Act, on the basis of such review, the Secretary of Agriculture shall promulgate such regulations as the Secretary considers appropriate to effectuate such cost savings. Regulations.

CONFORMING AND MISCELLANEOUS AMENDMENTS

SEC. 819. (a) Section 11 of the National School Lunch Act is amended— 42 USC 1759a.

(1) by striking out "financing the cost of" in the first sentence in subsection (b); and

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

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

(c) Section 12 of the National School Lunch Act is amended— 42 USC 1760.

(1) in subsection (d)—

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

(B) by redesignating paragraphs (4) through (8) (and any references thereto) as paragraphs (3) through (7), respectively; and

(2) by striking out the second sentence of subsection (h).

(d) Section 8 of the National School Lunch Act is amended— 42 USC 1757.

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

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

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

(4) by striking out "Federal food-cost contribution rate" both places it occurs in the fifth and sixth sentences and inserting in lieu thereof "per meal reimbursement rate".

(e) Section 7 of the Child Nutrition Act of 1966 is amended by striking out "3, 4, and 5" in subsections (a)(1), (a)(2), and (b) and inserting in lieu thereof "3 and 4". 42 USC 1776.

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

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

(h) Section 6(a)(2) of the National School Lunch Act is amended— 42 USC 1755.

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

(2) by striking out "sections 4, 5, and 7" and inserting in lieu thereof "sections 4 and 7".

(i) Section 15(f) of the National School Lunch Act is amended by striking out "annually" in the second sentence and inserting in lieu thereof "biennially". 42 USC 1763.

(j) Section 14 of the National School Lunch Act (42 U.S.C. 1762a) is amended—

(1) by striking out "title VII" in paragraph (1) of subsection (a) and inserting in lieu thereof "title III"; and

(2) by striking out "section 707(a)(4) of the Older Americans Act of 1965 (42 U.S.C. 3045(a)(4)) or for cash payments in lieu of such donations under section 707(d)(1) of such Act (42 U.S.C. 3045f(d)(1))" in the first sentence of subsection (c) and inserting in lieu thereof "section 311(a)(4) of the Older Americans Act of 1965 (42 U.S.C. 3030(a)(4)) or for cash payments in lieu of such 42 USC 3030a.

42 USC 3030a.

donations under section 311(c)(1) of such Act (42 U.S.C. 3030(c)(1))".

42 USC 1766.

(k) The second sentence of section 17(f)(1) of the National School Lunch Act is amended by striking out "financing the cost of".

EFFECTIVE DATES AND REPEALER

42 USC 1753 note.

SEC. 820. (a) The provisions of this title shall take effect as follows:

(1) The amendments made by the following sections shall take effect on the first day of the month following the date of the enactment of this Act, or on September 1, 1981, whichever is earlier:

(A) section 801;

(B) that portion of the amendment made by section 810(c) pertaining to the reimbursement rate for supplements;

(C) that portion of the amendment made by section 810(d)(1) pertaining to the limitation on the number of meals for which reimbursement may be made under the child care food program;

(D) that portion of the amendment made by section 810(d)(3) which reduces the meal reimbursement factor by 10 percent; and

(E) section 811.

(2) The amendments made by sections 802 and 804 shall take effect on July 1, 1981.

(3) The amendments made by sections 807, 808, and 810(a)(2) shall take effect on the first day of the second month following the date of the enactment of this Act.

(4) The amendments made by the following sections shall take effect October 1, 1981: sections 805, 806, 809, 810(a)(1), 810(f), 810(g), 812, 814, 817, and 819.

(5) The amendments made by section 813 shall take effect 90 days after the date of the enactment of this Act.

(6) The amendments made by the following provisions shall take effect January 1, 1982: subsections (b), (c), (d), and (e) of section 810, except that—

(A) the amendment made by section 810(c) pertaining to the reimbursement rate for supplements shall take effect as provided under paragraph (1) of this subsection;

(B) the amendment made by section 810(d)(1) pertaining to the limitation on the number of meals for which reimbursement may be made shall take effect as provided under paragraph (1) of this subsection; and

(C) the amendment made by section 810(d)(3) which reduces the meal reimbursement factor by 10 percent shall take effect as provided under paragraph (1) of this subsection.

(7) The following provisions shall take effect on the date of the enactment of this Act:

(A) the amendments made by subsections (a) and (b) of section 803 and the provisions of subsections (c) and (d) of section 803;

(B) the amendment made by section 815;

(C) the amendment made by section 816; and

(D) the provisions of section 818.

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

(1) by striking out subsection (a) of section 201 effective September 1, 1981, or the first day of the first month following the month in which this Act is enacted, whichever is earlier; 94 Stat. 2599. 42 USC 1753 note.

(2) by striking out subsection (a) of section 202 effective July 1, 1981; and 94 Stat. 2600. 42 USC 1755 note.

(3) by striking out subsections (a) and (b) of section 203 effective on the date of the enactment of this Act. 94 Stat. 2600. 42 USC 1758 note.

(c) Not later than 60 days after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement the amendments made by this title. Regulations. 42 USC 1753 note.

TITLE IX—HEALTH SERVICES AND FACILITIES

Subtitle A—Block Grants

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

SEC. 901. Effective October 1, 1981, the Public Health Service Act is amended by adding at the end the following new title: 42 USC 300w note.

"TITLE XIX—BLOCK GRANTS

"PART A—PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1901. (a) For the purpose of allotments under section 1902, there is authorized to be appropriated $95,000,000 for fiscal year 1982, $96,500,000 for fiscal year 1983, and $98,500,000 for fiscal year 1984. 42 USC 300w.

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

"ALLOTMENTS

"SEC. 1902. (a)(1) From the amounts appropriated under section 1901 for any fiscal year and available for allotment under this subsection, the Secretary shall allot to each State an amount which bears the same ratio to the available amounts for that fiscal year as the amounts provided by the Secretary under the provisions of law listed in paragraph (2) to the State and entities in the State for fiscal year 1981 bore to the total amount appropriated for such provisions of law for fiscal year 1981. 42 USC 300w-1.

"(2) The provisions of law referred to in paragraph (1) are the following provisions of law as in effect on September 30, 1981:

"(A) The authority for grants under section 317 for preventive health service programs for the the control of rodents. 42 USC 247b.

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

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

"(D) Sections 401 and 402 of the Health Services and Centers Amendments of 1978. 42 USC 247b-1, 247b-2.

"(E) Section 314(d). 42 USC 246.

42 USC 255.
42 USC 300d-1-300d-3.

"(F) Section 339(a).

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

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

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

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

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

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

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

"(d)(1) If the Secretary—

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

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

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

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

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

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

"Indian tribe," and "tribal organization." 25 USC 450b.

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

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

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

"(2) the populations of the States, and

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

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

"PAYMENTS UNDER ALLOTMENTS TO STATES

"SEC. 1903. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), to each State from its allotment under section 1902 (other than any amount reserved under section 1902(d)) from amounts appropriated for that fiscal year. 42 USC 300w-2.

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

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

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

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

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

"USE OF ALLOTMENTS

"SEC. 1904. (a)(1) Except as provided in subsections (b) and (c), amounts paid to a State under section 1903 from its allotment under section 1902(a) and amounts transferred by the State for use under this part may be used for the following: 42 USC 300w-3.

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

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

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

"(D) Comprehensive public health services.

"(E) Demonstrate the establishment of home health agencies (as defined in section 1861(m) of the Social Security Act) in areas where the services of such agencies are not available. Amounts 42 USC 1395x.

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

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

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

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

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

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

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

"(1) provide inpatient services,

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

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

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

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

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

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

Post, pp. 543, 552.
42 USC 701.

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

"APPLICATION AND DESCRIPTION OF ACTIVITIES

42 USC 300w-4.

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

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

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

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

"(2) except as provided in subsection (e), shall make grants for fiscal year 1982 to each entity within the State which received a grant or contract under section 1202, 1203, or 1204 in fiscal year 1981 and which would be eligible to receive a grant or contract under such section (as in effect on September 30, 1981) for such fiscal year if such grants or contracts were made under such section; 42 USC 300d-1-300d-3.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

that the State not be required to make such grants; and

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

"REPORTS AND AUDITS

42 USC 300w-5.

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

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

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

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

Notice and hearing.

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

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

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

"(5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part and the certification provided by the State under section 1905.

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

"(c) Title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to audits of funds allotted under this part. *Post*, p. 753.

"WITHHOLDING

"SEC. 1907. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not use its allotment in accordance with the requirements of this part or the certification provided under section 1905. The Secretary shall withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur. Notice and hearing. 42 USC 300w-6.

"(2) The Secretary may not institute proceedings to withhold funds under paragraph (1) unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with the requirements of this part or the certification provided under section 1905. Investigations required by this paragraph shall be conducted within the affected State by qualified investigators.

"(3) The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirements of this part or certifications provided under section 1905.

"(4) The Secretary may not withhold funds under paragraph (1) from a State for a minor failure to comply with the requirements of this part or certifications provided under section 1905.

"(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part and certifications provided under section 1905.

"(2) The Comptroller General of the United States may conduct investigations of the use of funds received under this part by a State in order to insure compliance with the requirements of this part and certifications provided under section 1905.

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

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

this part or make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.

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

"NONDISCRIMINATION

42 USC 300w-7.

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

42 USC 6101 note.
29 USC 794.
20 USC 1681.
42 USC 2000d.

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

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

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

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

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

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

"CRIMINAL PENALTY FOR FALSE STATEMENTS

42 USC 300w-8.

"SEC. 1909. Whoever—

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

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

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

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

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1911. For the purpose of grants and allotments under section 1912, there is authorized to be appropriated $491,000,000 for fiscal year 1982, $511,000,000 for fiscal year 1983, and $532,000,000 for fiscal year 1984. 42 USC 300x.

"GRANTS AND ALLOTMENTS

"SEC. 1912. (a)(1) The Secretary may use not more than 1 percent of the amount appropriated under section 1911 for any fiscal year to make grants to public and nonprofit private entities for projects for the training and retraining of employees adversely affected by changes in the delivery of mental health services and for providing such employees assistance in securing employment. 42 USC 300x-1.

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

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

"(A) which would have been provided by the Secretary to the State and entities in the State under the Community Mental Health Centers Act and the Mental Health Systems Act for fiscal year 1981 if the Secretary had obligated all the funds for mental health services available for such Acts under Public Law 96-536, and 94 Stat. 3166.

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

bore to the total amount appropriated for mental health services for fiscal year 1981 under Public Law 96-536 under the Community Mental Health Centers Act and the Mental Health Systems Act and the total amount appropriated for fiscal year 1980 for the provisions of law referred to in subparagraphs (C) and (D) of paragraph (2). 42 USC 2689 note. 94 Stat. 1564.

"(2) The provisions of law referred to in paragraph (1) are the following provisions of law as in effect on the day before the date of the enactment of the Omnibus Budget Reconciliation Act of 1981: 42 USC 9401 note.

"(A) The Community Mental Health Centers Act.

"(B) The Mental Health Systems Act.

"(C) Sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. 42 USC 4571, 4578.

21 USC 1176, 1177.

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

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

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

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

"(C) some State allotments are offset or repaid under section 1916(b)(3);

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

"(c)(1) If the Secretary—

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

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

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

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

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

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

"Indian tribe," and "tribal organization." 25 USC 450b.

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

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

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

"(2) the populations of the States, and

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

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

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

"PAYMENTS UNDER ALLOTMENTS TO STATES

"SEC. 1913. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), to each State from its allotment under section 1912(b) (other than any amount reserved under section 1912(c)) from amounts appropriated for that fiscal year. 42 USC 300x-2.

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

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

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

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

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

"USE OF ALLOTMENTS

"SEC. 1914. (a)(1) Except as provided in subsections (b) and (c), amounts paid to a State under section 1913 and amounts transferred by the State for use under this part may be used by the State for— 42 USC 300x-3.

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

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

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

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

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

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

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

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

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

"(b) A State may not use amounts paid to it under section 1913 to—

"(1) provide inpatient services in the case of amounts provided for community mental health centers or provide inpatient hospital services in the case of amounts provided for alcohol or drug abuse programs,

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

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

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

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

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

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

Ante, p. 535.
Post, p. 552.
42 USC 701.

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

"APPLICATION AND DESCRIPTION OF ACTIVITIES

42 USC 300x-4.

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

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

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

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

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

paragraphs (3) and (4), to each community mental health center within the State which received a grant under the Community Mental Health Centers Act in fiscal year 1981 and which would be eligible to receive a grant for its operation under that Act (as in effect on the day before the date of the enactment of the Omnibus Budget Reconciliation Act of 1981) for such fiscal year if such grants were made under such Act. 42 USC 2689 note.

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

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

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

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

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

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

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

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

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

"(E) consultation and education services.

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

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

"(i) The amount provided for mental health activities shall not exceed an amount which bears the same relationship to the funds allotted to the State for such fiscal year as the funds for mental health services which would have been received by the State and entities in the State in fiscal year 1981 under the Community Mental Health Centers Act and the Mental Health Systems Act if the Secretary had obligated all of the funds appropriated for such Acts under Public Law 96-536 bore to the funds which would have been so received by the State and entities in the State in such fiscal year under such Acts and the funds received by the State and entities in the State in fiscal year 1980 under sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation 94 Stat. 1564. 42 USC 9401 note. 94 Stat. 3166.

42 USC 4571, 4578.
21 USC 1176, 1177.

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

"(ii) The amount provided for alcohol and drug abuse activities shall not exceed an amount which bears the same relationship to the funds allotted to the State for such fiscal year as the funds received by the State and entities in the State in fiscal year 1980 under sections 301 and 312 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 and sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act bore to the funds received by the State and entities in the State in such fiscal year under such sections and the funds for mental health services which would have been received by the State and entities in the State in fiscal year 1981 under the Community Mental Health Centers Act and the Mental Health Systems Act if the Secretary had obligated all of the funds appropriated for such Acts under Public Law 96-536.

42 USC 2689 note; 94 Stat. 1564.
42 USC 9401 note.
94 Stat. 3166.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(A) any Federal finding, Federal administrative action, or judicial proceeding with respect to any such community mental health center, or

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

that the State not be required to make such grants; and

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

"REPORTS AND AUDITS

SEC. 1916. (a) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (1) to determine whether funds were expended in accordance with this part and consistent with the needs within the State identified pursuant to section 1915(c)(10), (2) to secure a description of the activities of the State under this part, and (3) to secure a record of the purposes for which funds were spent, of the recipients of such funds, and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency). 42 USC 300x-5.

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

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

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

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

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

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

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

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

Post, p. 753.

"WITHHOLDING

42 USC 300x-6.

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

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

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

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

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

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

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

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

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

"NONDISCRIMINATION

"SEC. 1918. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this part are considered to be programs and activities receiving Federal financial assistance. 42 USC 300x-7. 42 USC 6101 note. 29 USC 794. 20 USC 1681. 42 USC 2000d.

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

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

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

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

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

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

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

"CRIMINAL PENALTY FOR FALSE STATEMENTS

42 USC 300x-8. "SEC. 1919. Whoever—

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

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

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

"TRANSITION PROVISION

42 USC 300x-9. "SEC. 1920. If at the request of a State the Secretary uses the allotment of the State during the transition period prescribed by title XVII of the Omnibus Budget Reconciliation Act of 1981 for grants under this part, the Secretary shall make the grants in accordance with the requirements of paragraphs (6), (7), and (8) of section 1915(c). The Secretary shall deduct from the allotment of the State the amount the Secretary (after consultation with the State) requires to fund such programs.".

Post, p. 753.

"PART C—PRIMARY CARE BLOCK GRANTS

"PLANNING GRANTS

42 USC 300y. "SEC. 1921. (a) The Secretary may make grants to any State to undertake planning and other administrative activities to enable the State to administer allotments provided to it under this part. The amount of any grant to a State shall be determined by the Secretary but may not exceed $150,000.

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

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

"AUTHORIZATION OF APPROPRIATIONS

42 USC 300y-1. "SEC. 1922. For allotments under section 1924 and for grants under section 330, there is authorized to be appropriated $302,500,000 for fiscal year 1983, and $327,000,000 for fiscal year 1984.

42 USC 254c. "GRANTS UNDER SECTION 330

42 USC 300y-2. SEC. 1923. If a State does not submit an application for an allotment under section 1924 for a fiscal year or does not qualify for such an allotment for such fiscal year, the Secretary shall use funds appropriated under section 1922 to make grants under section 330 to commu-

nity health centers within the State. Before making grants under section 330 for community health centers within a State the Secretary shall consult with the chief executive officer of the State and with appropriate local officials. The amount of funds from appropriations under section 1922 which may be used for grants for a fiscal year under section 330 for community health centers shall be the amount remaining after allotments are made under section 1924 for such fiscal year. 42 USC 254c.

"ALLOTMENTS

"SEC. 1924 (a). If a State submits an application under section 1927 for an allotment for a fiscal year and is determined by the Secretary to be eligible under such section for such an allotment, the Secretary shall allot to such State from the amount appropriated under section 1922 for such fiscal year an amount which bears the same ratio to the amount appropriated under section 1922 for that fiscal year as the amount granted for fiscal year 1982 by the Secretary to community health centers in the State under section 330 bore to the amount granted for that fiscal year by the Secretary under such section to centers in all States from appropriations for that fiscal year. 42 USC 300y-3.

"(b)(1) If the Secretary—

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

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

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

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

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

"(4) The terms 'Indian tribe' and 'tribal organization' have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act. 25 USC 450b.

"PAYMENTS UNDER ALLOTMENTS TO STATES

"SEC. 1925. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), from amounts appropriated for allotments (other than any amount reserved under section 1924(b)) under section 1924(a) to each State which receives such an allotment. 42 USC 300y-4.

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

State for the purposes for which it was made for the next fiscal year if the Secretary determines that the State acted in accordance with section 1926(a)(1) and there is good cause for funds remaining unobligated.

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

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

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

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

"GRANTS TO COMMUNITY HEALTH CENTERS

42 USC 300y-5.

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

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

42 USC 254c.

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

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

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

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

"(A) if the center has made an application to the State in accordance with section 330(e), and 42 USC 254c.

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

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

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

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

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

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

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

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

"(6) For purposes of this part—

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

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

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

"(1) provide inpatient services, except in fiscal year 1983 in the case of a community health center which used funds provided under section 330 for fiscal year 1982 to provide such services,

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

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

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

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

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

"APPLICATION; ASSURANCES; DESCRIPTION OF ACTIVITIES

42 USC 300y-6.

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

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

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

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

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

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

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

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

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

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

"REPORTS AND AUDITS

"SEC. 1928. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to determine whether funds were expended in accordance with sections 1926 and 1927(c), (B) to secure a description of the activities under this part, and (C) to secure a record of the purposes for which funds were spent, of the recipients of such funds and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency). 42 USC 300y-7.

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

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

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

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

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

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

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

"WITHHOLDING

Notice and hearing.
42 USC 300y-8.

"SEC. 1929. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State and subject to paragraphs (2) and (3) of this subsection, withhold funds from any State which does not use its allotment in accordance with the requirements of section 1926 or 1927. The Secretary shall withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur. If the Secretary withholds funds from a State for its failure to provide grants to community health centers in accordance with section 1926, the Secretary shall use the funds withheld to make such grants in accordance with such section.

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

"(3) The Secretary may not withhold funds under this subsection from a State for a minor failure to comply with the provisions of this part.

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

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

"(2) The Comptroller General of the United States may conduct an investigation of the use of funds received under this part by a State in order to insure compliance with the requirements of this part.

"(c) A State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

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

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

"NONDISCRIMINATION

42 USC 300y-9.

42 USC 6101 note.
29 USC 794.
20 USC 1681.
42 USC 2000d.

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

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

"(b) Whenever the Secretary finds that a State or an entity that has received a payment from an allotment to a State under section 1924 has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), the Secretary shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

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

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

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

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

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

"CRIMINAL PENALTY FOR FALSE STATEMENTS

"SEC. 1931. Whoever—

42 USC 300y-10.

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

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

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

"ADMINISTRATION

"SEC. 1932. Title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to the grant program authorized by this part.".

42 USC 300y-11.
Post, p. 753.

REPEALS AND CONFORMING AMENDMENTS

SEC. 902. (a) Sections 401 and 402 of the Health Services and Centers Amendments of 1978 are repealed.

42 USC 247b-1, 247b-2.

(b) Sections 314(d) and subpart III of part D of title III of the Public Health Service Act are repealed.

42 USC 246, 255.

(c)(1) The second sentence of section 311(a) of the Public Health Service Act is amended—

42 USC 243.

(A) by inserting "and with respect to other public health matters" after "diseases", and

(B) by striking out "and in carrying out the purposes of section 314".

42 USC 243.
42 USC 246.

(2) The first sentence of section 311(b) of such Act is amended by striking out "the purposes of section 314" and inserting in lieu thereof "public health activities".

Repeals.
42 USC 300d–300d–9, 300d–21.

(d)(1) Sections 1201, 1202, 1203, 1204, 1205(d), 1206, 1207(a), 1208, 1209, and 1210, and part B of title XII of the Public Health Service Act are repealed.

(2) Title XII of such Act is amended by striking out—

"PART A—ASSISTANCE FOR EMERGENCY MEDICAL SERVICES SYSTEMS".

42 USC 300d–4.
42 USC 300d–6.
42 USC 201.

(3) Section 1205 of such Act is redesignated as section 1201.

(4) Section 1207(b) of such Act is redesignated as section 1202.

(5) Section 2(f) of such Act is amended by striking out "1201(2),".

Repeals.
94 Stat. 1564.
42 USC 9411.
42 USC 9421.
42 USC 9431.
42 USC 9451.
42 USC 9502.
42 USC 9512.
42 USC 9521.
42 USC 9523.
42 USC 229d, 2689m.

(e)(1) Section 101, part B of title I, titles II and III, and sections 502, 602, 801, and 806 of the Mental Health Systems Act are repealed.

(2)(A) Section 225 of the Community Mental Health Centers Act is transferred to title V of the Public Health Service Act, inserted after section 514, redesignated as section 515, and amended (A) by striking out "this title" and inserting in lieu thereof "the Community Mental Health Centers Act" and (B) by inserting "of the Community Mental Health Centers Act" after "section 222".

(B) The Community Mental Health Centers Act is repealed.

Repeal.
42 USC 2689 note.
42 USC 9411.
42 USC 9412.

(f)(1) Title I of the Mental Health Systems Act is amended—

(A) by striking out "PART A—DEFINITIONS";

(B) by striking out "OTHER" in the section heading for section 102; and

(C) by striking out paragraphs (3), (4), (6), and (7) of section 102, and by redesignating paragraph (5) of such section as paragraph (3).

(2) The table of contents in the first section of such Act is amended by striking out the items relating to sections 101, 105, 106, 107, 201 through 208, 301 through 303, 305 through 309, 315 through 317, 321, 325 through 328, 502, 602, 801, and 806, parts A and B of title I, title II, title III, and parts A, B, C, D, and E of title III.

(3) The table of section 102 in such table of contents is amended to read as follows:

"Sec. 102. Definitions.".

94 Stat. 1602.
42 USC 9511.

(20) Section 601(a) of such Act is amended—

(A) by striking out "community mental health centers and other" in paragraph (5); and

(B) by striking out paragraph (6).

94 Stat. 1608.
42 USC 289k–1.

(g)(1) The second sentence of section 455(a) of the Public Health Service Act is amended by striking out ", the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (other than part C of title II), and the Mental Health Systems Act".

42 USC 225a.

(2) Section 507 of such Act is amended by striking out ", appropriations available under the Community Mental Health Centers Act for construction and staffing of community mental health centers and alcoholism and narcotic addiction, drug abuse, and drug dependence facilities,".

42 USC 229b.

(3) Section 513 of such Act is amended by striking out "the Mental Retardation Facilities Construction Act, the Community Mental Health Centers Act,".

(4) Section 1513(e)(1)(A)(i) of such Act is amended by striking out ", the Community Mental Health Centers Act, the Mental Health Systems Act, sections 409 and 410 of the Drug Abuse Prevention, Treatment, and Rehabilitation Act, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970". 94 Stat. 1608. 42 USC 300*l*-2.

(5) Section 1521(d)(2)(A) of such Act is amended— 42 USC 300m.

(A) by striking out ", the Community Mental Health Centers Act," and inserting in lieu thereof "or"; and

(B) by striking out ", and the Drug Abuse Office and Treatment Act of 1972".

(6) Section 1524(c)(6)(A) of such Act is amended by striking out "the Community Mental Health Centers Act, section 409 or 410 of the Drug Abuse Office and Treatment Act of 1972, or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970,". 94 Stat. 3191. 42 USC 300m-3.

(h) The amendments made by this section shall take effect October 1, 1981. Effective date. 42 USC 229d note.

ONE-YEAR EXTENSION OF COMMUNITY HEALTH CENTERS AND PRIMARY CARE RESEARCH AND DEMONSTRATIONS

SEC. 903. (a) The first sentence of section 330(g)(2) (42 U.S.C. 254c(g)(2)) of the Public Health Service Act is amended by striking out "and" after "1980," and by striking out the period and inserting in lieu thereof the following: "and $280,000,000 for the fiscal year ending September 30, 1982. For authorizations for appropriations for fiscal years 1983 and 1984, see section 1922.". *Ante*, p. 552.

(b)(1) Section 340(g)(2) of the Public Health Service Act (42 U.S.C. 256(g)(2)) is amended by striking out "and" after "1980," and by striking out the period and inserting in lieu thereof the following: "and $3,000,000 for the fiscal year ending September 30, 1982. No funds may be appropriated under this paragraph or paragraph (1) for a fiscal year beginning after September 30, 1982.".

(c) Effective October 1, 1982, section 340 of such Act is repealed. Repeal.

SERVICES TO MIGRANTS BY COMMUNITY HEALTH CENTERS

SEC. 904. The Secretary of Health and Human Services shall review the performance of community health centers which have received grants under section 329 of the Public Health Service Act (relating to migrant health centers) to determine if the community health centers have provided services to migrants in a manner which is consistent with the needs of the migrants. In determining if the services have been provided in such a manner, the Secretary shall consider the hours of operation of a center, the bilingual capabilities of a center's staff, and the ability of the center's staff to detect, report, and treat adverse health effects resulting from exposure to pesticides. The Secretary shall report the results of the review conducted under this section to the Congress not later than six months after the date of the enactment of this section and shall include in the report actions taken by the Secretary to assure that community health centers receiving grants under such section 329 will provide services to migrants in a manner consistent with their needs. 42 USC 254b. Report to Congress.

CRITERIA FOR DETERMINING AREAS AND POPULATION GROUPS IN NEED OF SERVICES OF COMMUNITY HEALTH CENTERS

SEC. 905. (a) Section 330(b)(3) of the Public Health Service Act (42 U.S.C. 254c(b)(3)) is amended by adding at the end the following: "After the date of the enactment of part A of title XIX, the Secretary may not designate a medically underserved population or remove the designation of such a population unless the Secretary provides reasonable notice and opportunity for comment and consults with the chief executive officer of the State in which the population is located and appropriate local officials. The Secretary shall prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall include infant mortality in an area or population group, other factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.".

Ante, p. 535.

(b) Section 330(e)(2) of such Act is amended by inserting before the second sentence the following: "Such an application shall also include a demonstration by the applicant that the area or a population group to be served by the applicant has a shortage of personal health services and that the center will be located so that it will provide services to the greatest number of persons residing in such area or included in such population group. Such a demonstration shall be made on the basis of the criteria prescribed by the Secretary under subsection (b)(3) or on any other criteria which the Secretary may prescribe to determine if the area or population group to be served by the applicant has a shortage of personal health services.".

AUDITS OF GRANTS TO COMMUNITY HEALTH CENTERS

SEC. 906. Section 330 of the Public Health Service Act (42 U.S.C. 254c) is amended by adding at the end the following:

"(h)(1) Each entity which receives a grant under subsection (d) shall provide for an independent annual financial audit of any books, accounts, financial records, files, and other papers and property which relate to the disposition or use of the funds received under such grant and such other funds received by or allocated to the project for which such grant was made. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the funds received, each such audit shall be conducted in accordance with generally accepted accounting principles. Each audit shall evaluate—

"(A) the entity's implementation of the guidelines established by the Secretary respecting cost accounting,

"(B) the processes used by the entity to meet the financial and program reporting requirements of the Secretary, and

"(C) the billing and collection procedures of the entity and the relation of the procedures to its fee schedule and schedule of discounts and to the availability of health insurance and public programs to pay for the health services it provides.

A report of each such audit shall be filed with the Secretary at such time and in such manner as the Secretary may require.

Recordkeeping.

"(2) Each entity which receives a grant under subsection (d) shall establish and maintain such records as the Secretary shall by regulation require to facilitate the audit required by paragraph (1). The Secretary may specify by regulation the form and manner in which such records shall be established and maintained.

"(3) Each entity which is required to establish and maintain records or to provide for an audit under this subsection shall make such books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of such entity upon a reasonable request therefor. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have the authority to conduct such examination, copying, and reproduction.

"(4) The Secretary may, under appropriate circumstances, waive the application of all or part of the requirements of this subsection to a community health center.".

Subtitle B—Developmental Disabilities

EXTENSION OF PROGRAMS

SEC. 911. (a) The first sentence of section 113(b)(2) of the Developmental Disabilities Assistance and Bill of Rights Act (hereinafter in this subtitle referred to as the "Act") (42 U.S.C 6012(b)(2)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$8,000,000 for the fiscal year ending September 30, 1982, $8,000,000 for the fiscal year ending September 30, 1983, and $8,000,000 for the fiscal year ending September 30, 1984".

(b) Section 123(a) of the Act (42 U.S.C. 6033(a)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$7,500,000 for the fiscal year ending September 30, 1982, $7,500,000 for the fiscal year ending September 30, 1983, and $7,500,000 for the fiscal year ending September 30, 1984".

(c) Section 131 of the Act (42 U.S.C. 6061) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$43,180,000 for the fiscal year ending September 30, 1982, $43,180,000 for the fiscal year ending September 30, 1983, and $43,180,000 for the fiscal year ending September 30, 1984".

EVALUATION SYSTEM

SEC. 912. (a) Section 110 of the Act (42 U.S.C. 6009) is repealed. Repeal.

SPECIAL PROJECT GRANTS

SEC. 913. Section 145 of the Act (42 U.S.C. 6081) is amended to read as follows:

"GRANT AUTHORITY

"SEC. 145. (a) The Secretary may make grants to public or nonprofit private entities for—

"(1) demonstration projects—

"(A) which are conducted in more than one State,

"(B) which involve the participation of two or more Federal departments or agencies, or

"(C) which are otherwise of national significance,

and which hold promise of expanding or otherwise improving services to persons with developmental disabilities (especially those who are disadvantaged or multihandicapped); and

"(2) demonstration projects (including research, training, and evaluation in connection with such projects) which hold promise of expanding or otherwise improving protection and advocacy services relating to the State protection and advocacy system described in section 113.

42 USC 6012.

Projects for the evaluation and assessment of the quality of services provided persons with developmental disabilities which meet the requirements of subparagraphs (A), (B), and (C) of paragraph (1) may be included as projects for which grants are authorized under such paragraph.

"(b) No grant may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe. The Secretary may not approve such an application unless each State in which the applicant's project will be conducted has a State plan approved under section 133. The Secretary shall provide to the State Planning Council (established under section 137) for each State in which an applicant's project will be conducted an opportunity to review the application for such project and to submit its comments on the application.

42 USC 6063.

42 USC 6067.

"(c) Payments under grants under subsection (a) may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary. The amount of any grant under subsection (a) shall be determined by the Secretary.

Appropriation authorization.

"(d) For the purpose of grants under subsection (a), there are authorized to the appropriated $2,500,000 for the fiscal year ending September 30, 1982, $2,500,000 for the fiscal year ending September 30, 1983, and $2,500,000 for the fiscal year ending September 30, 1984.".

Subtitle C—Health Services Research, Statistics, and Technology; Medical Libraries; and National Research Service Awards

REFERENCES IN SUBTITLE

SEC. 916. Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

42 USC 201 note.

AUTHORIZATIONS FOR HEALTH SERVICES RESEARCH, STATISTICS, AND TECHNOLOGY

SEC. 917. (a) The first sentence of section 308(i)(1) (42 U.S.C. 242m(i)(1)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$20,000,000 for the fiscal year ending September 30, 1982, $22,000,000 for the fiscal year ending September 30, 1983, and $24,000,000 for the fiscal year ending September 30, 1984".

(b) Section 308(i)(2) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$39,000,000 for the fiscal year ending September 30, 1982, $39,000,000 for the fiscal year ending September 30, 1983, and $39,000,000 for the fiscal year ending September 30, 1984".

(c)(1) The first sentence of section 309(i) (42 U.S.C. 242n(i)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$3,000,000 for the fiscal year ending September 30, 1982, $4,000,000 for the fiscal year ending September 30, 1983, and $5,000,000 for the fiscal year ending September 30, 1984".

(2) The second sentence of such section is amended by striking out "the fiscal year ending September 30, 1981," and inserting in lieu thereof "for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984,".

GENERAL AUTHORITIES

SEC. 918. (a) Section 304(a)(3) (42 U.S.C. 242b(a)(3)) is amended—

(1) by striking out "shall" and inserting in lieu thereof "may", and

(2) by striking out "and" the first three places it occurs and inserting in lieu thereof "or".

(b)(1) The first sentence of section 304(d)(1) is amended by striking out "and the National Academy of Sciences (acting through the Institute of Medicine and other appropriate units) shall, jointly and" and inserting in lieu thereof ", with the advice and assistance of the National Academy of Sciences (acting through the Institute of Medicine and other appropriate units), shall,".

(2) The second sentence of such section is amended by striking out "and the National Academy of Sciences (hereinafter in this subsection referred to as the 'Academy')".

(3) Section 304(d)(3) is amended by striking out "and the Academy" each place it appears.

(c) Section 304(d)(3) is amended by striking out "every two years" and inserting in lieu thereof "every three years".

(d)(1) Subsections (b)(1) and (c)(1) of section 304 are each amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(2) Subsection (d)(3) of such section is amended by striking out "Committee on Interstate and Foreign Commerce" and inserting in lieu thereof "Committee on Energy and Commerce".

NATIONAL CENTER FOR HEALTH SERVICES RESEARCH

SEC. 919. (a)(1) The first sentence of section 305(d)(1) (42 U.S.C. 242c(d)(1)) is amended by striking out "health services, research, evaluations" and inserting in lieu thereof "health services research, evaluations, training, policy analysis,".

(2)(A) The second sentence of such section is amended (i) by striking out "six of such centers" and inserting in lieu thereof "three of such centers", and (ii) by striking out "three national special emphasis centers" and all that follows through "health care delivery;" and inserting in lieu thereof "two national special emphasis centers,".

(B) Section 308(i)(1) (42 U.S.C. 242m(i)(1)) (as amended by section 917(a) of this Act) is further amended by adding at the end thereof the following new sentence: "Of the amounts appropriated under this paragraph for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, not more than $1,500,000 may be used for grants and contracts for all the costs of planning, establishing, and operating centers under section 305(d)."

42 USC 242c.

(3) Section 305(d)(2)(B)(iv) is amended by striking out "demonstrations, and evaluations" and inserting in lieu thereof "evaluations, policy analysis, and demonstrations".

(b)(1) Paragraph (4) of section 305(b) is amended to read as follows:

"(4) the role of market forces in the health care system and the appropriate role they may play in restraining cost increases and improving the availability and quality of care.".

42 USC 242c note.

(2) The amendment made by paragraph (1) shall apply with respect to grants made under section 305(b) of the Public Health Service Act for fiscal years beginning after September 30, 1981, except that if an entity received a grant under paragraph (4) of such section, as in effect before the date of the enactment of this Act, for the fiscal year ending September 30, 1981, the Secretary may, until the fiscal year beginning October 1, 1983, make an additional grant or grants to such entity for the purposes prescribed by such paragraph as so in effect.

(c) Section 305(b) is amended by adding after and below paragraph (4) the following: "No grant or contract shall be made under this subsection for the purpose of funding clinical research that is directly related to determining the cause of any disease or disorder or clinical research that is directly and principally designed to evaluate the efficacy of any therapeutic, diagnostic, or preventive health measure.".

(d) Subsections (a) and (c) of section 305 are each amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

NATIONAL CENTER FOR HEALTH STATISTICS

SEC. 920. (a) Section 306(e)(3) (42 U.S.C. 242k(e)(3)) is amended by inserting "and other activities" after "data collection".

(b) The first sentence of section 306(l)(2)(A) is amended by striking out "the Center" and inserting in lieu thereof "the Center and in cooperation with the Office of Federal Statistical Policy and Standards".

(c) Section 306(l)(2)(D) is amended by striking out all after "subparagraph (A)" and inserting in lieu thereof a period.

(d)(1) Subsections (a), (e)(4), (j), (k)(4)(C), (k)(4)(D), and (l)(2)(B)(v) of section 306 are each amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(2) Subsection (c) of such section is amended by striking out "Committee on Interstate and Foreign Commerce" and inserting in lieu thereof "Committee on Energy and Commerce".

INTERNATIONAL COOPERATION

42 USC 242*l*.

SEC. 921. (a) Section 307(a) (42 U.S.C. 2421(a)) is amended (1) by striking out "and the" and inserting in lieu thereof ", health care technology, and the", and (2) by striking out "and 306" and inserting in lieu thereof "306, and 309".

(b) Section 307(b) is amended—

(1) in paragraph (5), by striking out "or health statistics" and inserting in lieu thereof ", health statistics, or health care technology", and

(2) in paragraph (6), by striking out "and programs of biomedical research, health services research, and health statistical activities" and inserting in lieu thereof "or programs of biomedi-

cal research, health services research, health statistical activities, or health care technology activities".

GENERAL PROVISIONS

SEC. 922. (a) Section 308(a)(2) (42 U.S.C. 242m(a)(2)) is amended by striking out "September 1" and inserting in lieu thereof "December 1".

(b) Section 308(b)(2) is amended by striking out "$35,000" and inserting in lieu thereof "$50,000".

(c) Section 308(d)(2) is amended by inserting "or in the course of health care technology activities under section 309" after "305".

NATIONAL CENTER FOR HEALTH CARE TECHNOLOGY

SEC. 923. (a) Section 309(b)(1) (42 U.S.C. 242n(b)(1)) is amended by adding at the end thereof the following new sentence: "In carrying out this section, the Center shall not unreasonably inhibit the innovation of new technologies."

(b) Section 309(b)(5) is amended by striking out "may" and inserting in lieu thereof "shall" and by adding at the end thereof the following new sentence: "The making of such recommendations shall be a priority of the Center."

(c) Section 309(e) is amended by adding at the end thereof the following new sentence: "In carrying out this section, the Secretary shall ensure that the Center does not duplicate the activities of other units of the Department of Health and Human Services or, to the extent practicable, the activities of other Federal departments and agencies. To ensure necessary coordination, all assessments, research, evaluations, and demonstrations conducted by the Center shall take into consideration relevant studies and activities undertaken by the National Institutes of Health, the Food and Drug Administration, the Center for Disease Control, the Alcohol, Drug Abuse, and Mental Health Administration, and other Federal departments and agencies."

(d) Sections 309(d) and 309(f)(1)(B) are each amended by striking out "$35,000" and inserting in lieu thereof "$50,000".

(e) Section 309(f)(1)(B) is amended by striking out "in excess of" and inserting in lieu thereof "the direct costs of which will exceed".

(f)(1) Subparagraph (D) of section 309(f)(1) is amended by striking out "exemplary standards, norms, and criteria" and inserting in lieu thereof "information".

(2) Subparagraph (E) of such section is amended by striking out "standards, norms, and criteria" and inserting in lieu thereof "information".

(g) Section 309(f)(2)(A) is amended by striking out "and the head of the Health Care Financing Administration (or the successor to such entity) who (or their designees) shall be ex officio members" and inserting in lieu thereof "the head of the Health Care Financing Administration (or the successor to such entity), and such other Federal officials as the Secretary may specify, who (or their designees) shall be nonvoting ex officio members".

(h) The third sentence in the matter following section 309(f)(2)(B) is amended by striking out "two" and inserting in lieu thereof "three".

(i)(1) Clauses (1) and (2) of section 309(f)(6) are redesignated as clauses (A) and (B), respectively.

42 USC 242n.

(2) Subsections (a) and (g) of section 309 are each amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(j) Section 309(f)(7) is amended by striking out "1981" and inserting in lieu thereof "1984".

(k) Subsection (g) of section 309 is repealed and subsections (h) and (i) are redesignated as subsections (g) and (h), respectively.

NATIONAL RESEARCH SERVICE AWARDS

SEC. 924. (a)(1) Section 472(a)(1)(A) (42 U.S.C. 289l-1(a)(1)(A)) is amended—

(A) by inserting "and" after the comma in clause (iii);

(B) by striking out clauses (iv), (v), and (vi);

(C) by redesignating clause (vii) as clause (iv); and

(D) by striking out "and the research described in clause (vi)" in clause (iv) (as redesignated by subparagraph (C) of this paragraph).

(2) Section 472(a)(3) is amended to read as follows:

"(3) In awarding National Research Service Awards under this section, the Secretary shall take account of the Nation's overall need for biomedical research personnel by giving special consideration to physicians who agree to undertake a minimum of two years of biomedical research.".

(b)(1) Section 472(b)(1)(C) is amended by striking out "or (a)(1)(A)(iv)".

(2) Section 472(b)(2) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(3) The first sentence of section 472(b)(5) is amended by inserting a comma and "tuition, fees," after "stipends".

(c)(1) Section 472(c)(1) is amended to read as follows:

"(c)(1) Each individual who is awarded a National Research Service Award (other than an individual who is a prebaccalaureate student who is awarded a National Research Service Award for research training) shall, in accordance with paragraph (3), engage in health research or teaching or any combination thereof which is in accordance with the usual patterns of academic employment, for a period computed in accordance with paragraph (2).".

(2) Section 472(c)(2) is amended to read as follows:

"(2) For each month for which an individual receives a National Research Service Award which is made for a period in excess of twelve months, such individual shall engage in one month of health research or teaching or any combination thereof which is in accordance with the usual patterns of academic employment.".

(3) The second sentence of section 472(c)(3) is amended to read as follows: "The Secretary shall by regulation prescribe the type of research and teaching in which an individual may engage to comply with such requirement and such other requirements respecting research and teaching as the Secretary considers appropriate.".

(d) The first sentence of section 472(d) is amended by striking out "and" after "1980," and by inserting before the period a comma and "$182,000,000 for the fiscal year ending September 30, 1982, and $195,000,000 for the fiscal year ending September 30, 1983".

(e) Section 473(c) (42 U.S.C. 289l-2(c)) is amended (1) by striking out "Interstate and Foreign Commerce" and inserting in lieu thereof "Energy and Commerce", and (2) by striking out "Public Welfare" and inserting in lieu thereof "Human Resources".

EXTENSION OF ASSISTANCE FOR LIBRARIES; MISCELLANEOUS

SEC. 925. (a) Section 390(c) (42 U.S.C. 280b(c)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "and $7,500,000 for the fiscal year ending September 30, 1982".

(b) Section 434(d)(1) (42 U.S.C. 289c-1(d)(1)) is amended by inserting "musculoskeletal and skin diseases," after "arthritis,". 94 Stat. 3184.

Subtitle D—Categorical Programs

PREVENTIVE HEALTH SERVICE PROGRAMS

SEC. 928. (a) Subsection (a) of section 317(a) of the Public Health Service Act (42 U.S.C. 247b) is amended to read as follows:

"(a) The Secretary may make grants to States, and in consultation with State health authorities, to political subdivisions of States and to other public entities to assist them in meeting the costs of establishing and maintaining preventive health service programs.".

(b) Subsection (j) of such section (42 U.S.C. 247b(j)(1)(A)) is amended to read as follows:

"(j)(1) For grants under subsection (a) for preventive health service programs to immunize children against immunizable diseases there are authorized to be appropriated $29,500,000 for the fiscal year ending September 30, 1982, $32,000,000 for the fiscal year ending September 30, 1983, and $34,500,000 for the fiscal year ending September 30, 1984.

"(2) For grants under subsection (a) for preventive health service programs for tuberculosis there are authorized to be appropriated $9,000,000 for the fiscal year ending September 30, 1982, $10,000,000 for the fiscal year ending September 30, 1983, and $11,000,000 for the fiscal year ending September 30, 1984.".

PREVENTION AND CONTROL OF VENEREAL DISEASES

SEC. 929. The first sentence of section 318(d)(1) of the Public Health Service Act (42 U.S.C. 247c(d)(1)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$40,000,000 for the fiscal year ending September 30, 1982, $46,500,000 for the fiscal year ending September 30, 1983, and $50,000,000 for the fiscal year ending September 30, 1984".

EXTENSION OF PROGRAM FOR MIGRANT HEALTH CENTERS

SEC. 930. (a) Section 329(h) of the Public Health Service Act (42 U.S.C. 247d(h)) is amended by striking out paragraphs (1), (2), and (3) and inserting in lieu thereof the following: 42 USC 254b.

"(h)(1) For the purposes of subsections (c), (d), and (e), there are authorized to be appropriated $43,000,000 for the fiscal year ending September 30, 1982, $47,500,000 for the fiscal year ending September 30, 1983, and $51,000,000 for the fiscal year ending September 30, 1984. The Secretary may not obligate for grants and contracts under subsection (c)(1) in any fiscal year an amount which exceeds 2 per centum of the funds appropriated under this paragraph for that fiscal year, the Secretary may not obligate for grants under subsection (d)(1)(C) in any fiscal year an amount which exceeds 5 per centum of such funds, and the Secretary may not obligate for contracts under

subsection (e) in any fiscal year an amount which exceeds 10 per centum of such funds.".

42 USC 254b. (b) Paragraph (4) of section 329(h) is redesignated as paragraph (2).

FAMILY PLANNING PROGRAMS

SEC. 931. (a)(1) Section 1001(c) of the Public Health Service Act (42 U.S.C. 300(c)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$126,510,000 for the fiscal year ending September 30, 1982; $139,200,000 for the fiscal year ending September 30, 1983; and $150,830,000 for the fiscal year ending September 30, 1984".

(2) Section 1003(b) of such Act (42 U.S.C. 300a-1(b)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$2,920,000 for the fiscal year ending September 30, 1982; $3,200,000 for the fiscal year ending September 30, 1983; and $3,500,000 for the fiscal year ending September 30, 1984".

(3) Section 1005(b) of such Act (42 U.S.C. 300a-3(b)) is amended by striking out "and" after "1980," and by inserting before the period a comma and the following: "$570,000 for the fiscal year ending September 30, 1982; $600,000 for the fiscal year ending September 30, 1983; and $670,000 for the fiscal year ending September 30, 1984".

(b)(1) Section 1001(a) of such Act is amended by adding at the end the following: "To the extent practical, entities which receive grants or contracts under this subsection shall encourage familiy participation in projects assisted under this subsection.".

42 USC 300a-2. (2) Section 1004 is amended by striking out "(a)" after "SEC. 1004." and by striking out subsection (b).

Study. 42 USC 300a note. 42 USC 300. (c) The Secretary of Health and Human Services shall conduct a study of the possible ways of State delivery of the services for which assistance is authorized by title X of the Public Health Service Act and the willingness and ability of the States to assume the administration of activities assisted under such title X. The Secretary shall report to the Congress on the results of such study 18 months after the date of the enactment of this Act.

Report to Congress.

Subtitle E—Health Planning

AUTHORIZATIONS

SEC. 933. (a)(1) Section 1516(d)(1) of the Public Health Service Act (42 U.S.C. 3001-5(d)(1)) is amended by inserting "and" after "1980," and by inserting a period after "1981" and striking out the remainder of such section.

(2) Section 1525(c) of such Act (42 U.S.C. 300m-4(c)) is amended by inserting "and" after "1980," and by inserting a period after "1981" and striking out the remainder of such section.

(3) Section 1534(d) of such Act (42 U.S.C. 300n-3(d)) is amended by inserting "and" after "1980," and by inserting a period after "1981" and striking out the remainder of such section.

(b) Part D of the Public Health Service Act is amended by adding at the end the following:

"AUTHORIZATIONS FOR FISCAL YEAR 1982

42 USC 300n-6 "SEC. 1537. For grants and contracts under sections 1516(a), 1525(a), and 1534(a) there is authorized to be appropriated $102,000,000 for

fiscal year 1982. Of the amount appropriated under this section, not more than $65,000,000 may be used for grants under section 1516(a).".

MINIMUM GRANT; WAIVER OF REQUIREMENTS

SEC. 934. (a) Section 1516(c)(1)(C)(iv) of the Public Health Service Act is amended by striking out "$260,000" and inserting in lieu thereof "$100,000". 42 USC 300*l*-5.

(b) The Secretary of Health and Human Services may— 42 USC 300*l*-2 note.

(1) upon application waive the application of the requirements of subsection (e), (g), or (h) of section 1513 of the Public Health Service Act, or any combination of such subsections, to a health systems agency if the Secretary determines that the Federal funds made available to the agency are not sufficient to enable it to meet such requirements or 42 USC 300*l*-2.

(2) by regulation waive the application of the requirements of subsection (e), (g), or (h) of section 1513 of the Public Health Service Act, or any combination of such subsections, to all health systems agencies if the Secretary determines that the Federal funds made available to all the agencies are not sufficient to enable them to meet such requirements.

STATES WITHOUT HEALTH SYSTEMS AGENCIES

SEC. 935. (a)(1) Section 1536 of the Public Health Service Act (42 U.S.C. 300n-5) is amended—

(1) by striking out subsection (a),

(2) by amending the matter in subsection (b) preceding paragraph (1) to read as follows: "Upon application of the chief executive officer of a State or the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, or American Samoa, it shall, upon approval of the application, be considered to be a State for purposes of this title and",

(3) by striking out "sections 1516 and 1640" and inserting in lieu thereof "section 1640", and

(4) by adding after and below paragraph (4) the following: "An application made under this section for a fiscal year shall be made not later than November 1 in that fiscal year and shall contain the certification of the chief executive officer that the State is willing and able to meet the purposes of this title in such fiscal year without any health systems agency in the State.".

(b) A State which— 42 USC 300*l*-5 note.

(1) because of section 1536(b) of the Public Health Service Act (as in effect on September 30, 1981) received a grant under section 1516 of such Act for fiscal year 1981, and

(2) had an application under section 1536 of such Act (as amended by subsection (a)) approved,

shall be eligible to receive a grant under section 1516 of such Act for fiscal year 1982.

(c) If a State which on the date of the enactment of this Act has a population of less than 600,000 and has only one health service area has an application approved under this section, such State shall be eligible to receive a grant under section 1516 of the Public Health Service Act for fiscal year 1982. 42 USC 300*l*-5 note.

(d) The last sentence of section 1512(b)(5) of the Public Health Service Act (42 U.S.C. 300l-1(b)(5)) is amended by inserting before the period the following: "or health insurance".

CERTIFICATE OF NEED REVIEW

SEC. 936. (a) Section 1531 of the Public Health Service Act (42 U.S.C. 300n) is amended—

(1) by striking out "$75,000" each place it occurs in paragraph (5) and inserting in lieu thereof "$250,000";

(2) by striking out "$150,000" each place it occurs in paragraph (6) and inserting in lieu thereof "$600,000"; and

(3) by striking out "$150,000" each place it occurs in paragraph (7) and inserting in lieu thereof "$400,000".

(b)(1) Section 1521(d)(1)(B) of the Public Health Service Act (42 U.S.C. 300m(d)(1)(B)(ii)) is amended—

(A) by striking out "twelve months" the second time it appears in clause (i) and inserting in lieu thereof "twenty-four months", and

(B) by striking out "twelve months" the second time it appears in clause (ii) and inserting in lieu thereof "twenty-four months".

(2) The first sentence of section 1521(b)(2)(B) of such Act is amended to read as follows: "The period of an agreement described in subparagraph (A) shall not extend beyond the period set forth in subsection (d)(1)(B).".

EFFECTIVE DATE

42 USC 300*l*-1 note.

SEC. 937. The amendments made by this subtitle shall take effect October 1, 1981.

Subtitle F—Health Maintenance Organizations

Health Maintenance Organization Amendments of 1981.

CHAPTER 10—HEALTH MAINTENANCE ORGANIZATIONS

SHORT TITLE; REFERENCE TO ACT

42 USC 201 note.

SEC. 940. (a) This subtitle may be cited as the "Health Maintenance Organization Amendments of 1981".

(b) Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

42 USC 201 note.

EXTENSIONS

SEC. 941. (a) Subsection (a) of section 1309 (42 U.S.C. 300e-8(a)) is amended to read as follows:

42 USC 300e-2, 300e-3.

"(a)(1) For grants and contracts under sections 1303 and 1304 there is authorized to be appropriated $20,000,000 for the fiscal years 1982, 1983, and 1984. No funds appropriated under this paragraph may be expended or obligated for a grant or contract unless the entity received a grant or contract under section 303 or 304 during or before the fiscal year 1981.

42 USC 242a, 242b.

42 USC 300e-16.

"(2) For grants under section 1317 there is authorized to be appropriated $1,000,000 for each of the fiscal years 1982, 1983, and 1984.".

(b) Subsection (b) of section 1309 is amended to read as follows:

42 USC 300e-7.

"(b) To maintain in the loan fund established under section 1308(e) for the purpose of making new loans a balance of at least $5,000,000 at the end of each fiscal year and to meet the obligations of the loan fund resulting from defaults on loans made from the fund and to meet the other obligations of the fund, there is authorized to be appropriated to

the loan fund for fiscal years 1982, 1983, and 1984, such sums as may be necessary to assure such balance and meet such obligations.".

(c) Section 1304(j) (42 U.S.C. 300e-3(j)) is amended by striking out "1981" and inserting in lieu thereof "1984".

REVISION OF REQUIREMENTS FOR HEALTH MAINTENANCE ORGANIZATIONS

SEC. 942. (a)(1) Section 1301(b)(3) is amended (A) by striking out subparagraph (C), and (B) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively. 42 USC 300e.

(2) Section 1301(b)(3)(A)(iv) is amended by striking out "subject to subparagraph (C),".

(3)(A) Section 1310(b)(1) (42 U.S.C. 300e-9(b)(1)) is amended by striking out "provides basic health services" and inserting in lieu thereof "provides more than one-half of its basic health services which are provided by physicians".

(B) Section 1310(b)(2) is amended by striking out "basic health services" and inserting in lieu thereof "its basic health services which are provided by physicians".

(4) Section 1310(b)(2) (42 U.S.C. 300e-9(b)(2)) is amended by striking out "or (B)" and inserting in lieu thereof "(B) individual physicians and other health professionals under contract with the organization, or (C)".

(5) The amendment made by paragraph (3)(A) shall apply with respect to the offering of a health maintenance organization in accordance with section 1310(b)(1) of the Public Health Service Act after four years after the date the organization becomes a qualified health maintenance organization for purposes of section 1310 of such Act if the health maintenance organization provides assurances satisfactory to the Secretary that upon the expiration of such four years it will provide more than one half of its basic health services which are provided by physicians through physicians or other health professionals who are members of the staff of the organization or a medical group (or groups). 42 USC 300e-9 note.

(b)(1) Section 1301(b)(3)(B) is amended by striking out "(i)", by striking out clause (ii), and by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively.

(2) Subparagraph (D) of section 1301(b)(3) is amended to read as follows:

"(D) Contracts between a health maintenance organization and health professionals for the provision of basic and supplemental health services shall include such provisions as the Secretary may require, but only to the extent that such requirements are designed to insure the delivery of quality health care services and sound fiscal management.".

(c)(1) The first sentence of section 1301(b)(4) (42 U.S.C. 300e(b)(4)) is amended by inserting before the period a comma and the following: "except that a health maintenance organization which has a service area located wholly in a nonmetropolitan area may make a basic health service available outside its service area if that basic health service is not a primary care or emergency health care service and if there is an insufficient number of providers of that basic health service within the service area who will provide such service to members of the health maintenance organization".

(2) The first sentence of section 1301(b)(4) is amended by striking out "promptly as appropriate" and inserting in lieu thereof "with reasonable promptness".

42 USC 300e.

(d)(1) Section 1301(c) is amended by striking out paragraphs (4), (9), and (10), by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), by redesignating paragraph (11) as paragraph (9), and by adding after paragraph (7) (as so redesignated) the following new paragraph:

"(8) adopt at least one of the following arrangements to protect its members from incurring liability for payment of any fees which are the legal obligation of such organization—

"(A) a contractual arrangement with any hospital that is regularly used by the members of such organization prohibiting such hospital from holding any such member liable for payment of any fees which are the legal obligation of such organization;

"(B) insolvency insurance, acceptable to the Secretary;

"(C) adequate financial reserve, acceptable to the Secretary; and

"(D) other arrangements, acceptable to the Secretary, to protect members,

except that the requirements of this paragraph shall not apply to a health maintenance organization if applicable State law provides the members of such organization with protection from liability for payment of any fees which are the legal obligation of such organization; and".

(2) Subsection (d) of section 1301 is repealed.

(e) Section 1301(c)(2) (42 U.S.C. 300e(c)(2)) is amended—

(1) by striking out "obtain insurance or make other arrangements",

(2) by inserting "obtain insurance or make other arrangements" after "(A)", "(B)", and "(C)",

(3) by striking out "and (C)" and inserting in lieu thereof "(C)", and

(4) by inserting before the semicolon a comma and the following: "and (D) make arrangements with physicians or other health professionals, health care institutions, or any combination of such individuals or institutions to assume all or part of the financial risk on a prospective basis for the provision of basic health services by the physicians or other health professionals or through the institutions".

(f) The last sentence of section 1302(1) (42 U.S.C. 300e–1(1)) is repealed.

(g)(1) The first sentence of section 1302(2) (42 U.S.C. 300e–1(2)) is amended to read as follows: "The term 'supplemental health services' means any health service which is not included as a basic health service under paragraph (1) of this section.".

(2) The second sentence of such section is amended by striking out "If a service of a physician described in the preceding sentence" and inserting in lieu thereof "If a health service provided by a physician".

(3) The last sentence of such section is repealed.

(h) Section 1302(4)(C) is amended by inserting before the semicolon at the end of clause (i) the following: ", except that this clause does not apply before the end of the forty-eight month period beginning after the month in which the health maintenance oranization becomes a qualified health maintenance organization as defined in section 1310(d), or as authorized by the Secretary in accordance with regulations that take into consideration the unusual circumstances of the group".

42 USC 300e–9.

(i) Section 1302(5)(B) is amended by striking out "feasible (1)" and inserting in lieu thereof "feasible," and by striking out "administra-

tive staff" and all that follows in such section and inserting in lieu thereof "administrative staff.".

(j) Section 1302(8) (42 U.S.C. 300e-1(8)) is amended to read as follows:

"(8)(A) The term 'community rating system' means the systems, described in subparagraphs (B) and (C), of fixing rates of payments for health services. A health maintenance organization may fix its rates of payments under the system described in subparagraph (B) or (C) or under both such systems, but a health maintenance organization may use only one such system for fixing its rates of payments for any one group.

"(B) A system of fixing rates of payment for health services may provide that the rates shall be fixed on a per-person or per-family basis and may authorize the rates to vary with the number of persons in a family, but, except as authorized in subparagraph (D), such rates must be equivalent for all individuals and for all families of similar composition.

"(C) A system of fixing rates of payment for health services may provide that the rates shall be fixed for individuals and families by groups. Except as authorized in subparagraph (D), such rates must be equivalent for all individuals in the same group and for all families of similar composition in the same group. If a health maintenance organization is to fix rates of payment for individuals and families by groups, it shall—

"(i) classify all of the members of the organization into classes based on factors which the health maintenance organization determines predict the differences in the use of health services by the individuals or families in each class and which have not been disapproved by the Secretary,

"(ii) determine its revenue requirements for providing services to the members of each class established under clause (i), and

"(iii) fix the rates of payment for the individuals and families of a group on the basis of a composite of the organization's revenue requirements determined under clause (ii) for providing services to them as members of the classes established under clause (i).

The Secretary shall review the factors used by each health maintenance organization to establish classes under clause (i). If the Secretary determines that any such factor may not reasonably be used to predict the use of the health services by individuals and families, the Secretary shall disapprove such factor for such purpose.

"(D) The following differentials in rates of payments may be established under the systems described in subparagraphs (B) and (C):

"(i) Nominal differentials in such rates may be established to reflect differences in marketing costs and the different administrative costs of collecting payments from the following categories of members:

"(I) Individual members (including their families).

"(II) Small groups of members (as determined under regulations of the Secretary).

"(III) Large groups of members (as determined under regulations of the Secretary).

"(ii) Nominal differentials in such rates may be established to reflect the compositing of the rates of payment in a systematic manner to accommodate group purchasing practices of the various employers.

"(iii) Differentials in such rates may be established for members enrolled in a health maintenance organization pursuant to a contract with a governmental authority under section 1079 or

1086 of title 10, United States Code, or under any other governmental program (other than the health benefits program authorized by chapter 89 of title 5, United States Code) or any health benefits program for employees of States, political subdivision of States, and other public entities.".

5 USC 8901 *et seq.*

INITIAL OPERATION COSTS

SEC. 943. (a) Section 1305(a) (42 U.S.C. 300e-4) is amended—

(1) by striking out "nonprofit" in paragraphs (1) and (2), and

(2) by amending paragraph (3) to read as follows:

"(3) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to private health maintenance organizations for the amounts referred to in paragraphs (1) and (2).".

(b) Section 1305(b)(1) is amended to read as follows:

"(b)(1) Except as provided in paragraph (2), the aggregate amount of principal of loans made or guaranteed, or both, under subsection (a) for a health maintenance organization may not exceed $7,000,000. In any twelve-month period the amount disbursed to a health maintenance organization under this section (either directly by the Secretary, by an escrow agent under the terms of an escrow agreement, or by a lender under a guaranteed loan) may not exceed $3,000,000.".

(c) Section 1305(d) is amended by striking out "1981" and inserting in lieu thereof "1986".

(d) Subsection (e) of section 1307 (42 U.S.C. 300e-6) is repealed.

AMBULATORY FACILITIES

SEC. 944. (a) Section 1305A(a) (42 U.S.C. 300e-4a(a)) is amended—

(1) by striking out "nonprofit" in paragraph (1), and

(2) by amending paragraph (2) to read as follows:

"(2) guarantee to non-Federal lenders for their loans to private health maintenance organizations for projects described in paragraph (1) the payment of principal and interest on such loans.".

(b) Subsections (b) and (c) of section 1305A are redesignated as subsections (c) and (d), respectively, and the following is inserted after subsection (a):

"(b) No loan may be made to a health maintenance organization and no loan to a health maintenance organization may be guaranteed under subsection (a) unless the application of the health maintenance organization for such loan or loan guarantee contains assurances satisfactory to the Secretary that—

"(1) at the time the application is made the health maintenance organization is fiscally sound;

"(2) if the application is for a loan, the health maintenance organization is unable to secure a loan, at the rate of interest prevailing in the area in which the organization is located, from non-Federal lenders for the project with respect to which the application is submitted, or, if the application is for a loan guarantee, the health maintenance organization would be unable to secure a loan from such lenders for such project without the loan guarantee; and

"(3) during the period of the loan or loan guarantee, the health maintenance organization will remain fiscally sound.".

LOANS

SEC. 945. Section 1308(b)(2) (42 U.S.C. 300e-7(b)(2)) is amended—

(1) by amending clause (D) to read as follows: "(D) on the date the loan is made, bear interest at a rate comparable to the rate of interest prevailing on such date with respect to marketable obligations of the United States of comparable maturities, adjusted to provide for appropriate administrative charges, and"; and

(2) by adding at the end the following: "On the date disbursements are made under a loan after the initial disbursement under the loan, the Secretary may change the rate of interest on the amount of the loan disbursed on that date to a rate which is comparable to the rate of interest prevailing on the date the subsequent disbursement is made with respect to marketable obligations of the United States of comparable maturities, adjusted to provide for appropriate administrative charges.".

DUAL CHOICE

SEC. 946. (a) Section 1310(d) (42 U.S.C. 300e-9(d)) is amended by adding at the end the following: "Every two years (or such longer period as the Secretary may by regulation prescribe) after the date a health maintenance organization becomes a qualified health maintenance organization under this subsection, the health maintenance organization must demonstrate to the Secretary that it is qualified within the meaning of this subsection.".

(b) Section 1310(f)(1) is amended by inserting before the semicolon a comma and the following: "except that such term includes nonappropriated fund instrumentalities of the Government of the United States".

REPEAL OF SPECIAL CONSIDERATIONS

SEC. 947. (a) Section 1303 (42 U.S.C. 300e-2) is amended by striking out subsection (i).

(b) Section 1304 (42 U.S.C. 300e-3) is amended by striking out subsection (k).

(c) Section 1305 (42 U.S.C. 300e-4) is amended by striking out subsection (e).

FINANCIAL DISCLOSURE

SEC. 948. (a) Subsection (a)(2) of section 1318 (42 U.S.C. 300e-17) is amended to read as follows:

"(2) A copy of the report, if any, filed with the Health Care Financing Administration containing the information required to be reported under section 1124 of the Social Security Act by disclosing entities and the information required to be supplied under section 1902(a)(38) of such Act.". 42 USC 1320a-3. 42 USC 1396a.

(b) Subsection (a)(3)(B) of such section is amended to read as follows:

"(B) any furnishing for consideration of goods, services (including management services), or facilities between the health maintenance organization and a party in interest, but not including salaries paid to employees for services provided in the normal course of their employment and health services provided to members by hospitals and other providers and by staff, medical group (or groups), individual practice association (or associations), or any combination thereof; and".

42 USC 300e-17.

(c) Subsection (b)(1) of such section is amended by striking out "employee" and inserting in lieu thereof "employee responsible for management or administration".

(d) Subsection (b)(4) of such section is amended to read as follows:

"(4) any spouse, child, or parent of an individual described in paragraph (1).".

MISCELLANEOUS

SEC. 949. (a) The third sentence of section 1312(b)(1) (42 U.S.C. 300e-11(b)(1)) is amended by inserting after "Secretary prescribes" the following: ", then after the Secretary provides the entity a reasonable opportunity for reconsideration of his determination, including, at the entity's election, a fair hearing".

Repeals.

(b) Sections 1314 and 1316 (42 U.S.C. 300e-13, 300e-15) are repealed.

(c) Section 1527(b)(1) (42 U.S.C. 300m-6(b)(1)) is amended—

(1) by striking out clause (i) in subparagraph (A) and by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively,

(2) by striking out "such enrolled individuals" in subparagraph (A) and inserting in lieu thereof "individuals enrolled in such organization or organizations",

(3) by striking out "which has, in the service area of the organization or service areas of the organizations in the combination, an enrollment of at least 50,000 individuals" in subparagraph (B)(ii),

(4) by striking out "such enrolled individuals" in subparagraph (B)(iii) and inserting in lieu thereof "individuals enrolled in such organization or organizations",

(5) by striking out "which has, in the service area or the organization or service areas of the organizations in the combination, an enrollment of at least 50,000 individuals" in subparagraph (C)(i), and

(6) by striking out "such enrolled individuals" in subparagraph (C)(ii) and inserting in lieu thereof "individuals enrolled in such organization or organizations".

Effective date. 42 USC 300m-6 note.

(d) The amendments made by subsection (c) shall take effect October 1, 1982.

Subtitle G—Adolescent Family Life

SEC. 955. (a) The Public Health Service Act is amended by adding at the end thereof the following new title:

"TITLE XX—ADOLESCENT FAMILY LIFE DEMONSTRATION PROJECTS

"FINDINGS AND PURPOSES

42 USC 300z.

"SEC. 2001. (a) The Congress finds that—

"(1) in 1978, an estimated one million one hundred thousand teenagers became pregnant, more than five hundred thousand teenagers carried their babies to term, and over one-half of the babies born to such teenagers were born out of wedlock;

"(2) adolescents aged seventeen and younger accounted for more than one-half of the out of wedlock births to teenagers;

"(3) in a high proportion of cases, the pregnant adolescent is herself the product of an unmarried parenthood during adolescence and is continuing the pattern in her own lifestyle;

"(4) it is estimated that approximately 80 per centum of unmarried teenagers who carry their pregnancies to term live with their families before and during their pregnancy and remain with their families after the birth of the child;

"(5) pregnancy and childbirth among unmarried adolescents, particularly young adolescents, often results in severe adverse health, social, and economic consequences, including: a higher percentage of pregnancy and childbirth complications; a higher incidence of low birth weight babies; a higher frequency of developmental disabilities; higher infant mortality and morbidity; a decreased likelihood of completing schooling; a greater likelihood that an adolescent marriage will end in divorce; and higher risks of unemployment and welfare dependency;

"(6)(A) adoption is a positive option for unmarried pregnant adolescents who are unwilling or unable to care for their children since adoption is a means of providing permanent families for such children from available approved couples who are unable or have difficulty in conceiving or carrying children of their own to term; and

"(B) at present, only 4 per centum of unmarried pregnant adolescents who carry their babies to term enter into an adoption plan or arrange for their babies to be cared for by relatives or friends;

"(7) an unmarried adolescent who becomes pregnant once is likely to experience recurrent pregnancies and childbearing, with increased risks;

"(8)(A) the problems of adolescent premarital sexual relations, pregnancy, and parenthood are multiple and complex and are frequently associated with or are a cause of other troublesome situations in the family; and

"(B) such problems are best approached through a variety of integrated and essential services provided to adolescents and their families by other family members, religious and charitable organizations, voluntary associations, and other groups in the private sector as well as services provided by publicly sponsored initiatives;

"(9) a wide array of educational, health, and supportive services are not available to adolescents with such problems or to their families, or when available frequently are fragmented and thus are of limited effectiveness in discouraging adolescent premarital sexual relations and the consequences of such relations;

"(10)(A) prevention of adolescent sexual activity and adolescent pregnancy depends primarily upon developing strong family values and close family ties, and since the family is the basic social unit in which the values and attitudes of adolescents concerning sexuality and pregnancy are formed, programs designed to deal with issues of sexuality and pregnancy will be successful to the extent that such programs encourage and sustain the role of the family in dealing with adolescent sexual activity and adolescent pregnancy;

"(B) Federal policy therefore should encourage the development of appropriate health, educational, and social services where such services are now lacking or inadequate, and the better coordination of existing services where they are available; and

"(C) services encouraged by the Federal Government should promote the involvement of parents with their adolescent chil-

dren, and should emphasize the provision of support by other family members, religious and charitable organizations, voluntary associations, and other groups in the private sector in order to help adolescents and their families deal with complex issues of adolescent premarital sexual relations and the consequences of such relations; and

"(11)(A) there has been limited research concerning the societal causes and consequences of adolescent pregnancy;

"(B) there is limited knowledge concerning which means of intervention are effective in mediating or eliminating adolescent premarital sexual relations and adolescent pregnancy; and

"(C) it is necessary to expand and strengthen such knowledge in order to develop an array of approaches to solving the problems of adolescent premarital sexual relations and adolescent pregnancy in both urban and rural settings.

"(b) Therefore, the purposes of this title are—

"(1) to find effective means, within the context of the family, of reaching adolescents before they become sexually active in order to maximize the guidance and support available to adolescents from parents and other family members, and to promote self discipline and other prudent approaches to the problem of adolescent premarital sexual relations, including adolescent pregnancy;

"(2) to promote adoption as an alternative for adolescent parents;

"(3) to establish innovative, comprehensive, and integrated approaches to the delivery of care services for pregnant adolescents, with primary emphasis on unmarried adolescents who are seventeen years of age or under, and for adolescent parents, which shall be based upon an assessment of existing programs and, where appropriate, upon efforts to establish better coordination, integration, and linkages among such existing programs in order to—

"(A) enable pregnant adolescents to obtain proper care and assist pregnant adolescents and adolescent parents to become productive independent contributors to family and community life; and

"(B) assist families of adolescents to understand and resolve the societal causes which are associated with adolescent pregnancy;

"(4) to encourage and support research projects and demonstration projects concerning the societal causes and consequences of adolescent premarital sexual relations, contraceptive use, pregnancy, and child rearing;

"(5) to support evaluative research to identify effective services which alleviate, eliminate, or resolve any negative consequences of adolescent premarital sexual relations and adolescent childbearing for the parents, the child, and their families; and

"(6) to encourage and provide for the dissemination of results, findings, and information from programs and research projects relating to adolescent premarital sexual relations, pregnancy, and parenthood.

"DEFINITIONS

42 USC 300z-1.

"SEC. 2002. (a) For the purposes of this title, the term—

"(1) 'Secretary' means the Secretary of Health and Human Services;

"(2) 'eligible person' means—

"(A) with regard to the provision of care services, a pregnant adolescent, an adolescent parent, or the family of a pregnant adolescent or an adolescent parent; or

"(B) with regard to the provision of prevention services and referral to such other services which may be appropriate, a nonpregnant adolescent;

"(3) 'eligible grant recipient' means a public or nonprofit private organization or agency which demonstrates, to the satisfaction of the Secretary—

"(A) in the case of an organization which will provide care services, the capability of providing all core services in a single setting or the capability of creating a network through which all core services would be provided; or

"(B) in the case of an organization which will provide prevention services, the capability of providing such services;

"(4) 'necessary services' means services which may be provided by grantees which are—

"(A) pregnancy testing and maternity counseling;

"(B) adoption counseling and referral services which present adoption as an option for pregnant adolescents, including referral to licensed adoption agencies in the community if the eligible grant recipient is not a licensed adoption agency;

"(C) primary and preventive health services including prenatal and postnatal care;

"(D) nutrition information and counseling;

"(E) referral for screening and treatment of venereal disease;

"(F) referral to appropriate pediatric care;

"(G) educational services relating to family life and problems associated with adolescent premarital sexual relations, including—

"(i) information about adoption;

"(ii) education on the responsibilities of sexuality and parenting;

"(iii) the development of material to support the role of parents as the provider of sex education; and

"(iv) assistance to parents, schools, youth agencies, and health providers to educate adolescents and preadolescents concerning self-discipline and responsibility in human sexuality;

"(H) appropriate educational and vocational services and referral to such services;

"(I) referral to licensed residential care or maternity home services; and

"(J) mental health services and referral to mental health services and to other appropriate physical health services;

"(K) child care sufficient to enable the adolescent parent to continue education or to enter into employment;

"(L) consumer education and homemaking;

"(M) counseling for the immediate and extended family members of the eligible person;

"(N) transportation;

"(O) outreach services to families of adolescents to discourage sexual relations among unemancipated minors;

"(P) family planning services; and

"(Q) such other services consistent with the purposes of this title as the Secretary may approve in accordance with regulations promulgated by the Secretary;

"(5) 'core services' means those services which shall be provided by a grantee, as determined by the Secretary by regulation;

"(6) 'supplemental services' means those services which may be provided by a grantee, as determined by the Secretary by regulation;

"(7) 'care services' means necessary services for the provision of care to pregnant adolescents and adolescent parents and includes all core services with respect to the provision of such care prescribed by the Secretary by regulation;

"(8) 'prevention services' means necessary services to prevent adolescent sexual relations, including the services described in subparagraphs (A), (D), (E), (G), (H), (M), (N), (O), and (Q) of paragraph (4);

"(9) 'adolescent' means an individual under the age of nineteen; and

"(10) 'unemancipated minor' means a minor who is subject to the control, authority, and supervision of his or her parents or guardians, as determined under State law.

"(b) Until such time as the Secretary promulgates regulations pursuant to the second sentence of this subsection, the Secretary shall use the regulations promulgated under title VI of the Health Services and Centers Amendments of 1978 which were in effect on the date of enactment of this title, to determine which necessary services are core services for purposes of this title. The Secretary may promulgate regulations to determine which necessary services are core services for purposes of this title based upon an evaluation of and information concerning which necessary services are essential to carry out the purposes of this title and taking into account (1) factors such as whether services are to be provided in urban or rural areas, the ethnic groups to be served, and the nature of the populations to be served, and (2) the results of the evaluations required under section 2006(b). The Secretary may from time to time revise such regulations.

42 USC 300a-21.

"AUTHORITY TO MAKE GRANTS FOR DEMONSTRATION PROJECTS

42 USC 300z-2.

"SEC. 2003. (a) The Secretary may make grants to further the purposes of this title to eligible grant recipients which have submitted an application which the Secretary finds meets the requirements of section 2006 for demonstration projects which the Secretary determines will help communities provide appropriate care and prevention services in easily accessible locations. Demonstration projects shall, as appropriate, provide, supplement, or improve the quality of such services. Demonstration projects shall use such methods as will strengthen the capacity of families to deal with the sexual behavior, pregnancy, or parenthood of adolescents and to make use of support systems such as other family members, friends, religious and charitable organizations, and voluntary associations.

"(b) Grants under this title for demonstration projects may be for the provision of—

"(1) care services;

"(2) prevention services; or

"(3) a combination of care services and prevention services.

"USES OF GRANTS FOR DEMONSTRATION PROJECTS FOR SERVICES

"SEC. 2004. (a) Except as provided in subsection (b), funds provided for demonstration projects for services under this title may be used by grantees only to— 42 USC 300z-3.

"(1) provide to eligible persons—

"(A) care services;

"(B) prevention services; or

"(C) care and prevention services (in the case of a grantee who is providing a combination of care and prevention services);

"(2) coordinate, integrate, and provide linkages among providers of care, prevention, and other services for eligible persons in furtherance of the purposes of this title;

"(3) provide supplemental services where such services are not adequate or not available to eligible persons in the community and which are essential to the care of pregnant adolescents and to the prevention of adolescent premarital sexual relations and adolescent pregnancy;

"(4) plan for the administration and coordination of pregnancy prevention services and programs of care for pregnant adolescents and adolescent parents which will further the objectives of this title; and

"(5) fulfill assurances required for grant approval by section 2006.

"(b)(1) No funds provided for a demonstration project for services under this title may be used for the provision of family planning services (other than counseling and referral services) to adolescents unless appropriate family planning services are not otherwise available in the community.

"(2) Any grantee who receives funds for a demonstration project for services under this title and who, after determining under paragraph (1) that appropriate family planning services are not otherwise available in the community, provides family planning services (other than counseling and referral services) to adolescents may only use funds provided under this title for such family planning services if all funds received by such grantee from all other sources to support such family planning services are insufficient to support such family planning services.

"(c) Grantees who receive funds for a demonstration project for services under this title shall charge fees for services pursuant to a fee schedule approved by the Secretary as a part of the application described in section 2006 which bases fees charged by the grantee on the income of the eligible person or the parents or legal guardians of the eligible person and takes into account the difficulty adolescents face in obtaining resources to pay for services. A grantee who receives funds for a demonstration project for services under this title may not, in any case, discriminate with regard to the provision of services to any individual because of that individual's inability to provide payment for such services, except that in determining the ability of an unemancipated minor to provide payment for services, the income of the family of an unemancipated minor shall be considered in determining the ability of such minor to make such payments unless the parents or guardians of the unemancipated minor refuse to make such payments.

"PRIORITIES, AMOUNTS, AND DURATION OF GRANTS FOR DEMONSTRATION PROJECTS FOR SERVICES

42 USC 300z-4.

"SEC. 2005. (a) In approving applications for grants for demonstration projects for services under this title, the Secretary shall give priority to applicants who—

"(1) serve an area where there is a high incidence of adolescent pregnancy;

"(2) serve an area with a high proportion of low-income families and where the availability of programs of care for pregnant adolescents and adolescent parents is low;

"(3) show evidence—

"(A) in the case of an applicant who will provide care services, of having the ability to bring together a wide range of needed core services and, as appropriate, supplemental services in comprehensive single-site projects, or to establish a well-integrated network of such services (appropriate for the target population and geographic area to be served including the special needs of rural areas) for pregnant adolescents or adolescent parents; or

"(B) in the case of an applicant who will provide prevention services, of having the ability to provide prevention services for adolescents and their families which are appropriate for the target population and the geographic area to be served, including the special needs of rural areas;

"(4) will utilize to the maximum extent feasible existing available programs and facilities such as neighborhood and primary health care centers, maternity homes which provide or can be equipped to provide services to pregnant adolescents, agencies serving families, youth, and children with established programs of service to pregnant adolescents and vulnerable families, licensed adoption agencies, children and youth centers, maternal and infant health centers, regional rural health facilities, school and other educational programs, mental health programs, nutrition programs, recreation programs, and other ongoing pregnancy prevention services and programs of care for pregnant adolescents and adolescent parents;

"(5) make use, to the maximum extent feasible, of other Federal, State, and local funds, programs, contributions, and other third-party reimbursements;

"(6) can demonstrate a community commitment to the program by making available to the demonstration project non-Federal funds, personnel, and facilities;

"(7) have involved the community to be served, including public and private agencies, adolescents, and families, in the planning and implementation of the demonstration project; and

"(8) will demonstrate innovative and effective approaches in addressing the problems of adolescent premarital sexual relations, pregnancy, or parenthood, including approaches to provide pregnant adolescents with adequate information about adoption.

"(b)(1) The amount of a grant for a demonstration project for services under this title shall be determined by the Secretary, based on factors such as the incidence of adolescent pregnancy in the geographic area to be served, and the adequacy of pregnancy prevention services and programs of care for pregnant adolescents and adolescent parents in such area.

"(2) In making grants for demonstration projects for services under this title, the Secretary shall consider the special needs of rural areas

and, to the maximum extent practicable, shall distribute funds taking into consideration the relative number of adolescents in such areas in need of such services.

"(c)(1) A grantee may not receive funds for a demonstration project for services under this title for a period in excess of 5 years.

"(2)(A) Subject to paragraph (3), a grant for a demonstration project for services under this title may not exceed—

"(i) 70 per centum of the costs of the project for the first and second years of the project;

"(ii) 60 per centum of such costs for the third year of the project;

"(iii) 50 per centum of such costs for the fourth year of the project; and

"(iv) 40 per centum of such costs for the fifth year of the project.

"(B) Non-Federal contributions required by subparagraph (A) may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

"(3) The Secretary may waive the limitation specified in paragraph (2)(A) for any year in accordance with criteria established by regulation.

"REQUIREMENTS FOR APPLICATIONS

"SEC. 2006. (a) An application for a grant for a demonstration project for services under this title shall be in such form and contain such information as the Secretary may require, and shall include— 42 USC 300z-5.

"(1) an identification of the incidence of adolescent pregnancy and related problems;

"(2) a description of the economic conditions and income levels in the geographic area to be served;

"(3) a description of existing pregnancy prevention services and programs of care for pregnant adolescents and adolescent parents (including adoption services), and including where, how, by whom, and to which population groups such services are provided, and the extent to which they are coordinated in the geographic area to be served;

"(4) a description of the major unmet needs for services for adolescents at risk of initial or recurrent pregnancies and an estimate of the number of adolescents not being served in the area;

"(5)(A) in the case of an applicant who will provide care services, a description of how all core services will be provided in the demonstration project using funds under this title or will otherwise be provided by the grantee in the area to be served, the population to which such services will be provided, how such services will be coordinated, integrated, and linked with other related programs and services and the source or sources of funding of such core services in the public and private sectors; or

"(B) in the case of an applicant who will provide prevention services, a description of the necessary services to be provided and how the applicant will provide such services;

"(6) a description of the manner in which adolescents needing services other than the services provided directly by the applicant will be identified and how access and appropriate referral to such other services (such as medicaid; licensed adoption agencies; maternity home services; public assistance; employment services; child care services for adolescent parents; and other city, county, and State programs related to adolescent pregnancy) will

be provided, including a description of a plan to coordinate such other services with the services supported under this title;

"(7) a description of the applicant's capacity to continue services as Federal funds decrease and in the absence of Federal assistance;

"(8) a description of the results expected from the provision of services, and the procedures to be used for evaluating those results;

"(9) a summary of the views of public agencies, providers of services, and the general public in the geographic area to be served, concerning the proposed use of funds provided for a demonstration project for services under this title and a description of procedures used to obtain those views, and, in the case of applicants who propose to coordinate services administered by a State, the written comments of the appropriate State officials responsible for such services;

"(10) assurances that the applicant will have an ongoing quality assurance program;

"(11) assurances that, where appropriate, the applicant shall have a system for maintaining the confidentiality of patient records in accordance with regulations promulgated by the Secretary;

"(12) assurances that the applicant will demonstrate its financial responsibility by the use of such accounting procedures and other requirements as may be prescribed by the Secretary;

"(13) assurances that the applicant (A) has or will have a contractual or other arrangement with the agency of the State (in which the applicant provides services) that administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the applicant's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (B) has made or will make every reasonable effort to enter into such an arrangement;

42 USC 1396.

"(14) assurances that the applicant has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to benefits under title V of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

42 USC 701.

"(15) assurances that the applicant has or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing services to persons entitled to services under parts B and E of title IV and title XX of the Social Security Act;

94 Stat. 516
42 USC 620.
94 Stat. 501.
42 USC 670.
42 USC 1397.

"(16)(A) a description of—

"(i) the schedule of fees to be used in the provision of services, which shall comply with section 2004(c) and which shall be designed to cover all reasonable direct and indirect costs incurred by the applicant in providing services; and

"(ii) a corresponding schedule of discounts to be applied to the payment of such fees, which shall comply with section 2004(c) and which shall be adjusted on the basis of the ability of the eligible person to pay;

"(B) assurances that the applicant has made and will continue to make every reasonable effort—

"(i) to secure from eligible persons payment for services in accordance with such schedules;

"(ii) to collect reimbursement for health or other services provided to persons who are entitled to have payment made on their behalf for such services under any Federal or other government program or private insurance program; and

"(iii) to seek such reimbursement on the basis of the full amount of fees for services without application of any discount; and

"(C) assurances that the applicant has submitted or will submit to the Secretary such reports as the Secretary may require to determine compliance with this paragraph;

"(17) assurances that the applicant will make maximum use of funds available under title X of this Act; 42 USC 300.

"(18) assurances that the acceptance by any individual of family planning services or family planning information (including educational materials) provided through financial assistance under this title shall be voluntary and shall not be a prerequisite to eligibility for or receipt of any other service furnished by the applicant;

"(19) assurances that fees collected by the applicant for services rendered in accordance with this title shall be used by the applicant to further the purposes of this title;

"(20) assurances that the applicant, if providing both prevention and care services will not exclude or discriminate against any adolescent who receives prevention services and subsequently requires care services as a pregnant adolescent;

"(21) a description of how the applicant will, as appropriate in the provision of services—

"(A) involve families of adolescents in a manner which will maximize the role of the family in the solution of problems relating to the parenthood or pregnancy of the adolescent;

"(B) involve religious and charitable organizations, voluntary associations, and other groups in the private sector as well as services provided by publicly sponsored initiatives;

"(22)(A) assurances that—

"(i) except as provided in subparagraph (B) and subject to clause (ii), the applicant will notify the parents or guardians of any unemancipated minor requesting services from the applicant and, except as provided in subparagraph (C), will obtain the permission of such parents or guardians with respect to the provision of such services; and

"(ii) in the case of a pregnant unemancipated minor requesting services from the applicant, the applicant will notify the parents or guardians of such minor under clause (i) within a reasonable period of time;

"(B) assurances that the applicant will not notify or request the permission of the parents or guardian of any unemancipated minor without the consent of the minor—

"(i) who solely is requesting from the applicant pregnancy testing or testing or treatment for venereal disease;

"(ii) who is the victim of incest involving a parent; or

"(iii) if an adult sibling of the minor or an adult aunt, uncle, or grandparent who is related to the minor by blood certifies to the grantee that notification of the parents or guardians of such minor would result in physical injury to such minor; and

"(C) assurances that the applicant will not require, with respect to the provision of services, the permission of the parents or guardians of any pregnant unemancipated minor if such parents or guardians are attempting to compel such minor to have an abortion;

"(23) assurances that primary emphasis for services supported under this title shall be given to adolescents seventeen and under who are not able to obtain needed assistance through other means;

"(24) assurances that funds received under this title shall supplement and not supplant funds received from any other Federal, State, or local program or any private sources of funds; and

"(25) a plan for the conduct of, and assurances that the applicant will conduct, evaluations of the effectiveness of the services supported under this title in accordance with subsection (b).

"(b)(1) Each grantee which receives funds for a demonstration project for services under this title shall expend at least 1 per centum but not in excess of 5 per centum of the amounts received under this title for the conduct of evaluations of the services supported under this title. The Secretary may, for a particular grantee upon good cause shown, waive the provisions of the preceding sentence with respect to the amounts to be expended on evaluations, but may not waive the requirement that such evaluations be conducted.

"(2) Evaluations required by paragraph (1) shall be conducted by an organization or entity which is independent of the grantee providing services supported under this title. To assist in conducting the evaluations required by paragraph (1), each grantee shall develop a working relationship with a college or university located in the grantee's State which will provide or assist in providing monitoring and evaluation of services supported under this title unless no college or university in the grantee's State is willing or has the capacity to provide or assist in providing such monitoring and assistance.

"(3) The Secretary may provide technical assistance with respect to the conduct of evaluations required under this subsection to any grantee which is unable to develop a working relationship with a college or university in the applicant's State for the reasons described in paragraph (2).

"(c) Each grantee which receives funds for a demonstration project for services under this title shall make such reports concerning its use of Federal funds as the Secretary may require. Reports shall include, at such times as are considered appropriate by the Secretary, the results of the evaluations of the services supported under this title.

"(d)(1) A grantee shall periodically notify the Secretary of the exact number of instances in which a grantee does not notify the parents or guardians of a pregnant unemancipated minor under subsection (a)(22)(B)(iii).

"(2) For purposes of subsection (a)(22)(B)(iii), the term "adult" means an adult as defined by State law.

"(e) Each applicant shall provide the Governor of the State in which the applicant is located a copy of each application submitted to the Secretary for a grant for a demonstration project for services under this title. The Governor shall submit to the applicant comments on any such application within the period of sixty days beginning on the day when the Governor receives such copy. The

applicant shall include the comments of the Governor with such application.

"(f) No application submitted for a grant for a demonstration project for care services under this title may be approved unless the Secretary is satisfied that core services shall be available through the applicant within a reasonable time after such grant is received.

"COORDINATION OF FEDERAL AND STATE PROGRAMS

"SEC. 2007. (a) The Secretary shall coordinate Federal policies and programs providing services relating to the prevention of adolescent sexual relations and initial and recurrent adolescent pregnancies and providing care services for pregnant adolescents. In achieving such coordination, the Secretary shall— 42 USC 300z-6.

"(1) require grantees who receive funds for demonstration projects for services under this title to report periodically to the Secretary concerning Federal, State, and local policies and programs that interfere with the delivery of and coordination of pregnancy prevention services and other programs of care for pregnant adolescents and adolescent parents;

"(2) provide technical assistance to facilitate coordination by State and local recipients of Federal assistance;

"(3) review all programs administered by the Department of Health and Human Services which provide prevention services or care services to determine if the policies of such programs are consistent with the policies of this title, consult with other departments and agencies of the Federal Government who administer programs that provide such services, and encourage such other departments and agencies to make recommendations, as appropriate, for legislation to modify such programs in order to facilitate the use of all Government programs which provide such services as a basis for delivery of more comprehensive prevention services and more comprehensive programs of care for pregnant adolescents and adolescent parents;

"(4) give priority in the provision of funds, where appropriate, to applicants using single or coordinated grant applications for multiple programs; and

"(5) give priority, where appropriate, to the provision of funds under Federal programs administered by the Secretary (other than the program established by this title) to projects providing comprehensive prevention services and comprehensive programs of care for pregnant adolescents and adolescent parents.

"(b) Any recipient of a grant for a demonstration project for services under this title shall coordinate its activities with any other recipient of such a grant which is located in the same locality.

"RESEARCH

"SEC. 2008. (a)(1) The Secretary may make grants and enter into contracts with public agencies or private organizations or institutions of higher education to support the research and dissemination activities described in paragraphs (4), (5), and (6) of section 2001(b). 42 USC 300z-7.

"(2) The Secretary may make grants or enter into contracts under this section for a period of one year. A grant or contract under this section for a project may be renewed for four additional one-year periods, which need not be consecutive.

"(3) A grant or contract for any one-year period under this section may not exceed $100,000 for the direct costs of conducting research or

disemination activities under this section and may include such additional amounts for the indirect costs of conducting such activities as the Secretary determines appropriate. The Secretary may waive the preceding sentence with respect to a specific project if he determines that—

"(A) exceptional circumstances warrant such waiver and that the project will have national impact; or

"(B) additional amounts are necessary for the direct costs of conducting limited demonstration projects for the provision of necessary services in order to provide data for research carried out under this title.

"(4) The amount of any grant or contract made under this section may remain available for obligation or expenditure after the close of the one-year period for which such grant or contract is made in order to assist the recipient in preparing the report required by subsection (f)(1).

"(b)(1) Funds provided for research under this section may be used for descriptive or explanatory surveys, longitudinal studies, or limited demonstration projects for services that are for the purpose of increasing knowledge and understanding of the matters described in paragraphs (4) and (5) of section 2001(b).

"(2) Funds provided under this section may not be used for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility.

"(c) The Secretary may not make any grant or enter into any contract to support research or dissemination activities under this section unless—

"(1) the Secretary has received an application for such grant or contract which is in such form and which contains such information as the Secretary may by regulation require;

"(2) the applicant has demonstrated that the applicant is capable of conducting one or more of the types of research or dissemination activities described in paragraph (4), (5), or (6) of section 2001(b); and

"(3) in the case of an application for a research project, the panel established by subsection (e)(2) has determined that the project is of scientific merit.

"(d) The Secretary shall, where appropriate, coordinate research and dissemination activities carried out under this section with research and dissemination activities carried out by the National Institutes of Health.

"(e)(1) The Secretary shall establish a system for the review of applications for grants and contracts under this section. Such system shall be substantially similar to the system for scientific peer review of the National Institutes of Health and shall meet the requirements of paragraphs (2) and (3).

"(2) In establishing the system required by paragraph (1), the Secretary shall establish a panel to review applications under this section. Not more than 25 per centum of the members of the panel shall be physicians. The panel shall meet as often as may be necessary to facilitate the expeditious review of applications under this section, but not less than once each year. The panel shall review each project for which an application is made under this section, evaluate the scientific merit of the project, determine whether the project is of scientific merit, and make recommendations to the Secretary concerning whether the application for the project should be approved.

"(3) The Secretary shall make grants under this section from among the projects which the panel established by paragraph (2) has determined to be of scientific merit and may only approve an application for a project if the panel has made such determination with respect to such a project. The Secretary shall make a determination with respect to an application within one month after receiving the determinations and recommendations of such panel with respect to the application.

"(f)(1)(A) The recipient of a grant or contract for a research project under this section shall prepare and transmit to the Secretary a report describing the results and conclusions of such research. Except as provided in subparagraph (B), such report shall be transmitted to the Secretary not later than eighteen months after the end of the year for which funds are provided under this section. The recipient may utilize reprints of articles published or accepted for publication in professional journals to supplement or replace such report if the research contained in such articles was supported under this section during the year for which the report is required.

"(B) In the case of any research project for which assistance is provided under this section for two or more consecutive one-year periods, the recipient of such assistance shall prepare and transmit the report required by subparagraph (A) to the Secretary not later than twelve months after the end of each one-year period for which such funding is provided.

"(2) Recipients of grants and contracts for dissemination under this section shall submit to the Secretary such reports as the Secretary determines appropriate.

"(g) In carrying out functions relating to the conduct and support of research under this section, the Secretary shall not be subject to the provisions of chapter 35 of title 44, United States Code, except with respect to the collection of survey data which primarily will be used for the generation of national population estimates.

94 Stat. 2812.
44 USC 3501 *et seq.*

"EVALUATION AND ADMINISTRATION

"SEC. 2009. (a) Of the funds appropriated under this title, the Secretary shall reserve not less than 1 per centum and not more than 3 per centum for the evaluation of activities carried out under this title. The Secretary shall submit to the appropriate committees of the Congress a summary of each evaluation conducted under this section.

42 USC 300z-8.

Submittal to congressional committees.

"(b) The officer or employee of the Department of Health and Human Services designated by the Secretary to carry out the provisions of this title shall report directly to the Assistant Secretary for Health with respect to the activities of such officer or employee in carrying out such provisions.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 2010. (a) For the purpose of carrying out this title, there are authorized to be appropriated $30,000,000 for the fiscal year ending September 30, 1982, $30,000,000 for the fiscal year ending September 30, 1983, and $30,000,000 for the fiscal year ending September 30, 1984.

42 USC 300z-9.

"(b) At least two-thirds of the amounts appropriated to carry out this title shall be used to make grants for demonstration projects for services.

"(c) Not more than one-third of the amounts specified under subsection (b) for use for grants for demonstration projects for

services shall be used for grants for demonstration projects for prevention services.

"RESTRICTIONS

42 USC 300z-10.

"SEC. 2011. (a) Grants or payments may be made only to programs or projects which do not provide abortions or abortion counseling or referral, or which do not subcontract with or make any payment to any person who provides abortions or abortion counseling or referral, except that any such program or project may provide referral for abortion counseling to a pregnant adolescent if such adolescent and the parents or guardians of such adolescent request such referral; and grants may be made only to projects or programs which do not advocate, promote, or encourage abortion.

"(b) The Secretary shall ascertain whether programs or projects comply with subsection (a) and take appropriate action if programs or projects do not comply with such subsection, including withholding of funds.".

Repeals.
42 USC 300a-21.
42 USC 300a-41.
42 USC 300a-21 note.

(b) Effective October 1, 1981, titles VI, VII, and VIII of the Health Services and Centers Amendments of 1978 are repealed.

Subtitle H—Alcohol and Drug Programs

CHAPTER 1—ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION

REFERENCE

SEC. 960. Except as otherwise specifically provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970.

42 USC 4541 note.

ALCOHOL ABUSE AND ALCOHOLISM AMONG GOVERNMENT AND OTHER EMPLOYEES

42 USC 4561.

SEC. 961. Section 201(b)(2)(B) is amended by striking out "single State agencies designated pursuant to section 303 of this Act" and inserting in lieu thereof "the State agencies responsible for the administration of alcohol abuse prevention, treatment, and rehabilitation activities".

TECHNICAL ASSISTANCE

42 USC 4571.

SEC. 962. (a) Section 301 is amended to read as follows:

"TECHNICAL ASSISTANCE

"SEC. 301. (a) On the request of any State, the Secretary, acting through the Institute, shall, to the extent feasible, make available technical assistance for—

"(1) developing and improving systems for data collection;

"(2) program management, accountability, and evaluation;

"(3) certification, accreditation, or licensure of treatment facilities and personnel;

"(4) monitoring compliance by hospitals and other facilities with the requirements of section 321; and

42 USC 4581.

"(5) eliminating exclusions in health insurance coverage offered in the State which are based on alcoholism or alcohol abuse.

"(b) Insofar as practicable, technical assistance provided under this section shall be provided in a manner which will improve coordination between activities supported under this Act and under the Drug Abuse Prevention, Treatment, and Rehabilitation Act.".

21 USC 1101 note.

(b) Sections 302, 303, and 310 are repealed.

Repeals. 42 USC 4572, 4573, 4576.

GRANTS AND CONTRACTS

SEC. 963. (a) The section heading for section 311 is amended to read as follows:

42 USC 4577.

"GRANTS AND CONTRACTS FOR THE DEMONSTRATION OF NEW AND MORE EFFECTIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION PROGRAMS".

(b) Section 311(a) is amended—

(1) by adding at the end of clause (1) "and with particular emphasis on developing new and more effective alcohol abuse and alcoholism prevention, treatment, and rehabilitation programs,";

(2) by inserting "and" after the comma the last place it appears in clause (2);

(3) by striking out clauses (3) and (5) and by redesignating clause (4) as clause (3); and

(4) by striking out the comma and "and" at the end of clause (3) (as redesignated by clause (2) of this subsection) and inserting in lieu thereof a period.

(c)(1) Section 311(c)(2)(A) is amended—

(A) by striking out "designated under section 303 of this Act, if such designation has been made" in the first sentence and inserting in lieu thereof "responsible for the administration of alcohol abuse and alcoholism prevention, treatment, and rehabilitation activities";

(B) by striking out "the" before "State comprehensive plan" in the third sentence and inserting in lieu thereof "any"; and

(C) by striking out "under section 303" in the third sentence.

(2) Section 311(c)(3) is amended—

(A) by inserting "and" after the semicolon in clause (B);

(B) by striking out the semicolon and "and" at the end of clause (C) and inserting in lieu thereof a period; and

(C) by striking out clause (D).

(3) Section 311(c)(4) is amended to read as follows:

"(4) The Secretary shall encourage the submission of and give special consideration to applications under this section for programs and projects aimed at underserved populations such as racial and ethnic minorities, Native Americans, youth, the elderly, women, handicapped individuals, public inebriates, and families of alcoholics.".

(4) Section 311(c) is further amended—

(A) by redesignating paragraph (5) as paragraph (6);

(B) by inserting after paragraph (4) the following new paragraph:

"(5)(A) No grant may be made under this section to a State or to any entity within the government of a State unless the grant application has been duly authorized by the chief executive officer of such State.

"(B) No grant or contract may be made under this section for a period in excess of five years.

"(C)(i) The amount of any grant or contract under this section may not exceed 100 per centum of the cost of carrying out the grant or contract in the first fiscal year for which the grant or contract is made under this section, 80 per centum of such cost in the second fiscal year for which the grant or contract is made under this section, 70 per centum of such cost in the third fiscal year for which the grant or contract is made under this section, and 60 per centum of such cost in each of the fourth and fifth fiscal years for which the grant or contract is made under this section.

"(ii) For purposes of this subparagraph, no grant or contract shall be considered to have been made under this section for a fiscal year ending before September 30, 1981."; and

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

"(7) Nothing shall prevent the use of funds provided under this section for programs and projects aimed at the prevention, treatment, or rehabilitation of drug abuse as well as alcohol abuse and alcoholism.".

AUTHORIZATION OF APPROPRIATIONS; PROJECT GRANTS AND CONTRACTS

42 USC 4578.

SEC. 964. (a) The first sentence of section 312 is amended—

(A) by striking out "sections 310 and 311" and inserting in lieu thereof "section 311"; and

(B) by striking out "and" after "1980," and by inserting before the period a comma and "and $15,000,000 for the fiscal year ending September 30, 1982".

(b) The second sentence of such section is amended by striking out "and" after the semicolon the first place it appears and by inserting before the period a semicolon and "and of the funds appropriated under this section for the fiscal year ending September 30, 1982, at least 25 per centum of the funds shall be obligated for such grants".

ALCOHOL ABUSE RESEARCH AND RESEARCH CENTERS

42 USC 4588.

SEC. 965. (a) Section 503 (42 U.S.C. 4587) is amended—

(A) by inserting "(a)" after "503.",

(B) by striking out "the purposes of sections 501 and 502" and inserting in lieu thereof "this title",

(C) by striking out "and" after "1980,", and

(D) by striking out the period and inserting in lieu thereof a comma and the following: "$25,000,000 for the fiscal year ending September 30, 1982. Of the funds appropriated under this section for any fiscal year beginning after September 30, 1981, not more than 35 per centum may be obligated for grants under section 503.".

42 USC 4587.

(b) Section 504(b) (42 U.S.C. 4588(b)) is amended by adding at the end the following: "The Secretary shall include in the grants made under this section for fiscal years beginning after September 30, 1981, a grant to a designated Center for research on the effects of alcohol on the elderly.".

42 USC 4587, 4588.

(c) Section 503 is inserted after section 504 of such Act and is redesignated as section 504 and the section 504 of such Act relating to National Alcohol Research Centers is redesignated as section 503.

TECHNICAL AMENDMENTS

SEC. 966. (a) The first sentence of section 101(a) is amended (1) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services", and (2) by striking out "and part C of the Community Mental Health Centers Act". 42 USC 4551.

(b) Section 102(1) is amended by striking out "and part C of the Community Mental Health Centers Act". 42 USC 4552.

(c) Section 103(b) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services". 42 USC 4553.

(d) Section 201(b)(4) is amended by striking out "Office and Treatment Act of 1972" and inserting in lieu thereof "Prevention, Treatment, and Rehabilitation Act". 42 USC 4561.

(e) Section 201(e) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(f)(1) The heading for title III is amended to read as follows:

"TITLE III—TECHNICAL ASSISTANCE AND FEDERAL GRANTS AND CONTRACTS"

(2) The heading for part A of title III is amended to read as follows:

"PART A—TECHNICAL ASSISTANCE".

CHAPTER 2—DRUG ABUSE PREVENTION, TREATMENT, AND REHABILITATION

REFERENCE

SEC. 967. Except as otherwise specifically provided, whenever in this chapter an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Drug Abuse Prevention, Treatment, and Rehabilitation Act. 21 USC 1101 note.

ADDITIONAL DRUG ABUSE PREVENTION FUNCTIONS

SEC. 968. (a) Section 406(a) is amended— 21 USC 1173.

(1) by inserting "and" after the semicolon in clause (2);

(2) by striking out the semicolon and "and" at the end of clause (3) and inserting in lieu thereof a period; and

(3) by striking out clause (4).

(b) The section heading for section 406 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(c) The item relating to section 406 in the table of sections for title IV is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

FORMULA GRANTS

SEC. 969. (a) Section 409 is repealed. Repeal. 21 USC 1176.

(b) The table of sections for title IV is amended by striking out the item relating to section 409.

GRANTS AND CONTRACTS

21 USC 1177.

SEC. 970. (a)(1) The section heading for section 410 is amended to read as follows:

"§ 410. Grants and contracts for the demonstration of new and more effective prevention, treatment, and rehabilitation programs.".

(2) The item relating to section 410 in the table of sections for title IV is amended to read as follows:

"410. Grants and contracts for the demonstration of new and more effective prevention, treatment, and rehabilitation programs.".

(b)(1) The first sentence of section 410(a) is amended to read as follows: "The Secretary acting through the National Institute on Drug Abuse, may make grants to and enter into contracts with individuals and public and private nonprofit entities—

"(1) to provide training seminars, educational programs, and technical assistance for the development, demonstration, and evaluation of drug abuse prevention, treatment, and rehabilitation programs; and

"(2) to conduct demonstration and evaluation projects, with a high priority on prevention and early intervention projects and on identifying new and more effective drug abuse prevention, treatment, and rehabilitation programs.".

(2) Section 410(a) is further amended by adding at the end thereof the following new sentence: "Furthermore, nothing shall prevent the use of funds provided under this section for programs and projects aimed at the prevention, treatment, and rehabilitation of alcohol abuse and alcoholism as well as drug abuse.".

Appropriation authorization.

(c) Section 410(b) is amended by adding at the end thereof the following new sentences: "For carrying out the purposes of this section, there are authorized to be appropriated $15,000,000 for the fiscal year ending September 30, 1982. Of the funds appropriated under the preceding sentence, at least 25 per centum of the funds shall be obligated for grants and contracts for primary prevention and intervention programs designed to discourage individuals, particularly individuals in high risk populations, from abusing drugs.".

(d)(1)(A) The first sentence of section 410(c)(2) is amended by striking out "designated or established under section 409" and inserting in lieu thereof "responsible for the administration of drug abuse prevention activities".

(B) The third sentence of such section is amended—

(i) by striking out "the" before "State comprehensive plan" and inserting in lieu thereof "any"; and

(ii) by striking out "under section 409".

(2) Section 410(c)(3) is amended—

(A) by inserting "and" after the semicolon in clause (B);

(B) by striking out the semicolon and "and" at the end of clause (C) and inserting in lieu thereof a period; and

(C) by striking out clause (D).

(e) Section 410(d) is amended to read as follows:

"(d) The Secretary shall encourage the submission of and give special consideration to applications under this section to programs and projects aimed at underserved populations such as racial and ethnic minorities, native Americans, youth, the elderly, women, handicapped individuals, and families of drug abusers.".

(f) Section 410 is further amended by adding at the end thereof the following new subsection: 21 USC 1177.

"(g)(1) No grant may be made under this section to a State or to any entity within the government of a State unless the grant application has been duly authorized by the chief executive officer of such State.

"(2) No grant or contract may be made under this section for a period in excess of five years.

"(3)(A) The amount of any grant or contract under this section may not exceed 100 per centum of the cost of carrying out the grant or contract in the first fiscal year for which the grant or contract is made under this section, 80 per centum of such cost in the second fiscal year for which the grant or contract is made under this section, 70 per centum of such cost in the third fiscal year for which the grant or contract is made under this section, and 60 per centum of such cost in each of the fourth and fifth fiscal years for which the grant or contract is made under this section.

"(B) For purposes of this paragraph, no grant or contract shall be considered to have been made under this section for a fiscal year ending before September 30, 1981.".

RECORDS AND AUDIT

SEC. 971. Section 411(a) is amended by striking out "409 or". 21 USC 1178.

DRUG ABUSE RESEARCH

SEC. 972. (a) Section 503 is amended— 21 USC 1193.

(1) by inserting "(a)" before "The Director shall";

(2) by striking out "and" after the semicolon in clause (3);

(3) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and "and"; and

(4) by inserting after clause (4) the following new clause: "(5) drug abuse prevention, treatment, and rehabilitation."; (5) by striking out "this section" in the last sentence and inserting in lieu thereof "this subsection"; and

(6) by adding at the end the following:

"(b) The Director may—

"(1) make grants or enter into contracts with individuals and public and nonprofit entities for the purpose of determining the causes of drug abuse in a particular area, and

"(2) make grants to and enter into contracts with individuals and public and private nonprofit entities for research respecting improved drug maintenance and detoxification techniques and programs.

"(c) For the purposes of subsections (a) and (b), there are authorized to be appropriated $45,000,000 for the fiscal year ending September 30, 1982.". Appropriation authorization.

(b) The heading for section 503 of such Act is amended by striking out "certain research and development" and inserting in lieu thereof "research".

(c) The item relating to section 503 in the table of sections for title V of such Act is amended by striking out "certain research and development" and inserting in lieu thereof "research".

TECHNICAL AMENDMENTS

21 USC 1115. SEC. 973. (a) Section 205 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

21 USC 1162. (b) Section 302 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

21 USC 1172. (c)(1) Section 405 is amended by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

(2) The section heading for section 405 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(3) The item relating to section 405 in the table of sections for title IV is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

21 USC 1175. (d) Section 408(g) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

21 USC 1180. (e) Section 413(b)(2)(B) is amended by striking out "single State agencies designated pursuant to section 409(e)(1) of this Act" and inserting in lieu thereof "the State agencies responsible for the administration of drug abuse prevention activities".

21 USC 1191. (f) Section 501 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

Consumer-Patient Radiation Health and Safety Act of 1981.

Subtitle I—Consumer-Patient Radiation Health and Safety Act of 1981

SHORT TITLE

42 USC 10001 note. SEC. 975. This subtitle may be cited as the "Consumer-Patient Radiation Health and Safety Act of 1981".

STATEMENT OF FINDINGS

42 USC 10001. SEC. 976. The Congress finds that—

(1) it is in the interest of public health and safety to minimize unnecessary exposure to potentially hazardous radiation due to medical and dental radiologic procedures;

(2) it is in the interest of public health and safety to have a continuing supply of adequately educated persons and appropriate accreditation and certification programs administered by State governments;

(3) the protection of the public health and safety from unnecessary exposure to potentially hazardous radiation due to medical and dental radiologic procedures and the assurance of efficacious procedures are the responsibility of State and Federal governments;

(4) persons who administer radiologic procedures, including procedures at Federal facilities, should be required to demonstrate competence by reason of education, training, and experience; and

(5) the administration of radiologic procedures and the effect on individuals of such procedures have a substantial and direct effect upon United States interstate commerce.

STATEMENT OF PURPOSE

SEC. 977. It is the purpose of this subtitle to— 42 USC 10002.

(1) provide for the establishment of minimum standards by the Federal Government for the accreditation of education programs for persons who administer radiologic procedures and for the certification of such persons; and

(2) insure that medical and dental radiologic procedures are consistent with rigorous safety precautions and standards.

DEFINITIONS

SEC. 978. Unless otherwise expressly provided, for purposes of this subtitle, the term— 42 USC 10003.

(1) "radiation" means ionizing and nonionizing radiation in amounts beyond normal background levels from sources such as medical and dental radiologic procedures;

(2) "radiologic procedure" means any procedure or article intended for use in—

(A) the diagnosis of disease or other medical or dental conditions in humans (including diagnostic X-rays or nuclear medicine procedures); or

(B) the cure, mitigation, treatment, or prevention of disease in humans;

that achieves its intended purpose through the emission of radiation;

(3) "radiologic equipment" means any radiation electronic product which emits or detects radiation and which is used or intended for use to—

(A) diagnose disease or other medical or dental conditions (including diagnostic X-ray equipment); or

(B) cure, mitigate, treat, or prevent disease in humans;

that achieves its intended purpose through the emission or detection of radiation;

(4) "practitioner" means any licensed doctor of medicine, osteopathy, dentistry, podiatry, or chiropractic, who prescribes radiologic procedures for other persons;

(5) "persons who administer radiologic procedures" means any person, other than a practitioner, who intentionally administers radiation to other persons for medical purposes, and includes medical radiologic technologists (including dental hygienists and assistants), radiation therapy technologists, and nuclear medicine technologists;

(6) "Secretary" means the Secretary of Health and Human Services; and

(7) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

PROMULGATION OF STANDARDS

SEC. 979. (a) Within twelve months after the date of enactment of this Act, the Secretary, in consultation with the Radiation Policy Council, the Administrator of Veterans' Affairs, the Administrator of the Environmental Protection Agency, appropriate agencies of the States, and appropriate professional organizations, shall by regulation promulgate minimum standards for the accreditation of educa- Regulation. 42 USC 10004.

tional programs to train individuals to perform radiologic procedures. Such standards shall distinguish between programs for the education of (1) medical radiologic technologists (including radiographers), (2) dental auxiliaries (including dental hygienists and assistants), (3) radiation therapy technologists, (4) nuclear medicine technologists, and (5) such other kinds of health auxiliaries who administer radiologic procedures as the Secretary determines appropriate. Such standards shall not be applicable to educational programs for practitioners.

Regulation.

(b) Within twelve months after the date of enactment of this Act, the Secretary, in consultation with the Radiation Policy Council, the Administrator of Veterans' Affairs, the Administrator of the Environmental Protection Agency, interested agencies of the States, and appropriate professional organizations, shall by regulation promulgate minimum standards for the certification of persons who administer radiologic procedures. Such standards shall distinguish between certification of (1) medical radiologic technologists (including radiographers), (2) dental auxiliaries (including dental hygienists and assistants), (3) radiation therapy technologists, (4) nuclear medicine technologists, and (5) such other kinds of health auxiliaries who administer radiologic procedures as the Secretary determines appropriate. Such standards shall include minimum certification criteria for individuals with regard to accredited education, practical experience, successful passage of required examinations, and such other criteria as the Secretary shall deem necessary for the adequate qualification of individuals to administer radiologic procedures. Such standards shall not apply to practitioners.

MODEL STATUTE

42 USC 10005.

SEC. 980. In order to encourage the administration of accreditation and certification programs by the States, the Secretary shall prepare and transmit to the States a model statute for radiologic procedure safety. Such model statute shall provide that—

(1) it shall be unlawful in a State for individuals to perform radiologic procedures unless such individuals are certified by the State to perform such procedures; and

(2) any educational requirements for certification of individuals to perform radiologic procedures shall be limited to educational programs accredited by the State.

COMPLIANCE

42 USC 10006.

SEC. 981. (a) The Secretary shall take all actions consistent with law to effectuate the purposes of this subtitle.

(b) A State may utilize an accreditation or certification program administered by a private entity if—

(1) such State delegates the administration of the State accreditation or certification program to such private entity;

(2) such program is approved by the State; and

(3) such program is consistent with the minimum Federal standards promulgated under this subtitle for such program.

(c) Absent compliance by the States with the provisions of this subtitle within three years after the date of enactment of this Act, the Secretary shall report to the Congress recommendations for legislative changes considered necessary to assure the States' compliance with this subtitle.

(d) The Secretary shall be responsible for continued monitoring of compliance by the States with the applicable provisions of this subtitle and shall report to the Senate and the House of Representatives by January 1, 1982, and January 1 of each succeeding year the status of the States' compliance with the purposes of this subtitle. Report to Congress.

(e) Notwithstanding any other provision of this section, in the case of a State which has, prior to the effective date of standards and guidelines promulgated pursuant to this subtitle, established standards for the accreditation of educational programs and certification of radiologic technologists, such State shall be deemed to be in compliance with the conditions of this section unless the Secretary determines, after notice and hearing, that such State standards do not meet the minimum standards prescribed by the Secretary or are inconsistent with the purposes of this subtitle.

FEDERAL RADIATION GUIDELINES

SEC. 982. The Secretary shall, in conjunction with the Radiation Policy Council, the Administrator of Veterans' Affairs, the Administrator of the Environmental Protection Agency, appropriate agencies of the States, and appropriate professional organizations, promulgate Federal radiation guidelines with respect to radiologic procedures. Such guidelines shall— 42 USC 10007.

(1) determine the level of radiation exposure due to radiologic procedures which is unnecessary and specify the techniques, procedures, and methods to minimize such unnecessary exposure;

(2) provide for the elimination of the need for retakes of diagnostic radiologic procedures;

(3) provide for the elimination of unproductive screening programs;

(4) provide for the optimum diagnostic information with minimum radiologic exposure; and

(5) include the therapeutic application of radiation to individuals in the treatment of disease, including nuclear medicine applications.

APPLICABILITY TO FEDERAL AGENCIES

SEC. 983. (a) Except as provided in subsection (b), each department, agency, and instrumentality of the executive branch of the Federal Government shall comply with standards promulgated pursuant to this subtitle. 42 USC 10008.

(b)(1) The Administrator of Veterans' Affairs, through the Chief Medical Director of the Veterans' Administration, shall, to the maximum extent feasible consistent with the responsibilities of such Administrator and Chief Medical Director under subtitle 38, United States Code. prescribe regulations making the standards promulgated pursuant to this subtitle applicable to the provision of radiologic procedures in facilities over which the Administrator has jurisdiction. In prescribing and implementing regulations pursuant to this subsection, the Administrator shall consult with the Secretary in order to achieve the maximum possible coordination of the regulations, standards, and guidelines, and the implementation thereof, which the Secretary and the Administrator prescribe under this subtitle. Regulations. 38 USC 101 *et seq.*

(2) Not later than 180 days after standards are promulgated by the Secretary pursuant to this subtitle, the Administrator of Veterans' Report to congressional committees.

Affairs shall submit to the appropriate committees of Congress a full report with respect to the regulations (including guidelines, policies, and procedures thereunder) prescribed pursuant to paragraph (1) of this subsection. Such report shall include—

(A) an explanation of any inconsistency between standards made applicable by such regulations and the standards promulgated by the Secretary pursuant to this subtitle;

(B) an account of the extent, substance, and results of consultations with the Secretary respecting the prescription and implementation of regulations by the Administrator; and

(C) such recommendations for legislation and administrative action as the Administrator determines are necessary and desirable.

Publication in Federal Register.

(3) The Administrator of Veterans' Affairs shall publish the report required by paragraph (2) in the Federal Register.

Subtitle J—Orderly Closure, Transfer, and Financial Self-Sufficiency of Public Health Service Hospitals and Clinics

FINDINGS AND PURPOSES

42 USC 248b note.

SEC. 985. (a) Congress finds that—

(1) because of national budgetary considerations, it has become necessary to terminate Federal appropriations for Public Health Service hospitals and clinics,

(2) with proper planning and coordination, some of these hospitals and clinics could be transferred to State, local, or private control or become financially self-sufficient and continue to provide effective and efficient health care to individuals in the areas in which they are located,

(3) a precipitous closure of these hospitals and clinics will preclude the possibility of such orderly transfer to entities which are willing and able to take over operations at such facilities and will cause unnecessary and costly hardships on the patients and staffs at such facilities and on the communities in which the facilities are located, and

(4) it is in the national interest, consistent with sound budgetary considerations, to assist in the orderly and prompt transfer of such operations to State, local, or private operation or in the achievement of financial self-sufficiency where feasible.

(b) The purposes of this subtitle are—

(1) to provide for the prompt and orderly closure by October 31, 1981, of Public Health Service hospitals and clinics which cannot reasonably be transferred to State, local, or private operation or become financially self-sufficient and for the transfer or achievement of financial self-sufficiency by September 30, 1982, of those hospitals and clinics which can be so transferred or which can achieve such financial self-sufficiency, and

(2) to provide for transitional assistance for merchant seamen whose entitlement to receive free care through Public Health Service hospitals and clinics is repealed and who are hospitalized at the end of fiscal year 1981 and require continuing hospitalization.

ELIMINATION OF MERCHANT MARINE ENTITLEMENT TO HEALTH SERVICES

SEC. 986. (a) Subsection (h) of section 2 and subsections (a) and (b) of section 322 of the Public Health Service Act are repealed. 42 USC 201, 249.

(b)(1) Section 322(e) of such Act is amended—

(A) by striking out "entitled to care and treatment under subsection (a) of this section and persons"; and

(B) by striking out "subsection (c)" and inserting in lieu thereof "subsection (a)".

(2) Subsections (c), (d), and (e) of section 322 of such Act are redesignated as subsections (a), (b), and (c), respectively.

(3) The section heading for section 322 of such Act is amended by striking out "SEAMEN" and inserting in lieu thereof "PERSONS UNDER QUARANTINE".

(4) Section 332(a)(2)(C) of such Act is amended by striking out "seamen" and inserting in lieu thereof "persons under quarantine". 42 USC 254e.

(c) The amendments and repeals made by this section shall take effect on October 1, 1981. Effective date. 42 USC 249 note.

PROPOSALS FOR TRANSFER OR FINANCIAL SELF-SUFFICIENCY OF PUBLIC HEALTH SERVICE HOSPITALS AND CLINICS

SEC. 987. (a) The Secretary of Health and Human Services (hereinafter in this subtitle referred to as the "Secretary") shall, in accordance with this section and notwithstanding section 818 of Public Law 93-155, provide for the closure, transfer, or financial self-sufficiency of all hospitals and other stations of the Public Health Service (hereinafter in this subtitle referred to as the "Service") not later than September 30, 1982. 42 USC 248b. 42 USC 248a.

(b) Not later than July 1, 1981, the Secretary shall notify each Service hospital and other station, and the chief executive officer of each State and of each locality in which such a hospital or other station is located, that the Secretary will accept proposals for the transfer of each such hospital and station from the Service to a public (including Federal) or nonprofit private entity or for the achievement of financial self-sufficiency of each such hospital and station not later than September 30, 1982. No such proposal shall be considered by the Secretary if it is submitted later than September 1, 1981.

(c) The Secretary shall evaluate promptly each proposal submitted under subsection (b) with respect to a hospital or other station and determine, not later than September 30, 1981, whether or not under such proposal the hospital or station—

(1) will be maintained as a general health care facility providing a range of services to the population within its service area,

(2) will continue to make services available to existing patient populations, and

(3) has a reasonable expectation of financial viability and, in the case of a hospital or station that is not proposed to be transferred, of financial self-sufficiency.

Paragraph (1) shall not apply in the case of a proposal for the transfer of a discrete, minor, freestanding part of a hospital or station to a local public entity for the purpose of continuing the provision of services to refugees.

(d)(1) If the Secretary determines that a proposal for a hospital or other station does not meet the standards of subsection (c) or if there is no proposal submitted under subsection (b) with respect to a hospital or other station, the Secretary shall provide for the closure of the hospital or station by not later than October 31, 1981.

(2) If the Secretary determines that a proposal for a hospital or other station meets the standards of subsection (c), the Secretary shall take such steps, within the amounts available through appropriations, as may be necessary and proper—

(A) to operate (or participate or assist in the operation of) the hospital or station by the Service until the transfer is accomplished or financial self-sufficiency is achieved,

(B) to bring the hospital or station into compliance with applicable licensure, accreditation, and local medical practice standards, and

(C) to provide for such other legal, administrative, personnel, and financial arrangements (including allowing payments made with respect to services provided by the hospital or station to be made directly to that hospital or station) as may be necessary to effect a timely and orderly transfer of such hospital or station (including the land, building, and equipment thereof) from the Service, or for the financial self-sufficiency of the hospital or station, not later than September 30, 1982.

(e) There is established, within the Office of the Assistant Secretary for Health of the Department of Health and Human Services, an identifiable administrative unit which shall have direct responsibility and authority for overseeing the activities under this section.

(f) For purposes of this section, a hospital or station cannot be found to be financially self-sufficient if the hospital or station is relying, in whole or in part, on direct appropriated funds for its continued operations.

CONTINUED CARE FOR MERCHANT SEAMEN HOSPITALIZED IN PUBLIC HEALTH SERVICE HOSPITALS

42 USC 249 note.

SEC. 988. (a) The Secretary shall provide, by contract or other arrangement with a Federal entity and without charge but subject to subsection (b), for the continuation of inpatient hospital services (and outpatient services related to the condition of hospitalization) to any individual who—

(1) on September 30, 1981, is receiving inpatient hospital services at a Public Health Service hospital on the basis of the entitlement contained in section 322(a) of the Public Health Service Act (42 U.S.C. 249(a)), as such section was in effect on such date, for treatment of a condition,

(2) requires continued hospitalization after such date for treatment of that condition (or requires outpatient services related to such condition), and

(3) the Secretary determines has no other source of inpatient hospital services available for continued treatment of that condition.

(b) Services may not be provided under subsection (a) to an individual after the earlier of—

(1) September 30, 1982,

(2) the end of the first 60-day consecutive period (beginning after September 30, 1981) during the entire period of which the individual is not an inpatient of a hospital.

(c) Notwithstanding any other provision of law, the head of any Federal department or agency which provides, under other authority of law and through federal facilities, inpatient hospital services or outpatient services, or both, is authorized to provide inpatient hospital services (and related outpatient services) to individuals under

contract or other arrangement with the Secretary pursuant to this section.

Subtitle K—Office of the Secretary of Health and Human Services

APPROPRIATIONS FOR IMMEDIATE OFFICE OF SECRETARY OF HEALTH AND HUMAN SERVICES

SEC. 991. The appropriations for the immediate office of the Secretary of Health and Human Services and the Under Secretary of Health and Human Services for the executive direction of the Department of Health and Human Services may not exceed $4,125,000 for fiscal year 1982, may not exceed $4,485,000 for fiscal year 1983, and may not exceed $4,875,000 for fiscal year 1984. Before the Secretary may request additional funds for the office of the Secretary or the Under Secretary or request the reprograming to such offices of appropriated funds, the Secretary shall consult with the Committee on Energy and Commerce of the House of Representatives. 42 USC 3501 note.

TITLE X—ENERGY AND ENERGY-RELATED PROGRAMS

Subtitle A—Department of Energy Authorization

CHAPTER 1—CIVILIAN RESEARCH AND DEVELOPMENT AUTHORIZATION

OPERATING EXPENSES

SEC. 1001. Funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for operating expenses for the civilian research and development programs of the Department of Energy for the following appropriations accounts: 42 USC 7270 note. 42 USC 7270.

(1) General science and research activities,

(A) for the fiscal year ending on September 30, 1982, $439,160,000;

(B) for the fiscal year ending on September 30, 1983, $471,000,000; and

(C) for the fiscal year ending on September 30, 1984, $500,000,000.

(2) Energy supply, research and development activities,

(A) for the fiscal year ending on September 30, 1982, $2,057,460,000;

(B) for the fiscal year ending on September 30, 1983, $2,141,000,000 including programs authorized in section 1007(a)(3)(A); and

(C) for the fiscal year ending on September 30, 1984, $2,258,000,000 including programs authorized in section 1007(a)(3)(A).

(3) Uranium supply and enrichment activities (advanced isotope separation), for the fiscal year ending on September 30, 1982, $80,292,000.

(4) Geothermal resources development fund: geothermal loan guarantee and interest assistance program,

(A) for the fiscal year ending on September 30, 1982, $200,000;

(B) for the fiscal year ending on September 30, 1983, $200,000; and

(C) for the fiscal year ending on September 30, 1984, $200,000.

(5) Fossil energy research and development, including capital equipment not related to construction,

(A) for the fiscal year ending on September 30, 1982, $460,800,000;

(B) for the fiscal year ending on September 30, 1983, $430,800,000; and

(C) for the fiscal year ending on September 30, 1984, $430,800,000.

(6) Energy conservation research and development, including capital equipment not related to construction,

(A) for the fiscal year ending on September 30, 1982, $149,444,000;

(B) for the fiscal year ending on September 30, 1983, $154,000,000; and

(C) for the fiscal year ending on September 30, 1984, $158,600,000.

PLANT AND CAPITAL EQUIPMENT GENERALLY

42 USC 7270 note.

42 USC 7270.

SEC. 1002. Funds are hereby authorized to be appropriated 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 captial equipment not related to construction of the Department of Energy for the following appropriations accounts:

(1) General science and research activities,

(A) for the fiscal year ending on September 30, 1982, $128,300,000 including the amounts authorized to be appropriated in sections 1003 and 1004(a)(3);

(B) for the fiscal year ending on September 30, 1983, $137,000,000; and

(C) for the fiscal year ending on September 30, 1984, $147,000,000.

(2) Energy supply, research and development activities,

(A) for the fiscal year ending on September 30, 1982, $370,132,000 including the amounts authorized to be appropriated in sections 1003 and 1004(a)(2);

(B) for the fiscal year ending on September 30, 1983, $354,000,000; and

(C) for the fiscal year ending on September 30, 1984, $416,200,000.

(3) Fossil energy construction,

(A) for the fiscal year ending on September 30, 1982, $18,000,000 including the amounts authorized to be appropriated in sections 1003 and 1004(a)(1);

(B) for the fiscal year ending on September 30, 1983, $13,000,000; and

(C) for the fiscal year ending on September 30, 1984, $6,000,000.

PRIOR YEAR CONSTRUCTION

SEC. 1003. (a) Of the amounts authorized to be appropriated for fiscal year 1982 by sections 1001 and 1002, there are authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for construction (including planning, construction, acquisition, and modification of facilities, including land acquisition), and for acquisition and fabrication of capital equipment not related to construction, with respect to each prior year project listed in the budget documents submitted to the Congress in support of the fiscal year 1982 budget, amounts not to exceed the appropriations amount requested for such project for fiscal year 1982 as set forth in such budget documents, except as otherwise provided (in the case of specific projects) under subsection (b). 42 USC 7270 note. 42 USC 7270.

(b) The amounts otherwise authorized by subsection (a) to be appropriated for fiscal year 1982 or previously authorized are increased or decreased as follows:

(1) Fossil energy research and development:

(A) in the case of acquisition and fabrication of capital equipment not related to construction, the amount so authorized for fossil energy research and development is decreased by $800,000;

(2) Energy supply research and development:

(A) in the case of acquisition and fabrication of capital equipment not related to construction, the amount so authorized for energy supply, research, and development activities is increased by $1,000,000;

(B) in the case of Project 81-ES-1, OTEC 40MW Pilot Plant, the amount previously authorized is increased by $6,300,000, for a total project authorization of $36,300,000;

(C) in the case of Project 81-T-314, Impurity Studies Experiment Modification (ISX-C), Oak Ridge, Tennessee, the amount previously authorized is increased by $3,500,000, for a total project authorization of $7,000,000;

(D) in the case of Project 80-ES-19, 250KW, Small Community Solar Thermal Power Experiment, the amount previously authorized is increased by $4,000,000, for a total project authorization of $8,180,000;

(E) in the case of Project 80-G-2, Second 50 MWe Demonstration Power Plant, Heber, Imperial Valley, California, the amount previously authorized is increased by $11,000,000, for a total project authorization of $19,000,000;

(F) in the case of Project 78-6-f, Fuels and Materials Examination Facility, Hanford, Washington, the amount previously authorized is increased by $17,800,000, for a total project authorization of $176,800,000; and

(G) in the case of Project 78-3-b, Mike McCormack Fusion Materials Irradiation Test Facility, Hanford, Washington, the amount previously authorized is increased by $14,000,000, for a total project authorization of $47,000,000.

(3) Energy conservation:

(A) in the case of acquisition and fabrication of capital equipment not related to construction, the amount so authorized for energy conservation is increased by $326,000.

(c) For purposes of this section, the terms "budget documents submitted to the Congress in support of the fiscal year 1982 budget" and "budget documents" mean the Department of Energy Congres- Definitions.

sional Budget Request, Fiscal Year 1982 (February 1981; DOE/CR-0011-3).

NEW CONSTRUCTION

42 USC 7270 note.

SEC. 1004. (a) Of the amounts appropriated for fiscal year 1982 pursuant to the authorization provided in section 1002, funds may be expended for new plant and capital equipment activities, including planning, construction, acquisition, or modification of facilities, including land acquisition. The following new plant and capital equipment activities are hereby authorized in an amount not to exceed the Federal share of the total estimated cost set forth for each project in budget documents submitted to the Congress in support of the fiscal year 1982 budget. Within such amounts the authorizations for the new plant and capital equipment activities for fiscal year 1982 are limited as follows:

(1) Fossil energy construction:

(A) Project 82-F-506, Surface Water Containment and Waste Water Treatment Facility, Pittsburgh Energy Technology Center, Bruceton, Pennsylvania, $1,000,000; and

(B) Project 82-F-505, General plant projects for technology centers, six locations, $6,000,000; and

(2) Energy supply research and development:

(A) Nuclear fission activities:

(i) Project 82-N-315, General plant projects, Richland, Washington, and other sites, $1,100,000;

(ii) Project 82-N-310, Modification to reactors, various locations, $2,000,000; and

(iii) Project 82-N-312, General plant projects, $11,000,000.

(B) Magnetic fusion activities:

(i) Project GPP-82, General plant projects, Princeton, New Jersey, and Oak Ridge, Tennessee, $5,700,000.

(C) Supporting research and technical analysis activities:

(i) Project 82-E-322, High Temperature Materials Laboratory, Oak Ridge National Laboratory, Oak Ridge, Tennessee, $3,500,000;

(ii) Project 82-E-321, Accelerator Improvements and Modifications, various locations, $300,000;

(iii) Project 82-E-320, General plant projects, various locations, $300,000;

(iv) Project 82-E-301, 300 area critical utilities upgrading, Richland, Washington, $1,000,000;

(v) Project 82-E-302, Security Facility, Argonne National Laboratory, Argonne, Illinois, $1,500,000;

(vi) Project 82-E-305, Traffic safety improvements, Richland, Washington, $3,800,000;

(vii) Project 82-E-306, Railroad modifications, Idaho National Engineering Laboratory, Idaho, $2,000,000.

(D) Environmental research and development activities:

(i) Project 82-GPP-1, General plant projects, $3,000,000; and

(ii) Project 82-V-305, Modifications and additions to environmental research facilities, various locations, $1,000,000.

(3) General science and research activities:

(A) High energy physics activities:

(i) Project 82-E-206, Tevatron II, Fermi National Accelerator Laboratory, Batavia, Illinois, $6,000,000;

(ii) Project 82-E-205, Accelerator improvements and modifications, various locations, $7,000,000; and

(iii) Project 82-E-204, General plant projects, various locations, $6,000,000;

(B) Nuclear physics activities:

(i) Project 82-E-223, Argonne Tandem-Linac Accelerator System (ATLAS), Argonne National Laboratory, Argonne, Illinois, $4,000,000;

(ii) Project 82-E-221, Accelerator improvements and modifications, various locations $2,000,000; and

(iii) Project 82-E-222, General plant projects, various locations, $2,800,000.

Definitions.

(b) For purposes of this section, the terms "budget documents submitted to the Congress in support of the fiscal year 1982 budget" and "budget documents" mean the Department of Energy Congressional Budget Request, Fiscal Year 1982 (February 1981; DOE/CR-0011-3).

CHAPTER 2—CONSERVATION, INFORMATION, AND REGULATION

AUTHORIZATIONS FOR FISCAL YEARS 1982, 1983, AND 1984

42 USC 7270 note.

SEC. 1005. Funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for operating expenses for— 42 USC 7270.

(1) Energy conservation,

(A) for the fiscal year ending on September 30, 1982, $363,056,000;

(B) for the fiscal year ending on September 30, 1983, $387,400,000; and

(C) for the fiscal year ending on September 30, 1984, $399,000,000.

(2) Regulation and information activities—

(A) for the fiscal year ending on September 30, 1982, including—

(i) for economic regulation, $44,600,000;

(ii) for the Federal Energy Regulatory Commission, $80,400,000; and

(iii) for the Energy Information Administration, $84,986,000;

(B) for the fiscal year ending on September 30, 1983, $265,000,000; and

(C) for the fiscal year ending on September 30, 1984, $275,000,000.

(3) Strategic Petroleum Reserve, to carry out part B of title I of the Energy Policy and Conservation Act, except acquisition, transportation, and injection of petroleum products for the Reserve and the carrying out of any drawdown and distribution of the Reserve—

(A) for the fiscal year ending September 30, 1983, $366,319,000; and

(B) for the fiscal year ending on September 30, 1984, $364,429,000.

CHAPTER 3—POWER MARKETING ADMINISTRATIONS

42 USC 7270 note.
42 USC 7270.

SEC. 1006. Funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for the civilian programs of the Department of Energy for the following appropriations accounts:

(1) Alaska Power Administration operation and maintenance,

(A) for the fiscal year ending on September 30, 1982, $3,538,000 of which $50,000 shall be reserved for an emergency fund to assure continuous operations during unusual or emergency conditions;

(B) for the fiscal year ending on September 30, 1983, $3,374,000; and

(C) for the fiscal year ending on September 30, 1984, $3,374,000.

(2) Southeastern Power Administration operation and maintenance,

(A) for the fiscal year ending on September 30, 1982, $7,237,000;

(B) for the fiscal year ending on September 30, 1983, $11,848,000; and

(C) for the fiscal year ending on September 30, 1984, $24,240,000.

(3) Southwestern Power Administration operation maintenance,

(A) for the fiscal year ending on September 30, 1982, $20,239,000;

(B) for the fiscal year ending on September 30, 1983, $38,119,000; and

(C) for the fiscal year ending on September 30, 1984, $40,254,000.

(4) Western Area Power Administration construction rehabilitation, operation and maintenance,

(A) for the fiscal year ending on September 30, 1982, $210,774,000;

(B) for the fiscal year ending on September 30, 1983, $226,400,000; and

(C) for the fiscal year ending on September 30, 1984, $259,700,000.

(5) Western Area Power Administration emergency fund,

(A) for the fiscal year ending on September 30, 1982, $500,000;

(B) for the fiscal year ending on September 30, 1983, $500,000; and

(C) for the fiscal year ending on September 30, 1984, $500,000.

CHAPTER 4—OTHER ACTIVITIES

OPERATING EXPENSES

42 USC 7270 note.

SEC. 1007. (a) Funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for operating expenses—

(1) uranium supply and enrichment activities,

(A) other than advanced isotope separation, for the fiscal year ending on September 30, 1982, for—

(i) gaseous diffusion operations and support, $961,825,000;
(ii) gas centrifuge operations and support, $5,200,000;
(iii) uranium enrichment process development, $93,075,000;
(iv) program administration, $3,100,000; and
(v) uranium resource assessment, $9,700,000;
(B) including advanced isotope separation, for the fiscal year ending on September 30, 1983, $1,621,600,000; and
(C) including advanced isotope separation, for the fiscal year ending on September 30, 1984, $1,973,600,000.
(2) Department administration,
(A) for the fiscal year ending on September 30, 1982, $206,000,000;
(B) for the fiscal year ending on September 30, 1983, $246,963,000, including plant and capital equipment; and
(C) for the fiscal year ending on September 30, 1984, $246,963,000, including plant and capital equipment.
(3) Energy supply research and development,
(A) solar and hydropower for the fiscal year ending on September 30, 1982, $11,700,000; and
(B) commercial waste management,
(i) other than programs authorized in section 1001(2)(A), for the fiscal year ending on September 30, 1982, $67,370,000;
(ii) for the fiscal year ending on September 30, 1983, $284,148,000; and
(iii) for the fiscal year ending on September 30, 1984, $300,000,000.
(4) Energy conservation, including capital equipment not related to construction,
(A) for the fiscal year ending on September 30, 1982, $32,600,000;
(B) for the fiscal year ending on September 30, 1983, $33,600,000; and
(C) for the fiscal year ending on September 30, 1984, $34,600,000.
(5) Energy production, demonstration, and distribution,
(A) for the fiscal year ending on September 30, 1982, $230,963,000;
(B) for the fiscal year ending on September 30, 1983, $377,195,000; and
(C) for the fiscal year ending on September 30, 1984, $292,305,000.

(b) Any State receiving financial assistance for energy extension service activities pursuant to the National Energy Extension Service Act shall be required to provide funds from non-Federal sources for such activities in an amount no less than 20 per centum of the amount allocated to such State under such Act during any fiscal year.

PLANT AND CAPITAL EQUIPMENT GENERALLY

SEC. 1008. Funds are hereby authorized to be appropriated 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

42 USC 7270 note.
42 USC 7270.

construction of the Department of Energy for the following appropriations accounts:

(1) Uranium supply and enrichment activities, including research and development activities,

(A) for the fiscal year ending on September 30, 1982,

(i) $748,250,000 including the amounts authorized in sections 1009 and 1010(a)(1), and

(ii) $200,000 for uranium resource assessment, capital equipment not related to construction;

(B) for the fiscal year ending on September 30, 1983, $1,002,800,000; and

(C) for the fiscal year ending on September 30, 1984, $981,500,000.

(2) Department administration,

(A) for the fiscal year ending on September 30, 1982, $40,963,000 including the amounts authorized in sections 1009(a) and 1010(a)(2).

(3) Energy supply research and development, commercial waste management,

(A) for the fiscal year ending on September 30, 1982, $975,000.

PRIOR YEAR CONSTRUCTION

42 USC 7270 note.

SEC. 1009. (a) Of the amounts authorized to be appropriated for fiscal year 1982 by section 1008, there are authorized to be appropriated in accordance with section 660 of the Department of Energy

42 USC 7270.

Organization Act for construction (including planning, construction, acquisition, and modification of facilities, including land acquisition), and for acquisition and fabrication of capital equipment not related to construction, with respect to each prior year project listed in the budget documents submitted to the Congress in support of the fiscal year 1982 budget amounts not to exceed the appropriations amount requested for such project for fiscal year 1982 as set forth in such budget documents, except as otherwise provided (in the case of specific projects) under subsection (b).

(b) The amounts authorized to be appropriated for fiscal year 1982 with respect to the following projects are as follows:

(1) Uranium supply and enrichment activities,

(A) Project 80-UE-5, Motor and switchgear upgrading, gaseous diffusion plants, the amount previously authorized is increased by $6,600,000 for a total project authorization of $26,500,000; and

(B) Project 76-8-g, Enriched uranium production facilities, Portsmouth, Ohio, the amount previously authorized is increased by $601,000,000 for a total project authorization of $1,552,845,000.

Definitions.

(c) For purposes of this section, the terms "budget documents submitted to the Congress in support of the fiscal year 1982 budget" and "budget documents" mean the Department of Energy Congressional Budget Request, Fiscal Year 1982 (February 1981; DOE/CR-0011-3).

NEW CONSTRUCTION

42 USC 7270 note.

SEC. 1010. (a) Of the amounts appropriated for fiscal year 1982 pursuant to the authorization provided in section 1008, funds may be expended for new plant and capital equipment activities, including planning, construction, acquisition, or modification of facilities, including land acquisition. The following new plant and capital

equipment activities are hereby authorized in an amount not to exceed the Federal share of the total estimated cost set forth for each project in budget documents submitted to the Congress in support of the fiscal year 1982 budget. Within such amounts the authorizations for the new plant and capital equipment activities for fiscal year 1982 are limited as follows:

(1) Uranium supply and enrichment activities,

(A) Project 82-R-410, General plant projects, various locations, including Grand Junction, Colorado, $17,600,000;

(B) Project 82-R-411, UF6 cylinders and storage yards, gaseous diffusion plants, $11,000,000;

(C) Project 82-R-412, Cooling tower modifications, Oak Ridge, Tennessee and Portsmouth, Ohio, gaseous diffusion plants, $8,000,000;

(D) Project 82-R-413, Improved UF6 containment and gaseous diffusion plants, $7,100,000;

(E) Project 82-R-414, Purge and cascade withdrawal modifications, gaseous diffusion plant, Paducah, Kentucky, $9,000,000;

(F) Project 82-R-415, Fire alarm system replacement, gaseous diffusion plants, $4,700,000;

(G) Project 82-R-416, Environmental protection and safety modifications, Phase II, gaseous diffusion plants, $2,000,000;

(H) Project 82-R-417, Air distribution system upgrading, gaseous diffusion plant, Paducah, Kentucky, $2,700,000;

(I) Project 82-R-418, Advanced Centrifuge Test Facilities, Oak Ridge, Tennessee, $6,000,000; and

(J) Project 82-N-402, General plant projects, various locations, $650,000.

(2) Departmental administration,

(A) Project 82-A-601, Modifications for energy management, various locations, $14,100,000;

(B) Project 82-A-602, Advanced Test Reactor (ATR) waste heat recovery, Idaho National Engineering Laboratory, Idaho, $4,900,000;

(C) Project 82-A-603, High temperature water distribution system, Los Alamos Scientific Laboratory, New Mexico, $5,000,000;

(D) Project 82-C-601, Plant engineering and design, various locations, $2,000,000; and

(E) Capital equipment not related to construction for departmental administration activities, $5,563,000.

(b) For purposes of this section, the terms "budget documents submitted to the Congress in support of the fiscal year 1982 budget" and "budget documents" mean the Department of Energy Congressional Budget Request, Fiscal Year 1982 (February 1981; DOE/CR-0011-3). Definitions.

GENERAL REQUIREMENT

SEC. 1011. (a) At the same time that the President submits his budget to the Congress for fiscal years 1983 and 1984 for the Department of Energy as required by the Budget and Accounting Act, 1921, there shall be submitted, in addition to any other existing requirements, a tabular listing for the recommended level of program activity and subactivity funding the fiscal years 1983 and 1984 of civilian energy activities in the same format as is contained in the program tables relating to this title appearing in the statement of 31 USC 1.

managers accompanying the conference report on the Omnibus Budget Reconciliation Act of 1981 (H.R. 3982; 97th Congress).

(b) At the same time that the President submits his budget to the Congress those plant and capital amounts requested for that fiscal year, additional authorization requested for prior year projects, and any new construction requests shall also be submitted as a separate request for authorization of appropriations for civilian research and development activities.

CHAPTER 5—UNITED STATES ENERGY TARGETS

ENERGY TARGETS

SEC. 1012. 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

Subtitle B—Powerplant and Industrial Fuel Use Act of 1978 Provisions

APPLICABILITY OF FUEL USE RESTRICTIONS TO CERTAIN EXISTING ELECTRIC POWERPLANTS

SEC. 1021. (a) Title III of the Powerplant and Industrial Fuel Use Act of 1978 is amended by striking out section 301 (42 U.S.C. 8341) and inserting in lieu thereof the following:

"SEC. 301. EXISTING ELECTRIC POWERPLANTS.

"(a) CERTIFICATION BY POWERPLANTS OF COAL CAPABILITY.—At any time, the owner or operator of an existing electric powerplant may certify to the Secretary, for purposes of subsection (b)—

"(1) whether or not such powerplant has or previously had the technical capability to use coal or another alternate fuel as a primary energy source;

"(2) whether or not such powerplant could have the technical capability to use coal or another alternate fuel as a primary energy source without having—

"(A) substantial physical modification of the powerplant, or

"(B) substantial reduction in the rated capacity of the powerplant; and

"(3) whether or not it is financially feasible to use coal or another alternate fuel as a primary energy source in such a powerplant.

"(b) AUTHORITY OF SECRETARY TO PROHIBIT WHERE COAL OR ALTERNATE FUEL CAPABILITY EXISTS.—The Secretary may prohibit, in accordance with section 303(a) or (b), the use of petroleum or natural gas, or both, as a primary energy source in any existing electric powerplant, if an affirmative certification under subsection (a)(1), (2), and (3) is in effect with respect to such powerplant and if, after examining the basis for the certification, the Secretary concurs with the certification. 42 USC 8343.

"(c) AUTHORITY OF SECRETARY TO PROHIBIT EXCESSIVE USE IN MIXTURES.—At any time, the owner or operator of an existing electric powerplant may certify to the Secretary for purposes of this subsection whether or not it is technically and financially feasible to use a mixture of petroleum or natural gas and coal or another alternate fuel as a primary energy source in that powerplant. If an affirmative certification under this subsection is in effect with respect to such powerplant and if, after examining the basis for the certification, the Secretary concurs with the certification, the Secretary may prohibit, in accordance with section 303(a), the use of petroleum or natural gas, or both, in such powerplant in amounts in excess of the minimum amount necessary to maintain reliability of operation of the unit consistent with maintaining reasonable fuel efficiency of such mixture.

"(d) AMENDMENT OF SUBSECTION (a) AND (c) CERTIFICATIONS.—The owner or operator of any such powerplant may at any time amend any certification under subsection (a) or (c) in order to take into account changes in relevant facts and circumstances; except that no such amendment to such a certification may be made after the date of any final prohibition under subsection (b) or (c) based on that certification.".

(b) Section 711 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8421) is amended by adding at the end thereof the following new subsection:

"(c) NATURAL GAS USAGE BY ELECTRIC UTILITIES.—(1) For purposes of section 404(b) and other emergency authorities, the Secretary shall obtain data necessary to determine— 42 USC 8374.

"(A) within 6 months after the date of the enactment of this subsection, the total quantities of natural gas used as a primary energy source by each electric utility during calendar year 1977, and

"(B) on a semiannual basis, the total quantities of natural gas used as a primary energy source during the previous 6-month period by each electric utility.

Report to Congress. 42 USC 8482.

"(2) The Secretary shall include in each annual report to the Congress under section 806 a summary of information received by the Secretary under this subsection.".

VALIDITY OF ORDERS UNDER FORMER SECTION 301 OF THE POWERPLANT AND INDUSTRIAL FUEL USE ACT OF 1978

42 USC 8341 note *Ante*, p. 614.

SEC. 1022. (a) The amendments made by section 1021 to section 301 (b) and (c) of the Powerplant and Industrial Fuel Use Act of 1978 shall not apply to any electric powerplant for which a final order was issued pursuant to section 301 (b) or (c) of such Act before the date of the enactment of this Act.

(b) Any electric powerplant issued a proposed order under section 301 (b) or (c) of such Act which is pending on the date of the enactment of this Act may elect not to have the amendments made by section 1021 to such section 301 (b) or (c) apply with respect to that powerplant. Such an election shall be irrevocable and shall be made in such form and manner as the Secretary of Energy shall, within 45 days after the date of the enactment of this Act, prescribe. Such an election shall be made not later than 60 days after the date on which the Secretary of Energy prescribes the form and manner of making such election.

(c)(1) The amendments made by section 1021 shall not affect the validity of any final order issued under section 301 (b) or (c) of the Powerplant and Industrial Fuel Use Act of 1978 before the date of the enactment of this Act.

(2) The validity of any proposed order issued under such section 301 (b) or (c) shall not be affected in the case of powerplants covered by elections made under subsection (b).

(3) The authority of the Secretary of Energy to amend, repeal, rescind, modify, or enforce any order referred to in paragraph (1) or (2), or rules applicable thereto, shall remain in effect notwithstanding any such amendments.

ELECTRIC UTILITY CONSERVATION PLAN

SEC. 1023. (a) The Powerplant and Industrial Fuel Use Act of 1978 is amended by inserting after section 807 the following new section:

42 USC 8484.

"SEC. 808. ELECTRIC UTILITY CONSERVATION PLAN.

"(a) APPLICABILITY.—An electric utility is subject to this subsection if—

"(1) the utility owns or operates any existing electric powerplant in which natural gas was used as a primary energy source at any time during the 1-year period ending on the date of the enactment of this section, and

"(2) the utility plans to use natural gas as a primary energy source in any electric powerplant.

"(b) SUBMISSION AND APPROVAL OF PLAN.—The Secretary shall require each electric utility subject to this section to—

"(1) submit, within 1 year after the date of the enactment of this section, and have approved by the Secretary, a conservation plan which meets the requirements of subsection (c); and

"(2) implement such plan during the 5-year period beginning on the date of the initial approval of such plan.

"(c) CONTENTS OF PLAN.—(1) Any conservation plan under this section shall set forth means determined by the utility to achieve conservation of electric energy not later than the 5th year after its initial approval at a level, measured on an annual basis, at least equal to 10 percent of the electric energy output of that utility during the most recent 4 calendar quarters ending prior to the date of the enactment of this section which is attributable to natural gas.

"(2) The conservation plan shall include—

"(A) all activities required for such utility by part 1 of title II of the National Energy Conservation Policy Act; 42 USC 8211.

"(B) an effective public information program for conservation; and

"(C) such other measures as the utility may consider appropriate.

"(3) Any such plan may set forth a program for the use of renewable energy sources (other than hydroelectric power).

"(4) Any such plan shall contain procedures to permit the amounts expended by such utility in developing and implementing the plan to be recovered in a manner specified by the appropriate State regulatory authority (or by the utility in the case of a nonregulated utility).

"(d) PLAN APPROVAL.—(1) The Secretary shall, by order, approve or disapprove any conservation plan proposed under this subsection by an electric utility within 120 days after its submission. The Secretary shall approve any such proposed plan unless the Secretary finds that such plan does not meet the requirements of subsection (c) and states in writing the reasons therefor.

"(2) In the event the Secretary disapproves under paragraph (1) the plan originally submitted, the Secretary shall provide a reasonable period of time for resubmission.

"(3) An electric utility may amend any approved plan, except that the plan as amended shall be subject to approval in accordance with paragraph (1).".

(b) Section 712 of the Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. 8422) is amended by inserting "(a) GENERALLY.—" before "Any person" and by adding at the end thereof the following new subsection:

"(b) REPORT ON IMPLEMENTATION OF SECTION 808 PLAN.—Any electric utility required to submit a conservation plan under section 808 shall annually submit to the Secretary a report identifying the steps taken during the preceding year to implement such plan.". *Ante*, p. 616.

(c) The table of contents for such Act is amended by adding at the end thereof the following item after the item relating to section 807:

"Sec. 808. Electric utility conservation plan.".

APPLICABILITY OF RESTRICTIONS RELATING TO NATURAL GAS OUTDOOR LIGHTING

SEC. 1024. (a) Section 402(b)(1) of the Powerplant and Industrial Fuel Use Act of 1978 is amended— 42 USC 8372.

(1) by inserting "(other than any outdoor lighting fixture which was installed before the date of the enactment of this Act for use in connection with a residence and for which natural gas was being provided on such date of enactment)" after "use in outdoor lighting", and

(2) in subparagraph (C), by striking out the dash and all that follows through "residence," and inserting in lieu thereof "any municipal outdoor lighting fixture".

42 USC 8372.

(b) Section 402 of such Act is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f)(1) For the purpose of discouraging the use of natural gas for outdoor lighting, each local distribution company which is subject to subsection (a) or (b) shall, in accordance with rules promulgated by the Secretary—

"(A) establish a reasonable and simple method, as determined by each such company, by which the company shall periodically inform its customers about the amount of natural gas consumed by outdoor lighting and the annual cost of such gas for such lighting; and

"(B) report to the Secretary the method established under subparagraph (A).

A company may establish a method which provides for reporting such information on the basis of estimates where actual information is not readily available.

"(2) The Secretary shall propose the rules referred to in paragraph (1) as promptly as possible after the date of the enactment of this subsection, and such rules shall take effect not later than the ninetieth day after they are proposed. In promulgating such rules, the Secretary shall, to the greatest extent feasible, consult with the appropriate regulatory authority of the States and the local distribution companies who will be subject to the rules.".

Strategic Petroleum Reserve Amendments Act of 1981.
42 USC 6201 note.

Subtitle C—STRATEGIC PETROLEUM RESERVE

SHORT TITLE

SEC. 1031. This subtitle may be cited as the "Strategic Petroleum Reserve Amendments Act of 1981".

FINDINGS

42 USC 6231 note.

SEC. 1032. The Congress finds that—

(1) the Strategic Petroleum Reserve should be considered a national security asset; and

(2) enlarging the capacity and filling of the Strategic Petroleum Reserve should be accelerated (to the extent technically and economically practicable) to take advantage of any increased availability of crude oil in the world market from time to time.

RATE OF FILLING THE STRATEGIC PETROLEUM RESERVE

SEC. 1033. Section 160(c) of the Energy Policy and Conservation Act (42 U.S.C. 6240(c)) is amended to read as follows:

"(c)(1) The President shall immediately seek to undertake, and thereafter continue (subject to paragraph (2)), crude oil acquisition, transportation, and injection activities at a level sufficient to assure that crude oil in storage in the Strategic Petroleum Reserve will be increased at an average annual rate of at least 300,000 barrels per day.

"(2) The requirements in paragraph (1) shall cease to apply when the quantity of petroleum products stored within the Strategic Petroleum Reserve is at least 750,000,000 barrels.".

FINANCING OF THE STRATEGIC PETROLEUM RESERVE

SEC. 1034. (a)(1) Part B of title I of the Energy Policy and Conservation Act (42 U.S.C. 6231-6246) is amended by adding at the end thereof the following:

"SPR PETROLEUM ACCOUNT

"SEC. 167. (a) The Secretary of the Treasury shall establish in the Treasury of the United States an account to be known as the 'SPR Petroleum Account' (hereinafter in this section referred to as the 'Account'). Establishment. 42 USC 6247.

"(b) Amounts in the Account may be obligated by the Secretary of Energy for the acquisition, transportation, and injection of petroleum products into the Strategic Petroleum Reserve, and the drawdown and delivery of petroleum products from the Reserve—

"(1) in the case of fiscal year 1982, in an aggregate amount, not to exceed $3,900,000,000, as may be provided in advance in appropriation Acts;

"(2) in the case of any fiscal year after fiscal year 1982, subject to section 660 of the Department of Energy Organization Act, in such aggregate amounts as may be appropriated in advance in appropriation Acts; and 42 USC 7270.

"(3) in the case of any fiscal year, notwithstanding section 660 of the Department of Energy Organization Act, in an aggregate amount equal to the aggregate amount of the receipts to the United States from the sale of petroleum products in any drawdown and distribution of the Strategic Petroleum Reserve under section 161. 42 USC 6241.

Funds available to the Secretary of Energy for obligation under this subsection may remain available without fiscal year limitation.

"(c) The Secretary of the Treasury shall provide and deposit into the Account such sums as may be necessary to meet obligations of the Secretary of Energy under subsection (b).

"(d) The Account, the deposits and withdrawals from the Account, and the transactions, receipts, obligations, outlays associated with such deposits and withdrawals (including petroleum product purchases and related transactions), and receipts to the United States from the sale of petroleum products in any drawdown and distribution of the Strategic Petroleum Reserve under section 161—

"(1) shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitation imposed by statute on expenditures and net lending (budget outlays) of the United States; and

"(2) shall not be deemed to be budget authority, spending authority, budget outlays, or Federal revenues for purposes of title III of Public Law 93-344, as amended.". 31 USC 1321.

(2) The table of contents for the Energy Policy and Conservation Act is amended by adding after the item relating to section 166 the following new item:

"Sec. 167. SPR Petroleum Account.".

(b) Section 166 of the Energy Policy and Conservation Act (42 U.S.C. 6246) is amended by striking out "and" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(4) for the fiscal year ending September 30, 1982, not to exceed $260,000,000 to carry out the provisions of this part, except—

"(A) acquisition, transportation, and injection of petroleum products for the Reserve, and

"(B) the carrying out of any drawdown and distribution of the Reserve.".

42 USC 6247 note.
Ante, p. 619.

(c) The provisions of section 167(d) of such Act, as added by subsection (a) of this section, shall apply with respect to the outlays associated with unexpended balances of appropriationns made available and obligated as of the end of fiscal year 1981 for the acquisition, transportation, and injection of petrolem products for the Strategic Petroleum Reserve to the same extent and manner as such provisions apply with respect to withdrawals from the SPR Petroleum Account.

QUARTERLY REPORTS

SEC. 1035. (a) Section 166 of the Energy Policy and Conservation Act (42 U.S.C. 6245) is amended by inserting "(a)" before "The Secretary" and by adding at the end thereof the following new subsection:

"(b)(1) On or before the fifteenth day of the second calendar quarter which begins after the date of the enactment of this subsection and every calendar quarter thereafter, the Secretary shall report to the Congress on activities undertaken with respect to the Strategic Petroleum Reserve under the amendments made by the Strategic Petroleum Reserve Amendments Act of 1981, including—

"(A) the amounts of petroleum products stored in the Reserve, under contract and in transit at the end of the previous calendar quarter;

"(B) the projected fill rate for the Strategic Petroleum Reserve for the then current calendar quarter and the previous calendar quarter;

"(C) the average price of the petroleum products acquired during the previous calendar quarter;

"(D) existing and projected Strategic Petroleum Reserve storage capacity and plans to accelerate the acquisition or construction of such capacity;

"(E) an analysis of any existing or anticipated problems associated with acquisition, transportation, and storage of petroleum products in the Reserve and with the expansion of storage capacity for the Reserve; and

"(F) the amount of funds obligated by the Secretary from the SPR Petroleum Account, as well as other funds available for the Reserve, during the previous calendar quarter and in total under the amendments made by such Act.

"(2) The first report submitted under paragraph (1) shall include—

"(A) a detailed statement on the planned use of the SPR Petroleum Account as well as other funds available for the Strategic Petroleum Reserve;

"(B) a description of the current Strategic Petroleum Reserve Plan, including any proposed or anticipated amendments to the Plan; and

"(C) detailed plans of the Secretary for acquisition or new construction of storage and related facilities.".

STUDY ON ULTIMATE SIZE OF RESERVE

SEC. 1037. Not later than 6 months after the date of the enactment of this Act, the Secretary of Energy shall conduct a study, and prepare and transmit a report thereon to the President and the Congress, on whether the final storage level set forth in the Strategic Petroleum Reserve Plan should be amended. Such report shall include an analysis of the costs and benefits to the Government (and the nation) which are associated with achieving—

(1) the final storage level currently set forth in the plan, and

(2) any other larger or smaller final storage level which might be appropriate.

EFFECTIVE DATE

SEC. 1038. The provisions of this title shall take effect on the date of the enactment of this Act. 42 USC 6240 note.

Subtitle D—Voluntary Building Energy Conservation Standards

VOLUNTARY STANDARDS

SEC. 1041. (a) The Energy Conservation Standards for New Buildings Act of 1976 is amended by striking out "performance standards" each place it appears, except in section 306, and inserting in lieu thereof "voluntary performance standards". 42 USC 6801 note. 42 USC 6835.

(b) The Energy Conservation Standards for New Buildings Act of 1976 is amended by striking out sections 305 and 307 (42 U.S.C. 6834 and 6836).

(c) Section 304(a) of the Energy Conservation Standards for New Buildings Act of 1976 (42 U.S.C. 6833(a)) is amended—

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

"(4) Except in the case of Federal buildings as required under section 306, voluntary performance standards under this subsection shall be developed solely as guidelines for the purpose of providing technical assistance for the design and construction of energy efficient buildings.";

(2) by striking out "the effective date of final performance standards promulgated pursuant to this paragraph" where it appears in paragraphs (1) and (2) and inserting in lieu thereof "April 1, 1984,"; and

(3) by striking out ", and shall become effective within a reasonable time not to exceed 1 year after the date of promulgation, as specified by the Secretary" where it appears in paragraphs (1) and (2).

(d) Section 306 of such Act (42 U.S.C. 6835) is amended by striking out "Upon the effective date of the final performance standards promulgated pursuant to such section," and inserting in lieu thereof "Not later than April 1, 1984,".

(e) Section 308 of such Act (42 U.S.C. 6837) is amended by striking out "meeting the requirements of this title" and inserting in lieu thereof "furthering the design and construction of energy efficient buildings".

(f) The table of sections for such Act is amended by striking out the items relating to sections 305 and 307.

Subtitle E—Office of Federal Inspector for the Alaska Natural Gas Transportation System

FUNDING LIMITATION

15 USC 719e note.

SEC. 1051. Notwithstanding any other provision of law, there shall not be appropriated for programs of the Office of Federal Inspector for the Alaska Natural Gas Transportation System in excess of $21,038,000 for the fiscal year ending September 30, 1981; $36,568,000 for the fiscal year ending September 30, 1982; in excess of $45,532,000 for the fiscal year ending September 30, 1983, and $46,908,000 for the fiscal year ending September 30, 1984.

Subtitle F—Biomass Energy and Alcohol Fuels

DEPARTMENT OF AGRICULTURE

94 Stat. 685.

SEC. 1061. Section 204(a) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C. 8803(a)) is amended by striking out "$600,000,000" in paragraph (1) and inserting in lieu thereof "$460,000,000".

DEPARTMENT OF ENERGY

SEC. 1062. Section 204(a) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C. 8803(a)) is amended by striking out "$600,000,000" in paragraph (2) and inserting in lieu thereof "$460,000,000".

CONFORMING AMENDMENT

SEC. 1063. Section 204(a) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C. 8803(a)) is amended by striking out "$1,450,000,000" and inserting in lieu thereof "$1,170,000,000".

Subtitle G—Solar Bank

FISCAL YEAR 1982, 1983, AND 1984 AUTHORIZATIONS

12 USC 3620 note.

94 Stat. 737.

SEC. 1071. In lieu of the amounts authorized by subsections (a) and (b) of section 522 of the Solar Energy and Energy Conservation Act of 1980 (12 U.S.C. 3620) to be appropriated for fiscal years 1982, 1983, and 1984, there is authorized to be appropriated for each such fiscal year not to exceed $50,000,000 to provide financial assistance under subtitle A of such Act for the purchase and installation of residential and commercial energy conserving improvements and of solar energy systems. Any funds appropriated pursuant to the preceding authorization may remain available without fiscal year limitation.

TITLE XI—TRANSPORTATION AND RELATED PROGRAMS

Subtitle A—Aviation

PART 1—FISCAL YEAR 1981 AIRPORT DEVELOPMENT

Fiscal Year 1981 Airport Development Authorization Act.
49 USC 1701 note.

SEC. 1101. This part may be cited as the "Fiscal Year 1981 Airport Development Authorization Act".

SEC. 1102. (a) Section 14(a)(3) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1714(a)(3)) is amended by striking out "and" after "1979," and by striking out the period at the end thereof and inserting in lieu thereof ", and $387,000,000 for fiscal year 1981.".

(b) Section 14(a)(4) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1714(a)(4)) is amended by striking out "and" after "1979," and by striking out the period at the end thereof and inserting in lieu thereof ", and $63,000,000 for fiscal year 1981.".

(c) In addition to the purposes otherwise authorized, amounts authorized under sections 14(a)(3) and 14(a)(4) of the Airport and Airway Development Act of 1970 for fiscal year 1981 shall also be authorized for airport system planning, airport master planning, and airport noise compatibility planning, all in accordance with section 13 of such Act, and for carrying out noise compatibility programs under section 104(c) of the Aviation Safety and Noise Abatement Act of 1979. The apportionment of such amounts under section 15 of the Airport and Airway Development Act of 1970 shall be made as soon as possible after the date of enactment of this part and for purposes of sections 14(b), 15, and 19 of the Airport and Airway Development Act of 1970 relating to authority to incur obligations and to enter into project grant agreements all the purposes set forth in the preceding sentence shall be deemed to be airport development within the meaning of such Act. The Secretary shall obligate from funds available for fiscal year 1981 under section 14(a)(3) of the Airport and Airway Development Act of 1970 not less than $25,000,000 for carrying out noise compatibility programs under section 104(c) of the Aviation Safety and Noise Abatement Act of 1979.

49 USC 1714 note.
49 USC 1713.
49 USC 2104.
49 USC 1715.
49 USC 1714, 1715, 1719.

(d) Section 14(b)(2) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1714(b)(2)) is amended by striking out "1980" and inserting in lieu thereof "1981".

(e) Section 15(a)(3)(A)(I) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1715(a)(3)(A)(I)) is amended by striking out "1980" and inserting in lieu thereof "1981".

(f) Section 15(a)(3)(A)(II) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1715(a)(3)(A)(II)) is amended by striking out "1980" and inserting in lieu thereof "1981".

(g) Section 15(a)(3)(B)(i) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1715(a)(3)(B)(i)) is amended by striking out "1980" and inserting in lieu thereof "1981".

(h) Section 15(a)(4) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1715(a)(4)) is amended by striking out "fiscal year 1980" each place it appears and inserting in lieu thereof "each of the fiscal years 1980 and 1981".

(i) Section 17(a)(2)(A) of the Airport and Airway Development Act of 1970 (49 U.S.C. 1717(a)(2)(A)) is amended by striking out "fiscal year 1980" and inserting in lieu thereof "fiscal years 1980 and 1981".

(j) Notwithstanding any other provision of the Airport and Airway Development Act of 1970, the Secretary of Transportation may approve an application under such Act before October 1, 1981, for a project which was begun after September 30, 1980, and before the date of the enactment of this part. If such an application is approved, costs incurred under such project after September 30, 1980, and before the date of approval of such project shall be allowable costs to the extent they would be allowable costs under the provisions of such Act of 1970 (other than provisions making costs allowable only if incurred after the execution of the grant agreement) if incurred after the date of such project approval.

49 USC 1716 note.

49 USC 1701 note.

49 USC 2104.

(k) Notwithstanding any other provision of law, the Secretary of Transportation shall obligate from funds available for fiscal year 1981 under the Airport and Airway Development Act of 1970 $15,000,000 for carrying out noise compatibility programs at Cannon International Airport in Reno, Nevada, in accordance with section 104(c) of the Aviation Safety and Noise Abatement Act of 1979. Such funds shall remain available until expended. Of the amount obligated for projects described in this subsection, only that portion of such amount which exceeds $10,000,000 and is less than or equal to $15,000,000 shall be counted as part of the $25,000,000 required to be obligated by the last sentence of subsection (c) of this section.

49 USC 1742.

SEC. 1103. (a) Section 208(f)(1) of the Airport and Airway Revenue Act of 1970 is amended by striking out "1980" and inserting in lieu thereof "1981".

(b) Subparagraph (A) of section 208(f)(1) of the Airport and Airway Revenue Act of 1970 is amended to read as follows:

49 USC 1701.
49 USC 1701 note.
49 USC 2101 note.
Ante, p. 622.

"(A) incurred under title I of this Act or of the Airport and Airway Development Act Amendments of 1976 or of the Aviation Safety and Noise Abatement Act of 1979 or under the Fiscal Year 1981 Airport Development Authorization Act (as such Acts were in effect on the date of enactment of the Fiscal Year 1981 Airport Development Authorization Act);".

PART 2—ADDITIONAL PROVISIONS RELATING TO AIRPORT DEVELOPMENT

SEC. 1104. If the Senate and the House of Representatives approve a conference report on the Airport and Airway Improvement Act of 1981 which includes new budget authority for airport development, airport planning, airport noise compatibility planning, and carrying out noise compatibility programs which exceeds $450,000,000 for fiscal year 1981 or which exceeds an aggregate amount of $1,050,000,000 for fiscal years 1981 and 1982, then before the bill which is the subject of such conference report is enrolled, the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, is directed to include the following provision in the bill: "Notwithstanding any other provision of law, the total amount which may be obligated for airport development, airport planning, airport noise compatibility planning, and carrying out noise compatibility programs from amounts in the Airport and Airway Trust Fund which were not available for obligation during any previous fiscal year shall not exceed $450,000,000 for fiscal year 1981 and shall not exceed an aggregate amount of $1,050,000,000 for fiscal years 1981 and 1982.".

Subtitle B—Highways and Highway Safety

23 USC 104 note.

SEC. 1106. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $8,200,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 147 of the Surface Transportation Assistance Act of 1978. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

23 USC 144 note.

(b) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1983 shall not exceed $8,800,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 147 of the Surface Transportation Assistance Act of 1978. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978. 23 USC 144 note.

(c) For each of the fiscal years 1982 and 1983, the Secretary of Transportation shall distribute the limitation imposed by subsections (a) and (b) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to each State for each such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to all the States for each such fiscal year.

(d) During the periods October 1 through December 31, 1981, and October 1 through December 31, 1982, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (c), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(e) Notwithstanding subsections (c) and (d), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, and after August 1, 1983, revise a distribution of the funds made available under subsection (c) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

SEC. 1107. (a)(1) There is hereby authorized to be appropriated for carrying out section 402 of title 23, United States Code (relating to highway safety programs), by the National Highway Traffic Safety Administration, out of the Highway Trust Fund, $100,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984. 23 USC 402 note.

(2) Out of the funds authorized to be appropriated under paragraph (1) of this subsection for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, not less than $20,000,000 per fiscal year shall be obligated under section 402 of title 23, United States Code, for the purpose of enforcing the fifty-five miles per hour speed limit established by section 154 of such title. 23 USC 154.

(3) Each State shall expend each fiscal year not less than 2 per centum of the amount apportioned to it for such fiscal year of the sums authorized by paragraph (1) of this subsection, for programs to encourage the use of safety belts by drivers of, and passengers in, motor vehicles.

(b) Notwithstanding any other provision of law, the total of all obligations for highway safety programs carried out by the National

Highway Traffic Safety Administration under section 402 of title 23, United States Code, shall not exceed $100,000,000, per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, and the total of all obligations for highway safety programs carried out by the Federal Highway Administration under section 402 of title 23, United States Code, shall not exceed $10,000,000, per fiscal year for each of such fiscal years.

23 USC 402 note.

(c) Effective October 1, 1982, subsection (h) of section 402 of title 23, United States Code, is repealed.

Rulemaking.

(d) Section 402(j) of title 23, United States Code, is amended to read as follows:

"(j) The Secretary of Transportation shall, not later than September 1, 1981, begin a rulemaking process to determine those programs most effective in reducing accidents, injuries, and deaths. Such rule shall be promulgated taking into account consideration of the States having a major role in establishing these programs. Not later than April 1, 1982, the Secretary shall promulgate a final rule establishing those programs determined most effective in reducing accidents, injuries, and deaths. Before such rule shall take effect, it shall be transmitted to Congress. If such rule is not transmitted by April 1, 1982, it shall not take effect before October 1, 1983. If such rule is transmitted by April 1, 1982, it shall take effect October 1, 1982, unless before June 1, 1982, either House of Congress by resolution disapproves such rule. If such rule is disapproved by either House of Congress, the Secretary shall not apportion or obligate any amount authorized to carry out this section for the fiscal year ending September 30, 1983, or any subsequent fiscal year, unless specifically authorized to do so by a statute enacted after the date of enactment of the Omnibus Budget Reconciliation Act of 1981. When a rule promulgated in accordance with this subsection takes effect, only those programs established by such rule as most effective in reducing accidents, injuries, and deaths shall be eligible to receive Federal financial assistance under this chapter.".

Transmittal to Congress.

(e) Section 402(b)(1) of title 23, United States Code, is amended by striking out subparagraph (D) and by redesignating subparagraphs (E), (F), and (G) (and any references thereto) as subparagraphs (D), (E), and (F), respectively.

SEC. 1108. (a) Section 154(f) of title 23, United States Code, is amended to read as follows:

"(f) If the data submitted by a State pursuant to subsection (e) of this section show that the percentage of motor vehicles exceeding 55 miles per hour is greater than 50 percent, the Secretary shall reduce the State's apportionment of Federal-aid highway funds under each of sections 104(b)(1), 104(b)(2), and 104(b)(6) of this title in an aggregate amount of up to 5 percent of the amount to be apportioned for the following fiscal year, in the case of fiscal years 1982 and 1983, and up to 10 percent, in the case of subsequent fiscal years.".

(b) Subsection (i) of section 154 of title 23, United States Code, is hereby repealed.

92 Stat. 2727.

SEC. 1109. (a) Section 202 of the Highway Safety Act of 1978 is amended as follows:

(1) Paragraph (1) is amended by striking out "per fiscal year for each of the fiscal years ending September 30, 1981, and September 30, 1982." and inserting in lieu thereof "for the fiscal year ending September 30, 1981.".

(2) Paragraph (2) is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981, and $31,000,000 per fiscal year for each of

the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.".

(3) Paragraph (3) is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981, and $10,000,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.". 92 Stat. 2727.

(4) Paragraph (4) is amended in the first sentence by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981.". Paragraph (4) is amended in the second sentence by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981.".

(5) Paragraph (5) is amended by striking out the period at the end thereof and inserting in lieu thereof ", and $13,000,000 per fiscal year for each of the fiscal years ending September 30, 1983, and September 30, 1984.".

(6) Paragraph (9) is amended by striking out the period at the end thereof and inserting in lieu thereof "and $1,500,000 for the fiscal year ending September 30, 1983. Section 406 of title 23, United States Code, is repealed effective upon the obligation and expenditure of all funds authorized to carry out such section.".

(7) Paragraph (10) is amended by inserting "and" after "1980," and by striking out ", and $15,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof a period.

(b)(1) Of the funds authorized to be appropriated by section 202(1) of the Highway Safety Act of 1978 for any fiscal year ending before October 1, 1981, which have not been obligated for expenditure before such date, $133,000,000 shall not be available for obligation, and shall no longer be authorized, on and after such date. 92 Stat. 2727.

(2) Of the funds authorized to be appropriated by section 202(3) of the Highway Safety Act of 1978 for any fiscal year ending before October 1, 1981, which have not been obligated for expenditure before such date, $40,000,000 shall not be available for obligation, and shall no longer be authorized, on and after such date.

(c) Section 206 of the Highway Safety Act of 1978 is amended by inserting "and" after "1980," and by striking out "and September 30, 1982,". 92 Stat. 2731.

Subtitle C—Public Mass Transportation

SEC. 1111. (a) The Urban Mass Transportation Act of 1964 is amended as follows:

(1) Section 4(c)(3)(A) is amended by striking out "$1,600,000,000" and inserting in lieu thereof "$1,515,000,000". 49 USC 1603.

(2) Section 4(e) is amended by striking out "$120,000,000" and inserting in lieu thereof "$75,000,000".

(3) Section 4(f) is amended by striking out "$105,000,000" and inserting in lieu thereof "$100,000,000".

(4) Section 4(g) is amended by striking out the period at the end thereof and inserting in lieu thereof ", except that there are authorized to be appropriated not to exceed $600,000,000 for such projects for the fiscal year ending September 30, 1982.".

(5) Section 5(a)(1)(B) is amended by striking out "$900,000,000 in each fiscal year for the fiscal years ending September 30, 1981, and September 30, 1982." and inserting in lieu thereof "$900,000,000 for the fiscal year ending September 30, 1981, and $850,000,000 for the fiscal year ending September 30, 1982.". 49 USC 1604.

49 USC 1604.

(6) Section 5(a)(2)(B) is amended by striking out "$250,000,000" the last place it appears and inserting in lieu thereof "$165,000,000".

(7) Section 5(a)(3)(B) is amended by striking out "$160,000,000" and inserting in lieu thereof "$90,000,000".

(8) Section 5(a)(4)(B) is amended by striking out "$455,000,000" and inserting in lieu thereof "$375,000,000".

49 USC 1608 note.

(b) Notwithstanding any other provision of law, the total amount authorized to be appropriated for the fiscal year ending September 30, 1982, under the Urban Mass Transportation Act of 1964 shall not exceed $3,792,000,000.

49 USC 1601 note.

Subtitle D—Railroad Retirement and Related Matters

45 USC 231.

SEC. 1116. (a) The last sentence of section 1(f)(1) of the Railroad Retirement Act of 1974 is amended to read as follows: "Ultimate fractions shall be taken at their actual value.".

(b) Section 1(o) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting "the National Transportation Safety Board," after "the National Mediation Board,"; and

45 USC 231a.

(2) by inserting after the first sentence the following: "For purposes of section 2(b) and section 2(d) only, an individual shall be deemed also to have 'a current connection with the railroad industry' if, after having completed twenty-five years of service, such individual involuntarily and without fault ceased rendering service as an employee under this Act and did not thereafter decline an offer of employment in the same class or craft as the individual's most recent employee service. For purposes of section 2(d) only, an individual shall be deemed to have a 'current connection with the railroad industry' if a pension will have been payable to that individual under the Railroad Retirement Act of 1937 or a retirement annuity based on service of not less than 10 years (as computed in awarding the annuity) will have begun to accrue to that individual prior to 1948 under the Railroad Retirement Act of 1937.".

45 USC prec. 231 note.

SEC. 1117. (a)(1) Section 2(b)(1) of the Railroad Retirement Act of 1974 is amended—

45 USC 231a.

(A) by striking out "(1) An individual" and inserting in lieu thereof "An individual";

(B) by striking out "in subdivision (2) of this subsection and";

(C) by striking out "and" at the end of paragraph (iii);

(D) by inserting "and" at the end of paragraph (iv); and

(E) by inserting after paragraph (iv) the following new paragraph:

"(v) has performed compensated service in at least one month prior to October 1, 1981;"

(2) Section 2(b) of the Railroad Retirement Act of 1974 is amended—

(A) by striking out subdivision (2); and

(B) by striking out subdivision (3);

(b) Section 2(c) of the Railroad Retirement Act of 1974 is amended—

(1) by inserting "or a divorced wife who would be entitled to an annuity under subdivison (4)" after "under subdivision (1)" in subdivision (2);

(2) by striking out "1/180" and inserting in lieu thereof "1/144" in subdivision (2);

(3) by striking out "spouse" the second place it appears in subdivision (2) and adding in lieu thereof "spouse or divorced wife"; and

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

"(4) The 'divorced wife' (as defined in section 216(d) of the Social Security Act) of an individual, if— 42 USC 416.

"(i) such individual (A) is entitled to an annuity under subsection (a)(1) and (B) has attained the age 62;

"(ii) such divorced wife (A) has attained the age of 65 and (B) is not married; and

"(iii) such divorced wife would have been entitled to a benefit under section 202(b) of the Social Security Act as the divorced wife of such individual if all of such individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act; 42 USC 402.

shall, subject to the conditions set forth in subsections (e), (f), and (h), be entitled to a divorced wife's annuity, if she has filed an application therefor, in the amount provided under section 4 of this Act.". 45 USC 231c.

(c) Section 2(d) of the Railroad Retirement Act of 1974 is amended— 45 USC 231a.

(1) by striking out "and" at the end of subdivision (1)(iii);

(2) by striking out the period at the end of subdivision (1)(iv) and inserting in lieu thereof "; and"; and

(3) by adding at the end of subdivision (1) the following new paragraph:

"(v) The widow (as defined in section 216(c) of the Social Security Act), who is married, or has been married after the death of the employee, the surviving divorced wife (as defined in section 216(d) of the Social Security Act), and a surviving divorced mother (as defined in section 216(d) of the Social Security Act) if such widow, surviving divorced wife, or surviving divorced mother would have been entitled to a benefit under section 202(e) or 202(g) of the Social Security Act as the widow, surviving divorced wife, or surviving divorced mother of the employee if all of his service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act. For the purpose of this paragraph, the reference in sections 202(e)(3) and 202(g)(3) of the Social Security Act to an individual entitled under section 202(f) of that Act shall include an individual entitled to an annuity under section 2(d)(1)(i) of this Act and an individual entitled to an annuity under section 2(d)(1)(ii) of this Act, and the reference in section 202(e)(3) and section 202(g)(3) of the Social Security Act to an individual entitled under section 202(d) or section 202(h) of that Act shall include an individual entitled to an annuity under section 2(d)(1)(iii) or section 2(d)(1)(iv) of this Act, and the references in section 202(g)(3) of the Social Security Act to an individual entitled under section 202(a) or section 223(a) of that Act shall include an individual entitled to an annuity under section 2(a)(1) of this Act.".

(d) Section 2(e)(5) of the Railroad Retirement Act of 1974 is amended by striking out "spouse" each place it appears and inserting in lieu thereof "spouse or divorced wife".

(e)(1) Section 2(f)(2) of the Railroad Retirement Act of 1974 is amended by inserting "or divorced wife's" after "spouse's" each place (other than the second place) it appears.

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

"(3) Deductions shall not be made pursuant to subdivision (1) from that portion of an individual's annuity as is computed under section 3(a) of this Act for any month in which the annuity of such individual is reduced pursuant to section 3(m) of this Act. This subdivision shall 45 USC 231b.

be disregarded in determining the applicability and amount of deductions in a spouse's annuity pursuant to subdivision (2) of this subsection.

"(4) Deductions shall not be made pursuant to subdivision (2) from that portion of a spouse's annuity as is computed under section 4(a) of this Act for any month in which the annuity of such spouse is reduced due to entitlement to a benefit under title II of the Social Security Act.

45 USC 231c.

42 USC 401.

"(5) If an annuity begins to accrue on other than the first day of a month, subdivisions (1) and (2) of this subsection shall not apply in the year the annuity begins to accrue if the annuitant has no earnings in excess of the monthly exempt amount in such year after the annuity beginning date.".

45 USC 231a.

(f) Section 2(g)(2) of the Railroad Retirement Act of 1974 is amended by striking out "is under the age of seventy-two and is" and inserting in lieu thereof "would be".

(g) Section 2(h) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "spouse" in subdivision (1) and inserting in lieu thereof "spouse or divorced wife", and

(2) by striking out "spouse" the first place it appears in subdivision (3) and inserting in lieu thereof "spouse or divorced wife".

SEC. 1118. (a) Subsection (b) of section 3 of the Railroad Retirement Act of 1974 is amended to read as follows:

45 USC 231b.

"(b)(1) The amount of the annuity of an individual provided under subsection (a) shall be increased by an amount equal to seven-tenths of 1 per centum of the product which is obtained by multiplying such individual's 'years of service' by such individual's 'average monthly compensation' as determined under this subsection. The annuity amount payable to the individual under this subsection shall be reduced by 25 per centum of the annuity amount computed for such individual under subsection (h)(1) or (h)(2), and subsection (h)(5), of this section without regard to section 7(c)(1) of this Act. An individual's 'average monthly compensation' for purposes of this subsection shall be the quotient obtained by dividing by 60 such individual's total compensation for the 60 months, consecutive or otherwise, during which such individual received that individual's highest monthly compensation, except that no part of any month's compensation in excess of the maximum amount creditable for any individual for such month under subsection (j) of this section shall be recognized. In determining the months of compensation to be used for purposes of this subsection, the total compensation reported for the individual under section 9 of this Act or credited to such individual under subsection (j) of this section for a year divided by the number of months of service credited to such individual under subsection (i) of this section with respect to such year shall be considered the monthly compensation of the individual for each month of service in any year for which records of the Board do not show the amount of compensation paid to the individual on a monthly basis. If the 'average monthly compensation' computed under this subsection is not a multiple of $1, it shall be rounded to the next lower multiple of $1.

45 USC 231f.

"(2) For purposes of subdivision (1) of this subsection, in determining 'average monthly compensation' for an individual who has not engaged in employment for an employer in the 60-month period preceding the month in which such individual's annuity began to accrue, and whose major employment during such 60-month period was for a United States department or agency named in section 1(o) of

this Act, the amount of compensation used with respect to each month used in making such determination shall be the product of—

"(i) the compensation credited to such individual for such month under paragraph (1) of this subsection; and

"(ii) the quotient obtained by dividing—

"(I) the average of total wages (as determined under section 215(b)(3)(A)(ii)(I) of the Social Security Act) for the second calendar year preceding the earliest of the year of the individual's death or the year in which an annuity begins to accrue to such individual (disregarding an annuity based on disability which is terminated because such individual has recovered from such disability if such individual engages in any regular employment after such termination); by 42 USC 415.

"(II) the average of total wages (as determined under section 215(b)(3)(A)(ii)(II) of the Social Security Act) for the calendar year during which such month occurred, unless such month occurred prior to calendar year 1951, in which case, the average of total wages so determined for 1951.

In no event shall 'average monthly compensation' determined for an individual under this subdivision exceed the maximum 'average monthly compensation' which can be determined under subdivision (1) of this subsection for any person retiring January 1 of the year in which such individual's annuity began to accrue.".

(b) Subsections (c) and (d) of section 3 of the Railroad Retirement Act of 1974 are repealed. 45 USC 231b.

(c)(1) Section 3(f)(1) is amended by striking out "subsections (b), (c), and (d)" each place it appears and inserting in lieu thereof "subsection (b)".

(2) Section 3(f) of the Railroad Retirement Act of 1974 is amended by striking out of subdivision (1) all after "effective after the date on which such" and before "(A) 100 per centum of his" and inserting in lieu thereof "individual's annuity under section 2(a)(1) of this Act begins to accrue, exceed an amount equal to the sum of".

(d) Subsection (g) of section 3 of the Railroad Retirement Act of 1974 is amended to read as follows:

"(g) Effective with the month of June for any year after 1981, that portion of the annuity of an individual which is computed under subsection (b) of this section shall, if such individual's annuity under section 2(a)(1) of this Act began to accrue on or before June 1 of such year, be increased by 32.5 per centum of the percentage increase, if any (rounded to the nearest one-tenth of 1 per centum), obtained by comparing (A) the unadjusted Consumer Price Index for the calendar quarter ending March 31 of such year with (B) the higher of (i) such index for the calendar quarter ending March 31 of the year immediately preceding such year or (ii) such index for the calendar quarter ending March 31 of any preceding year after 1980. The unadjusted Consumer Price Index for any calendar quarter shall be the arithmetical mean of such index for the three months in such quarter.". 45 USC 231a.

(e) Section 3(h) of the Railroad Retirement Act of 1974 is amended— 45 USC 231b.

(1) by striking out "subsections (a) through (d)" each place it appears and inserting in lieu thereof "subsections (a) and (b)";

(2) by striking out all after "January 1, 1975," in section 3(h)(5) and inserting in lieu thereof "to the earlier of the date on which the individual's annuity under section 2(a)(1) of this Act began to accrue or January 1, 1982.", and

(3) by adding at the end thereof the following new subdivision:

"(6) No amount shall be payable to an individual under subdivision (3) or (4) of this subsection unless the entitlement of such individual to such amount had been determined prior to the date of the enactment of this subdivision.".

45 USC 231b.

(f) Subsection (j) of section 3 of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "the average compensation paid to an employee with respect to calendar months included in his 'years of service' " the first place it appears in the first sentence thereof and inserting in lieu thereof the following: "computed in the manner specified in section 3(b) of this Act"; and

(2) by striking out "If the 'average monthly compensation' computed under this subsection is not a multiple of $1, it shall be rounded to the next lower multiple $1.".

(g) Subsection (l) of section 3 of the Railroad Retirement Act of 1974 is amended to read as follows:

"(l)(1) Except as provided in subdivision (2) of this subsection, if an annuity awarded under section 2(a)(1)(iii) or under section 2(c)(2) of this Act is increased or decreased either by a change in the law or by a recomputation, the reduction on account of age in the amount of such increase or decrease shall be computed as though such increased or decreased annuity amount had been in effect for and after the month in which the annuitant first became entitled to such annuity under section 2(a)(1)(iii) or section 2(c)(2).

45 USC 231a.

"(2) The reduction required under section 2(a)(1)(iii) or section 2(c)(2) may be applied separately to each of the annuity amounts computed under subsections (a), (b), and (h) of this section and subsections (a), (b), and (e) of section 4. For this purpose, in any case in which an annuity amount was computed for an individual under the provisions of this Act or of Public Law 93-445 prior to October 1, 1981, an annuity amount computed under subsections (a), (b), (c), (d) and (h) of this section, subsection (a), (b), or (e) of section 4, and section 204 or section 206 of Public Law 93-445 shall be reduced by its proportionate share of the reduction on account of age. For purposes of the preceding sentence, annuity amounts computed for an individual under subsections (b), (c), and (d) of section 3 prior to October 1981 shall be considered as one annuity amount.".

45 USC 231 *et seq.*

45 USC 231c.

45 USC 231 note.

45 USC 231b.

(h)(1) Section 3(m) of the Railroad Retirement Act of 1974 is amended by inserting ", after any reduction pursuant to paragraph (iii) of section 2(a)(1)," after "shall".

(2) Section 3(m) of such Act is amended by inserting "(before any deductions on account of work)" after "monthly benefit".

45 USC 231c.

SEC. 1119. (a) Section 4(a)(1) of the Railroad Retirement Act of 1974 is amended by striking out "spouse" each place it appears and inserting in lieu thereof "spouse or divorced wife".

(b) Section 4(b) of the Railroad Retirement Act of 1974 is amended—

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

(2) by striking out "50" and inserting in lieu thereof "45";

(3) by striking out of the first sentence all after "was reduced by reason of the provisions of subsection (i)(2) of this section" and inserting in lieu thereof a period;

(4) by striking out ", subject to the third proviso of this subsection"; and

(5) by striking out the period at the end of the first sentence and by inserting in lieu thereof the following "(disregarding, for this purpose, any increase in such reduction which becomes effective after the later of the date such spouse's annuity under

section 2(c) of this Act began to accrue or the date such spouse's annuity under section 2(a)(1) of this Act began to accrue).". 45 USC 231a.

(c) Section 4(c) of the Railroad Retirement Act of 1974 is amended by striking "wife's or husband's" and inserting in lieu thereof "monthly". 45 USC 231c.

(d) Section 4(e) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out all after "January 1, 1975," in subdivision (4) and inserting in lieu thereof "to the earlier of the date on which the individual's annuity under section 2(a)(1) of this Act began to accrue or January 1, 1982."; and

(2) by adding at the end thereof the following new subdivision:

"(5) No amount shall be payable to a person under subdivision (1), (2), or (3) of this subsection unless the entitlement of such person to such amount had been determined prior to the date of the enactment of this subdivision.".

(e) Section 4(f) of such Act is amended—

(1) by adding at the end of subdivision (1) "In the case of a widow or widower who is entitled to an annuity under section 2(d) of this Act solely on the basis of railroad service which was performed prior to January 1, 1937, the amount provided under this section with respect to any month shall not be less than the first amount appearing in column IV of the table appearing in section 215(a) of the Social Security Act as in effect on December 31, 1974, after reduction in accordance with the provisions of section 202(k) and 202(q) of that Act in the same manner as would be applicable to a widow's insurance benefit or widower's insurance benefit payable under section 202(e) or 202(f) of that Act."; and 42 USC 415. 42 USC 402.

(2) by adding at the end thereof the following new subdivision:

"(3) The annuity amount provided to a widow or widower under last sentence of subdivision (1) shall be increased by the same percentage or percentages as insurance benefits payable under section 202 of the Social Security Act are increased after the date on which such annuity begins to accrue.".

(f) Section 4(f)(2) of the Railroad Retirement Act of 1974 is amended— 45 USC 231c.

(1) by striking out "and" at the end of paragraph (i);

(2) striking out the period at the end of paragraph (ii) and inserting in lieu thereof ", and"; and

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

"(iii) The provisions of paragraphs (i) and (ii) of this subdivision shall not apply to the annuity of a widow, surviving divorced wife, or surviving divorced mother who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act.".

(g) Subsection (g) of section 4 of the Railroad Retirement Act of 1974 is amended to read as follows:

"(g)(1) The amount of the annuity provided under subsection (f)(1) (other than the last sentence thereof) for a survivor of a deceased individual shall be increased by an amount equal to the appropriate one of the following percentages of that portion of the annuity computed under section 3(b) of this Act, before any reduction on account of age, to which such deceased individual would have been entitled for the month such survivor's annuity under section 2(d) of this Act began to accrue if such individual were living (deeming for this purpose that if such individual died before becoming entitled to an annuity under section 2(a)(1) of this Act, such individual became *Ante*, p. 630.

45 USC 231a.

entitled to an annuity under subdivision (i) of such section 2(a)(1) in the month in which such individual died):

"(i) In the case of a widow or widower, the increase shall be equal to 50 per centum of such portion of the deceased individual's annuity, but the amount of the annuity so determined shall be subject to reduction on account of age in the same manner as is applicable to the annuity amount determined for the widow or widower under subsection (f) and shall be subject to increase as provided in subdivision (4) of this subsection.

"(ii) In the case of a parent, the increase shall be equal to 35 per centum of such portion of the deceased individual's annuity.

"(iii) In the case of a child, the increase shall be equal to 15 per centum of such portion of the deceased individual's annuity.

"(2) Whenever the total amount of the increases based on the deceased individual's portion of the annuity under section 3(b) of this Act as determined under subdivision (1) of this subsection for all survivors of a deceased employee is—

Ante, p. 630.

"(i) less than an amount equal to 35 per centum of such portion of the deceased individual's annuity, the total increase shall, before any deductions under section 2(g) of this Act, be increased proportionately until the total increase is equal to 35 per centum of such portion of the deceased individual's annuity; or

"(ii) more than an amount equal to 80 per centum of such portion of the deceased individual's annuity, the total increase shall, before any deductions under section 2(g) of this Act and before any reduction on account of age, be reduced proportionately until the total increase is equal to 80 per centum of such portion of the deceased individual's annuity.

"(3) An annuity determined under this subsection for a month prior to the month in which application is filed, shall be reduced to any extent that may be necessary so that it will not render erroneous any annuity which, before the filing of such application, the Board has certified for payment for such prior month.

"(4) If a widow or widower of a deceased employee is entitled to an annuity under section 2(a)(1) of this Act and if either such widow or widower or such deceased employee will have completed 10 years of service prior to January 1, 1975, the amount of the annuity of such widow or widower under subdivisions (1) through (3) of this subsection shall be increased by an amount equal to the amount, if any, by which (A) the widow's or widower's insurance annuity to which such widow or widower would have been entitled, upon attaining age 65, under section 5(a) of the Railroad Retirement Act of 1937 as in effect on December 31, 1974 (without regard to the proviso of that section or the first proviso of section 3(e) of that Act) on the basis of the deceased employee's remuneration and service prior to January 1, 1975, increased by the same percentage, or percentages, as widow's and widower's insurance benefits under section 202 of the Social Security Act are increased during the period from January 1, 1975, to the later of the date on which such widow's or widower's annuity under section 2(a)(1) of this Act began to accrue or the date on which such widow's or widower's annuity under section 2(d)(1) of this Act began to accrue, exceeds (B) the total of the annuity amounts to which such widow or widower was entitled (after any reductions pursuant to subsection (i)(2) of this section but before any deductions on account of work) under the preceding provisions of this subsection, subsection (f) of this section, and the amount determined under subsection (h) of this section before the proviso, as of the later of the date on which such widow's or widower's annuity under section 2(a)(1) of this Act began

45 USC 231d.

45 USC 231b.

42 USC 402.

to accrue or the date on which such widow's or widower's annuity under section 2(d)(1) of this Act began to accrue. If a widow or widower of a deceased employee is not entitled to an annuity under section 2(a)(1) of this Act or to an old-age insurance benefit or a disability insurance benefit under the Social Security Act, the amount of the annuity to which such widow or widower is entitled under this subsection shall not be less than an amount which would cause the total of the annuity amounts to which such widow or widower is entitled (before any deductions on account of work) under this subsection and subsection (f)(1) of this section to equal the total of the annuity amounts to which such widow or widower was entitled (or would have been entitled except for the provisions of sections 2(e) and 2(f) of this Act) as a spouse under subsections (a), (b), and (e)(3) of this section (after any reduction on account of age) in the month preceding the employee's death. If a widow or widower of a deceased employee is entitled to an annuity under section 2(a)(1) of this Act or to an old-age insurance benefit or a disability insurance benefit under the Social Security Act, the amount of the annuity to which such widow or widower is entitled under this subsection shall not be less than an amount which would cause (A) the total of the annuity amounts to which such widow or widower is entitled (after any reductions pursuant to section 202(k) or 202(q) of the Social Security Act or subsection (i)(2) of this section but before any deductions on account of work) under this subsection and subsection (f) of this section to equal (B)(i) the total of the annuity amounts, if any, to which such widow or widower was entitled (or would have been entitled except for the provisions of sections 2(e) and 2(f) of this Act) as a spouse under subsections (a), (b), and (e) of this section (after any reduction on account of age) in the month preceding the employee's death less (ii), if such widow or widower is entitled to an old-age insurance benefit or a disability insurance benefit under the Social Security Act but was not entitled to such a benefit in the month preceding the employee's death, the amount by which the annuity amount payable under subsection (a) of this section to such widow or widower as a spouse in the month preceding the employee's death would have been reduced by reason of section 202(k) or 202(q) of the Social Security Act if such widow or widower had been entitled to an old-age insurance benefit or a disability insurance benefit under the Social Security Act in the month preceding the employee's death in an amount equal to the amount of such benefit at the time such benefit first began to accrue to such widow or widower.

45 USC 231a.

42 USC 1305.

42 USC 402.

"(5) This subsection shall not apply to the annuity of a widow, surviving divorced wife, or surviving divorced mother who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act.

"(6) That portion of the annuity of a survivor of an individual determined under subdivisions (1) and (2) of this subsection shall be increased whenever, and by the same percentage or percentages as, the annuity of the individual would have been increased pursuant to section 3(g) of this Act if such individual were still living.".

(h) Section 4(h) of the Railroad Retirement Act is amended— 45 USC 231c.

(1) by inserting "(1)" after "(h)";

(2) by inserting after "during the period from January 1, 1975, to" the following "January 1, 1982 or, if earlier, to";

(3) by inserting after "202(k) and 202(q) of the Social Security Act" the first time it appears the following: "and subsection (i)(2) of this section"; and

(4) by adding at the end the following new subdivision:

"(2) Subdivision (1) of this subsection shall not apply to the annuity of a widow, surviving divorced wife, or surviving divorced mother who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act. No amount shall be payable to a person under subdivision (1) of this subsection unless the entitlement of such person to such amount had been determined prior to the date of the enactment of this subdivision.".

Ante, p. 629.

45 USC 231c.

(i) Section 4(i) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "spouse" each place it appears in subdivision (1) and subdivision (2) and inserting in lieu thereof "spouse or divorced wife";

(2) by inserting ", after a reduction pursuant to section 2(c)(2)" after "shall" in subdivision (1);

(3) by striking out "wife's or husband's" in subdivision (1); and

(4) by inserting "(before any deduction on account of work)" after "insurance benefit" in subdivision (1).

45 USC 231d.

SEC. 1120. (a) Section 5(a) of the Railroad Retirement Act of 1974 is amended—

(1) by striking "and" at the end of paragraph (ii),

(2) by striking out the period at the end of paragraph (iii) and inserting "; and" in lieu thereof; and

(3) by adding at the end thereof the following new paragraphs:

"(iv) in the case of an applicant otherwise entitled to an annuity under section 2(c)(4) or 2(d)(1)(v) of this Act, not earlier than the month an annuity would begin to accrue to such individual under such section if section 202(j)(1) and section 202(j)(4) of the Social Security Act were applicable to this Act.

42 USC 402.

"(v) an annuity amount provided by section 3(h)(1) or 3(h)(2) shall not be paid to an individual otherwise eligible therefor for any month before the month such individual would be entitled, upon filing an application therefor, to an old-age insurance benefit or a disability insurance benefit under title II of the Social Security Act and an annuity amount provided by section 3(h)(3) or section 3(h)(4) shall not be paid to an individual otherwise eligible therefor for any month before the month such individual would be entitled, upon filing an application therefore, to an insurance benefit as a wife, husband, widow, or widower under title II of the Social Security Act;

42 USC 401.
45 USC 231b.

"(vi) an annuity amount provided by section 4(e)(1) or 4(e)(2) shall not be paid to a spouse otherwise eligible therefor for any month prior to the month such spouse would be entitled, upon filing an application therefor, to an old-age or disability insurance benefit under title II of the Social Security Act; and

"(vii) an annuity amount provided by section 4(e)(3) shall not be paid to a spouse otherwise eligible therefor for any month prior to the month such spouse would be entitled, upon filing an application therefor, to a wife's or husband's insurance benefit under title II of the Social Security Act.".

45 USC 231d.

(b) Section 5(b) of such Act is amended by inserting "title II of" after "may be entitled under this Act or" in the second sentence thereof.

(c) Section 5(c)(3) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new sentence: "The entitlement of the divorced wife of an individual to an annuity under section 2(c) shall end on the last day of the month preceding the

month in which (A) the divorced wife or the individual dies or (B) the divorced wife remarries.".

(d) Section 5(c) of such Act is amended by adding at the end thereof the following new subdivision: 45 USC 231d.

"(9) No annuity shall accrue with respect to the calendar month in which an annuitant dies. In cases where an individual entitled to an annuity under this Act disappears, no annuity shall accrue to that individual with respect to any month until and unless such individual is shown, by evidence satisfactory to the Board, to have continued in life throughout such month, but—

"(A) where an annuity would accrue for such month under section 2(a)(1) to an individual who had a current connection with the railroad industry at the time of such individual's disappearance, and under section 2(c) to such individual's spouse, had such individual been shown to be alive during such month, such individual shall be deemed, for the purposes of benefits under section 2(d), to have died in the month in which such individual disappeared, and where an annuity would accrue for such month under section 2(a)(1) to an individual who did not have a current connection with the railroad industry at the time of such individual's disappearance, and under section 2(c) to such individual's spouse, had such individual been shown to be alive during such month, such individual shall be deemed, for purposes of benefits payable under section 2(c), to be alive during such month unless the death of such individual has been established or the annuity of the spouse of such individual is otherwise terminated under subsection (c)(3) of this section, and 45 USC 231a.

"(B) if such individual is later determined to have been alive during any of such months, recovery of any benefits paid on the basis of such individual's compensation under section 2(d) for the months in which such individual was not known to be alive, minus the total of the amounts that would have been paid as a spouse's annuity during such months (treating the application for a widow's or widower's annuity as an application for a spouse's annuity), shall be made in accordance with section 10.

For purposes of the payment of benefits under this Act, the death of an individual shall be presumed based on such individual's unexplained absence of not less than seven years, except that whenever the death of an individual is so established, such individual shall be deemed to have died in the month in which such individual disappeared.".

SEC. 1121. (a) Section 6(a)(3) of the Railroad Retirement Act of 1974 is amended— 45 USC 231e.

(1) by striking out "spouse" and inserting "spouse or divorced wife" in lieu thereof; and

(2) by striking out "spouse's" and inserting "spouse's or divorced wife's" in lieu thereof.

(b) Section 6(b)(2) of the Railroad Retirement Act of 1974 is amended by inserting "surviving divorced wife," after "widow," the first place it appears.

(c) Section 6(c) of the Railroad Retirement Act of 1974 is amended—

(1) by adding the following new sentence at the end of subdivision (1): "After a lump sum with respect to the death of an employee is paid pursuant to an election filed with the Board under the provisions of this subsection, no further benefits shall be paid under this Act or the Social Security Act on the basis of such employee's compensation and service under this Act, except that nothing in this Act or the Social Security Act shall operate 42 USC 1305.

42 USC 401.

to deprive a widow, widower, or parent making such election of any insurance benefit under title II of the Social Security Act to which such individual would have been entitled if the employee had not rendered service as an employee under this Act.";

(2) by inserting after "section 21 of the Railroad Retirement Act of 1937," in the first sentence of subdivision (2) thereof the following: "any supplemental annuity payments made to the employee under section 2(b) of this Act or section 3(j) of the Railroad Retirement Act of 1937,"; and

(3) by striking out "spouse" the first place it appears in subdivision (2) and inserting in lieu thereof "spouse or divorced wife".

45 USC 231f.

SEC. 1122. (a) Section 7(b) of the Railroad Retirement Act of 1974 is amended—

(1) by striking out "wife" in subdivision (2)(B) and inserting in lieu thereof "wife or divorced wife"; and

(2) by striking out "this Act and the" where it appears in the first sentence of subdivision (7) and inserting in lieu thereof "this Act, the Railroad Unemployment Insurance Act,".

(b)(1) Section 7(d) of such Act is amended by striking out "; or" at the end of paragraph (i) of subdivision (2) and inserting in lieu thereof: "or (C) bears a relationship to an employee which, by reason of section 3(f)(3) of this Act, has been, or would be, taken into account in calculating the amount of the annuity of such employee; or".

45 USC 231b.

(2) Section 7(d)(2) of the Railroad Retirement Act of 1974 is amended by striking out "spouse" and inserting in lieu thereof "spouse or divorced wife".

(c) Section 7(c) of the Railroad Retirement Act of 1974 is amended by striking out the period at the end of subdivision (1) and by inserting in lieu thereof the following: ", and payments of annuity amounts made under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445 shall be made from the Dual Benefits Payments Account. In any fiscal year, the total amounts paid under such sections shall not exceed the total sums appropriated to the Dual Benefits Payments Account for that fiscal year. The Board shall prescribe regulations for allocation of annuity amounts which would without regard to such regulations be payable under sections 3(h), 4(e), and 4(h) of this Act and sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445 so that the sums appropriated to the Dual Benefits Payments Account for a fiscal year so far as practicable, are expended in equal monthly installments throughout such fiscal year, and are distributed so that recipients are paid annuity amounts which bear the same ratio to the annuity amounts such recipients would have received but for such regulations as the ratio of the total sums appropriated to pay such annuity amounts bear to the total sums necessary to pay such annuity amounts without regard to such regulations. Nothwithstanding any other provision of law, the entitlement of an individual to an annuity amount under section 3(h), 4(e), or 4(h) of this Act or section 204(a)(3), 204(a)(4), 206(3), or 207(3) of Public Law 93-445 for any month in which the amount payable to such individual is allocated under the regulations prescribed by the Board under this subsection shall not exceed the amount so allocated for that month to such individual.".

45 USC 231b, 231c.
45 USC 231 note.

Regulations.

45 USC 231i.

SEC. 1123. Section 10(a) of the Railroad Retirement Act of 1974 is amended by adding at the end thereof the following new sentence: "The Board shall have the authority to recover from any payment which would be made to an individual by the Board under section

7(b)(2) of this Act the amount of annuity payments made to such individual which are erroneous because of such individual's entitlement to monthly insurance benefits under title II of the Social Security Act.". 45 USC 231f.

SEC. 1124. (a) Section 15(d) of the Railroad Retirement Act of 1974 is amended by striking out the first two sentences and inserting in lieu thereof the following: "There is hereby created an account in the Treasury of the United States to be known as the Dual Benefits Payments Account. There is hereby authorized to be appropriated to such account for each fiscal year beginning with the fiscal year ending September 30, 1982, such sums as are necessary to pay during such fiscal year the amounts of annuities estimated by the Board to be paid under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445. Not more than 30 days prior to each fiscal year beginning with the fiscal year ending September 30, 1982, the Board may request the Secretary of the Treasury to transfer from the Railroad Retirement Account to the credit of the Dual Benefits Payments Account any amount not exceeding one-twelfth of the amount which the Board has determined will be the amount of the appropriation to be made to the Dual Benefits Payments Account under the applicable Public Law making such appropriation for such fiscal year, and the Secretary of the Treasury shall make such transfer. Not more than 10 days after the funds appropriated to the Dual Benefits Payments Account for each such fiscal year are received into such Account, the Board shall request the Secretary of the Treasury to retransfer from the Dual Benefits Payments Account to the credit of the Railroad Retirement Account an amount equal to the amount transferred to the Dual Benefits Payments Account prior to such fiscal year under the preceding sentence, together with such additional amount determined by the Board to be equal to the loss of interest to the Railroad Retirement Account resulting from such transfer, and the Secretary of the Treasury shall make such retransfer.". 45 USC 231n.

(b) Section 15(e) of the Railroad Retirement Act of 1974 is amended by inserting ", the Dual Benefits Payments Account" after "Railroad Retirement Account" in the first sentence thereof.

(c) Section 15(g) of the Railroad Retirement Act of 1974 is amended by striking out the period at the end of the first sentence and inserting in lieu thereof the following: ", and the Dual Benefits Payments Account.".

SEC. 1125. Section 18(2) of the Railroad Retirement Act of 1974 is amended by inserting "and section 216(i)" immediately after "203". 45 USC 231q.

SEC. 1126. (a) Not later than October 1, 1982, the President shall analyze options that will assure the long-term financial integrity of the railroad retirement system and report to the Congress the results of such analysis, together with recommendations with respect to such options and such comments as may have been submitted by representatives of railroad labor and management. Report to Congress. 45 USC 231n note.

(b) The Railroad Retirement Act of 1974 is amended by adding at the end thereof the following:

"BENEFIT PRESERVATION

"SEC. 22. (a) In any fiscal year in which the Board determines that general revenue borrowing authority available under this Act will be used to borrow an amount equal to or greater than fifty percent of the total amount available under such borrowing authority for that fiscal year, the Board shall, on or before April 1 of that year, report to the Report to President, Speaker of the House, and President of the Senate. 45 USC 231u.

President, the Speaker of the House, and the President of the Senate, in writing—

"(1) the aggregate amount it will need to borrow for that fiscal year and the aggregate amount it is authorized to borrow for that fiscal year;

"(2) the first fiscal year during which benefits under this Act must be reduced, in the absence of any adjustments, because insufficient funds (including any general revenue borrowing authority under this Act) would preclude payment of full benefits (other than benefits payable from the Dual Benefits Payments Account) for every month in such fiscal year;

"(3) the first fiscal year during which the Board would recommend suspension of the authority to borrow contained in section 10(d) of the Railroad Unemployment Insurance Act, in order to prevent depletion of the Railroad Retirement Account; and

45 USC 360.

"(4) the amount, if any, of adjustments (stated in terms of percentage of taxable payroll), and any other changes such as cash flow adjustments, necessary to preserve the financial solvency of the Railroad Retirement Account, if such adjustments were effective at the beginning of the next succeeding fiscal year.

Publication in Federal Register.

The Board shall, not less than 20 nor more than 30 days after the submission of a written report under this subsection, publish such report in the Federal Register.

"(b) Not later than 180 days after the publication in the Federal Register of any Board report referred to in subsection (a) of this section which states an amount of adjustments (in terms of percentage of taxable payroll) necessary to preserve the financial solvency of the railroad retirement account—

"(1) representatives of railroad employees and carriers shall, jointly or separately, submit to the President, the Speaker of the House, and the President of the Senate, funding proposals designed to preserve the financial solvency of the Railroad Retirement Account; and

Recommendations.

"(2) the President shall submit to the Speaker of the House and the President of the Senate such recommendations as he may deem appropriate with respect to the preservation of the Railroad Retirement Account, including a specific proposal to assure continuous payments of social security equivalent benefits by separating the social security equivalent benefits from industry pension equivalent benefits payable under this Act.

Publication in Federal Register.

"(c) Not later than 180 days after the submission of a written report under subsection (a) of this section which states the first fiscal year during which benefits under this Act must be reduced because insufficient funds would preclude payment of full benefits for every month of that year, the Board shall issue and publish in the Federal Register such regulations as may be necessary which shall be designed to—

"(1) provide a constant level of benefits at the maximum level possible for every month of that fiscal year; and

"(2) provide that no individual shall receive less during that fiscal year than the amount otherwise payable if the employee's service as an employee after December 31, 1936, had been covered under the Social Security Act, minus the amount of any reduction required under section 3(m) or 4(i) of this Act.

42 USC 1305.
45 USC 231b, 231c.

Unless otherwise provided by law enacted after the date of enactment of this section, or by a later report filed by the Board under subsection (a) of this section, regulations issued by the Board under this subsection shall apply beginning with the fiscal year designated by

the Board in its written report under subsection (a) of this section. Any Board regulation which becomes effective under this subsection may be modified, rescinded, or superseded in the same manner and to the same extent as in the case of any other Board regulation issued under authority of this Act.".

SEC. 1127. (a) Section 15(b) of the Railroad Retirement Act of 1974 is amended by inserting "(1)" after "(b)" and by inserting at the end thereof the following new subdivision: 45 USC 231n.

"(2) In any month when the Board finds that the balance in the Railroad Retirement Account is insufficient to pay annuity amounts due to be paid during the following month, the Board shall report to the Secretary of the Treasury the additional amount of money necessary in order to make such annuity payments, and the Secretary shall transfer to the credit of the Railroad Retirement Account such additional amount upon receiving such report from the Board. The total amount of money outstanding to the Railroad Retirement Account from the general fund at any time during any fiscal year shall not exceed the total amount of money the Board and the Trustees of the Social Security Trust Fund estimate will be transferred to the Railroad Retirement Account pursuant to section 7(c)(2) of this Act with respect to such fiscal year. Whenever the Board determines that the sums in the Railroad Retirement Account are sufficient to pay annuity amounts, the Board shall request the Secretary of the Treasury to retransfer to the general fund from the Railroad Retirement Account all or any part of the amount outstanding, and the Secretary of the Treasury shall make such retransfer of the amount requested. Not later than 10 days after a transfer to the Railroad Retirement Account under section 7(c)(2) of this Act, any amount of money outstanding to the Railroad Retirement Account from the general fund under this subdivision shall be retransferred in accordance with this subdivision. Any amount retransferred shall include an amount of interest computed at a rate determined in accordance with the following two sentences: The rate of interest payable with respect to an amount outstanding for any month shall be equal to the average investment yield for the most recent auction (before such month) of United States Treasury bills with maturities of 52 weeks, deeming any amount outstanding at the beginning of a month to have been borrowed at the beginning of such month. For this purpose the amount of interest computed in accordance with the preceding sentence but not repaid by the end of such month shall be added to the amount outstanding at the beginning of the next month.". 45 USC 231f.

SEC. 1128. (a) Section 5(f) of the Railroad Unemployment Insurance Act is amended by striking out "fifteen" and by inserting in lieu thereof "thirty". 45 USC 355.

(b) Section 8(f) of the Railroad Unemployment Insurance Act is amended by striking out "0.25" and inserting in lieu thereof: "0.5". 45 USC 358.

SEC. 1129. (a) Except as otherwise provided in this section, the amendments made by this subtitle shall take effect October 1, 1981, and shall apply only with respect to annuities awarded on or after that date. Effective dates. 45 USC 231 note.

(b)(1) The amendment made by section 1116(a) of this Act shall take effect October 1, 1981, except that the years of service of an individual shall not be considered less after enactment of this Act for any individual who files an application before April 1, 1982 than such individual had during the month of September 1981.

(2) The amendments made by sections 1116(b)(1), 1118(c)(2), 1119(b)(5), 1119(c), 1119(h)(3), 1119(i)(3), 1120(a), 1120(d), 1121(c)(1), 1121(c)(2), 1123, and 1125 of this Act shall take effect January 1, 1975.

(3) The first sentence added to section 1(o) of the Railroad Retirement Act of 1974 by section 1116(b)(2) shall take effect October 1, 1981, and shall apply only with respect to individuals who did not die before that date and who ceased rendering service as an employee under the Railroad Retirement Act of 1974 on or after Ocotber 1, 1975 or were on leave of absence or furlough on October 1, 1975. The second sentence added to section 1(o) of the Railroad Retirement Act of 1974 by section 1116(b)(2) shall take effect October 1, 1981.

45 USC 231.

45 USC 231t.

(c) The amendment made by section 1117(a) of this Act shall take effect October 1, 1981, and shall apply only with respect to individuals whose supplemental annuity closing date under section 2(b) of the Railroad Retirement Act of 1974 before the effective date of the amendment to such section by this Act did not occur before October 1, 1981.

45 USC 231a.

(d) The amendments made by section 1119(b)(1) shall not apply with respect to annuities awarded on the basis of employee annuities awarded before October 1, 1981.

(e)(1) The amendments made by sections 1118(e)(3), 1119(d)(2), 1119(h)(1), and 1119(h)(4) of this Act shall take effect on the date of the enactment of this Act.

(2) The amendment made by section 1118(d) of this Act shall apply with respect to annuity increases which become effective on or after the date described in the next sentence. The date referred to in the last preceding sentence is the later of October 1, 1981 and the date (after July 1, 1981) on which there is an increase in the rate of any tax imposed under chapter 22 (relating to railroad retirement tax) of the Internal Revenue Code of 1954. For the purposes of the amendment made by section 1118(d), with respect to annuities awarded before October 1, 1981, the annuity portions computed under subsections (b) and (d) of section 3 of the Railroad Retirement Act of 1974 as in effect before October 1, 1981, shall be treated as a portion of an annuity computed under section 3(b) of such Act as amended by this Act.

26 USC 3201 *et seq.*

45 USC 231b.

(3) The amendment made by section 1118(a) of this Act shall take effect on the later of October 1, 1981, and the date (after July 1, 1981) on which there is an increase in the rate of any tax imposed under chapter 22 (relating to railroad retirement tax) of the Internal Revenue Code of 1954, and shall apply only with respect to annuities awarded on or after the date of that taking effect.

(f) Section 4(g) of the Railroad Retirement Act of 1974 as amended by this Act (except subdivisions (5) and (6) of such section 4(g)) shall take effect October 1, 1981, with respect to awards made on or after that date in cases in which the employee did not begin receiving an annuity under section 2(a)(1) of the Railroad Retirement Act of 1974 before October 1, 1981, and did not die before that date, and to all awards made on or after October 1, 1986. In all other awards made on or after October 1, 1981, and before October 1, 1986, for purposes of determining the initial annuity amounts only, the provisions of section 4(g) of the Railroad Retirement Act of 1974, as in effect before amendment by this Act shall be applicable. Initial annuity amounts determined under the preceding sentence shall be increased only by the same percentage, or percentages, as an employee's annuity amount determined under section 3(b) of the Railroad Retirement Act of 1974 is increased under section 3(g) of the Railroad Retirement Act of 1974 on or after the date on which such initial annuity amount began to accrue. Annuity amounts determined under section 4(g) of

Ante, p. 633.

the Railway Retirement Act of 1974 before amendment by this Act or under section 207(2) of Public Law 93-445 shall be increased only by the same percentage, or percentages, as an employee's annuity amount determined under section 3(b) of the Railroad Retirement Act of 1974 is increased under section 3(g) of the Railroad Retirement Act of 1974 on or after October 1, 1981. Section 4(g)(5) and 4(g)(6) of the Railroad Retirement Act of 1974, as amended by this Act, shall take effect on October 1, 1981. 45 USC 231c. 45 USC 231 note. 45 USC 231b.

(g) The amendments made by sections 1118(b), 1118(g), 1120(b), 1122(a)(2), 1122(b)(1), 1122(c), 1124, 1126, and 1127 of this Act shall take effect October 1, 1981.

(h) The amendments made by sections 1117(e)(2), 1117(f), 1118(h)(2), and 1119(i)(4) shall take effect January 1, 1982.

Subtitle E—Conrail

SEC. 1131. This subtitle may be cited as the "Northeast Rail Service Act of 1981". Northeast Rail Service Act of 1981. 45 USC 1101 note.

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PART 1—GENERAL PROVISIONS

FINDINGS

45 USC 1101.

SEC. 1132. The Congress finds and declares that—

45 USC 701 note.

(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 provision of rail freight and commuter service in the Northeast and Midwest regions of the United States are inadequate to meet the transportation needs of the public and the needs of national security;

(3) although the Federal Government has provided billions of dollars in assistance for Conrail and its employees, the Federal interest in ensuring the flow of interstate commerce through rail service in the private sector has not been achieved, and the protection of interstate commerce requires Federal intervention to preserve essential rail service in the private sector;

(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 enactment, have imposed an excessive fiscal burden on the Federal taxpayer, and are now an obstacle to the establishment of improved rail service and continued rail employment in the Northeast region of the United States; and

(5) since holding Conrail liable for employee protection payments would destroy its prospects of becoming a profitable carrier and further injure its employees, an alternative employee protection system must be developed and funded.

PURPOSE

45 USC 1102.

SEC. 1133. It is therefore declared to be the purpose of the Congress in this subtitle to provide for—

(1) the removal by a date certain of the Federal Government's obligation to subsidize the freight operations of Conrail;

(2) transfer of Conrail commuter service responsibilities to one or more entities whose principal purpose is the provision of commuter service; and

(3) an orderly return of Conrail freight service to the private sector.

GOALS

SEC. 1134. It is the goal of this subtitle to provide Conrail the opportunity to become profitable through the achievement of the following objectives: 42 USC 1103.

(1) NONAGREEMENT PERSONNEL.—(A) Employees who are not subject to collective bargaining agreements (hereafter in this section referred to as "nonagreement personnel") should forego wage increases and benefits in an amount proportionately equivalent to the amount foregone by agreement employees pursuant to paragraph (4) of this section, adjusted annually to reflect inflation.

(B) After May 1, 1981, the number of nonagreement personnel should be reduced proportionately to any reduction in agreement employees (excluding reductions pursuant to the termination program under section 702 of the Regional Rail Reorganization Act of 1973). *Post*, p. 662.

(2) SUPPLIERS.—To facilitate the orderly movement of goods in interstate commerce, materials and services should continue to be available to Conrail, under normal business practices, including the provision of credit and normal financing arrangements.

(3) SHIPPERS.—Conrail should utilize the revenue opportunities available to it under the Staggers Rail Act of 1980 and subtitle IV of title 49, United States Code. 49 USC 10101 note. 49 USC 10101 *et seq.*

(4) AGREEMENT EMPLOYEES.—(A) Conrail should enter into collective bargaining agreements with its employees which would reduce Conrail's costs in an amount equal to $200,000,000 a year, beginning April 1, 1981, adjusted annually to reflect inflation.

(B) Agreements under this subparagraph may provide for reductions in wage increases and for changes in fringe benefits common to agreement employees, including vacations and holidays.

(C) The cost reductions required under this subparagraph in the first year of the agreement may be deferred, but the aggregate cost reductions should be no less than an average of $200,000,000 per year for each of the first three one-year periods beginning April 1, 1981.

(D) The amount of cost reductions provided under this paragraph shall be calculated by subtracting the cost of an agreement entered into under this paragraph from (i) the cost that would otherwise result from the application of the national agreement reached by railroad industry and its employees, or (ii) until such national agreement is reached, the cost which the United States Railway Association estimates would result from the application of such a national agreement.

DEFINITIONS

SEC. 1135. (a) As used in this subtitle, unless the context otherwise requires, the term: 45 USC 1104.

(1) "Amtrak" means the National Railroad Passenger Corporation created under title III of the Rail Passenger Service Act (45 U.S.C. 541 et seq.).

(2) "Commission" means the Interstate Commerce Commission.

(3) "Commuter authority" means any State, local, or regional authority, corporation, or other entity established for purposes of providing commuter service, and includes the Metropolitan Transportation Authority, the Connecticut Department of Transportation, the Maryland Department of Transportation, the Southeastern Pennsylvania Transportation Authority, the New Jersey Transit Corporation, the Massachusetts Bay Transportation Authority, the Port Authority Trans-Hudson Corporation, any successor agencies, and any entity created by one or more such agencies for the purpose of operating, or contracting for the operation of, commuter service.

(4) "Commuter service" means short-haul rail passenger service operated 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.

(5) "Conrail" means the Consolidated Rail Corporation created under title III of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 741 et seq.).

(6) "Rail carrier" means a common carrier engaged in interstate or foreign commerce by rail subject to subtitle IV of title 49, United States Code.

49 USC 10101 *et seq.*

(7) "Secretary" means the Secretary of Transportation.

(8) "Special court" means the judicial panel established under section 209 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 719).

45 USC 702.

(b) Section 102 of the Regional Rail Reorganization Act of 1973 is amended—

(1) by inserting after paragraph (2) the following new paragraphs:

"(3) 'Commuter authority' means any State, local, or regional authority, corporation, or other entity established for purposes of providing commuter service, and includes the Metropolitan Transportation Authority, the Connecticut Department of Transportation, the Maryland Department of Transportation, the Southeastern Pennsylvania Transportation Authority, the New Jersey Transit Corporation, the Massachusetts Bay Transportation Authority, the Port Authority Trans-Hudson Corporation, any successor agencies, and any entity created by one or more such agencies for the purpose of operating, or contracting for the operation of, commuter service;

"(4) 'Commuter service' means short-haul rail passenger service operated 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;"; and

(2) by redesignating paragraphs (3) through (19) as paragraphs (5) through (21), respectively.

PART 2—TRANSFER OF RAIL SERVICE RESPONSIBILITIES

Subpart A—Transfer of Conrail Commuter Services

END OF CONRAIL OBLIGATION

SEC. 1136. Notwithstanding any other provision of law or contract, Conrail shall be relieved of any legal obligation to operate commuter service on January 1, 1983. 45 USC 744a.

ESTABLISHMENT OF AMTRAK COMMUTER

SEC. 1137. The Rail Passenger Service Act (45 U.S.C. 501 et seq.) is amended by inserting immediately after title IV thereof the following new title:

"TITLE V—AMTRAK COMMUTER SERVICES

"SEC. 501. ESTABLISHMENT OF AMTRAK COMMUTER. 45 USC 581.

"(a) There shall be established, no later than November 1, 1981, a wholly-owned subsidiary of the Corporation to be known as the Amtrak Commuter Services Corporation (hereafter in this Act referred to as 'Amtrak Commuter').

"(b)(1) Amtrak Commuter shall not be an agency or instrumentality of the Federal Government. Amtrak Commuter shall be subject to the provisions of this Act and, to the extent not inconsistent with this Act, to the District of Columbia Business Corporation Act. D.C. Code 29-901.

"(2) Amtrak Commuter shall be a contract operator of commuter service on behalf of the commuter authorities that contract with Amtrak Commuter for the operation of commuter service under this title. Amtrak Commuter shall have no common carrier obligation to operate either passenger or freight service.

"(c)(1) Amtrak Commuter shall not be subject to the jurisdiction of the Commission under chapter 105 of title 49, United States Code, but it shall (treated as a separate rail carrier) be subject to the same laws and regulations with respect to safety and with respect to the representation of its employees for purposes of collective bargaining, the handling of disputes between carriers and their employees, employee retirement, annuity, and unemployment systems, and other dealings with its employees as any rail carrier providing transportation subject to the jurisdiction of the Commission under such chapter 105. 49 USC 10501 *et seq.*

"(2) Amtrak Commuter shall not be subject to any State or other law relating to the transportation of passengers by railroad insofar as such law relates to rates, routes, or service, including any modification or discontinuance thereof.

"(3) Amtrak Commuter shall be exempt from the payment of taxes to the same extent as the Corporation is exempt under section 306(n) of this Act. *Post*, p. 692.

"(4) The provisions of section 10 of the Clayton Act (15 U.S.C. 20) shall not apply to transactions between Amtrak Commuter and the Corporation.

"(d) The Board of Directors of the Corporation shall be the incorporators of Amtrak Commuter and shall take whatever steps are necessary to establish Amtrak Commuter, including filing articles of incorporation.

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45 USC 582.

"SEC. 502. DIRECTORS AND OFFICERS.

"(a)(1) Amtrak Commuter shall have a Board of Directors as follows:

"(A) The President of Amtrak Commuter, ex officio.

"(B) One member of the Board of Directors of the Corporation who was selected as a representative of commuter authorities contracting with Amtrak Commuter for the operation of commuter service.

"(C) Two members selected by the Board of Directors of the Corporation.

"(D) Two members from commuter authorities as follows:

"(i) During the period prior to the commencement of the operation of commuter service by Amtrak Commuter, such members shall be selected by commuter authorities for which the Consolidated Rail Corporation (hereafter in this title referred to as 'Conrail') operates commuter service under the Regional Rail Reorganization Act of 1973.

45 USC 701 note.

"(ii) Beginning January 1, 1983, such members shall be selected by commuter authorities for which Amtrak Commuter operates commuter service pursuant to this title, except that if Amtrak Commuter operates commuter service for only one commuter authority, only one member shall be selected under this clause.

"(2)(A) Except as otherwise provided in this section, members of the Board of Directors of Amtrak Commuter shall serve terms of two years, and any vacancy in the membership of the Board shall be filled in the same manner as in the case of the original selection.

"(B) The Board shall elect one of its members annually to serve as Chairman.

"(C) Each member of the Board shall receive compensation and reimbursement in accordance with section 303(a)(5) of this Act.

45 USC 543.

"(b) The provisions of section 303 (b) and (d) of this Act shall apply to Amtrak Commuter, except that references to the Corporation shall be read as though they referred to Amtrak Commuter.

45 USC 583.

"SEC. 503. GENERAL POWERS OF AMTRAK COMMUTER.

"(a)(1) Amtrak Commuter is authorized to own, manage, operate, or contract for the operation of commuter service; to conduct research and development related to its mission; and to acquire by construction, purchase, or gift, or to contract for the use of, physical facilities, equipment, and devices necessary to commuter service operations.

"(2) Amtrak Commuter shall, to the extent consistent with this Act and with agreements with commuter authorities, directly operate and control all aspects of its commuter service.

"(b) To carry out its functions and purposes, Amtrak Commuter shall have the usual powers conferred upon a stock corporation by the District of Columbia Business Corporation Act.

D.C. Code 29-901.

"(c) Amtrak Commuter is authorized to issue common stock to the Corporation.

45 USC 584.

"SEC. 504. COMMUTER SERVICE.

"(a) Amtrak Commuter is authorized to operate commuter service under an agreement with a commuter authority. Effective January 1, 1983, any commuter service operated by Amtrak Commuter under an agreement with a commuter authority shall be operated solely pursuant to the provisions of this section.

"(b)(1) Amtrak Commuter shall operate commuter service which Conrail was obligated to provide on the effective date of this title

under section 303(b)(2) or 304(e) of the Regional Rail Reorganization Act of 1973, and may operate any other commuter service, if the commuter authority for which such service is to be operated offers to provide a commuter service operating payment which is designed to cover the difference between the revenue attributable to the operation of such service and the avoidable costs of operating such service (including the avoidable cost of any capital improvements necessary to operate such service) together with a reasonable return on the value. 45 USC 743, 744.

"(2) Any commuter authority making an offer under this subsection shall demonstrate that such commuter authority has acquired, leased, or otherwise obtained access to all rail properties necessary to provide such additional commuter service.

"(3) Any additional manpower requirements shall be satisfied through existing seniority arrangements as agreed to in the implementing agreement negotiated pursuant to section 508 of this Act.

"(c) Any offer to provide a commuter service operating payment under subsection (b) of this section shall be made in accordance with regulations issued by the Rail Services Planning Office pursuant to section 205(d)(5)(A) and (6) of the Regional Rail Reorganization Act of 1973. Such Office may revise and update such regulations as may be necessary to carry out the provisions of this section. 45 USC 715.

"(d)(1) Amtrak Commuter may discontinue commuter service provided under this section upon 60 days' notice if—

"(A) a commuter authority does not offer a commuter service operating payment in accordance with subsection (b) of this section; or

"(B) an applicable commuter service operating payment is not paid when it is due.

"(2) The necessary contents of the notice required under this subsection shall be determined pursuant to regulations issued by the Rail Services Planning Office.

"(e) Notwithstanding any other provision of law, compensation to the Corporation or Amtrak Commuter for right-of-way related costs for service over the Northeast Corridor and other properties owned by the Corporation shall be determined in accordance with the methodology determined by the Commission or agreed upon by the parties pursuant to section 1163 of the Northeast Rail Service Act of 1981. *Post*, p. 685.

"(f) Amtrak Commuter shall not be subject to any lease or agreement with a commuter authority under which financial support was being provided on January 2, 1974, for the continuation of rail passenger service, except that the Corporation and Conrail shall retain appropriate trackage rights (for passenger and freight operations respectively) over any rail properties owned or leased by such commuter agency. Compensation for such trackage rights shall be just and reasonable.

"(g) Notwithstanding any other provision of this section, Amtrak Commuter is not obligated to provide commuter service if a commuter authority operates the service itself or contracts for the provision of such service by an operator other than Amtrak Commuter. In any such case, Amtrak Commuter shall, where appropriate, provide the commuter authority or such other operator with access to the rail properties needed to operate such service.

"(h) Amtrak Commuter and the Corporation shall, to the maximum extent practicable, enter into agreements for purposes of avoiding duplication of employee functions and voluntarily establishing a consolidated work force.

45 USC 585.

"SEC. 505. NORTHEAST CORRIDOR COORDINATION.

"(a) The Board of Directors of Amtrak Commuter shall develop and recommend to the Corporation—

"(1) policies which ensure equitable access to the Northeast Corridor, taking into account the need for equitable access by commuter and intercity service and the requirements of section 402(e) of this Act; and

45 USC 562.

"(2) equitable policies for the Northeast Corridor with respect to dispatching, public information, maintenance of equipment and facilities, major capital facility investments, and harmonization of equipment acquisitions, fares, tariffs, and schedules.

"(b) The Board of Directors of Amtrak Commuter may recommend to the President and Board of Directors of the Corporation such actions as are necessary to resolve differences of opinions regarding operations (among or between the Corporation, Amtrak Commuter, other railroads, commuter authorities, and other State, local, and regional agencies responsible for the provision of commuter rail, rapid rail, or rail freight service), with respect to all matters except those conferred on the Commission in section 402(a) of this Act.

Notification.
45 USC 586.

"SEC. 506. PROPERTY TRANSFER.

"(a) Not later than April 1, 1982, each commuter authority shall notify Amtrak Commuter and Conrail whether it intends to operate its own commuter service or to contract with Amtrak Commuter for the operation of such service.

"(b)(1) A commuter authority may initiate negotiations with Conrail for the transfer of commuter service operated by Conrail.

"(2) Any transfer agreement between such a commuter 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 January 1, 1983.

"(3) Any transfer agreement under this subsection shall be entered into not later than September 1, 1982.

"(c) Not later than September 1, 1982, Conrail and Amtrak Commuter shall agree on terms and conditions for the transfer to Amtrak Commuter of all of Conrail's commuter service in the Northeast Corridor, except for commuter service to be transferred directly to a commuter authority under an agreement entered into under subsection (b) of this section, and any rail properties used or useful for the operation of such commuter service. Such service and properties shall be transferred to Amtrak Commuter not later than January 1, 1983.

"(d) If, by September 1, 1982, Conrail and Amtrak Commuter have not signed an agreement pursuant to subsection (c) of this section, the Secretary shall, within 30 days, determine which rail properties shall be transferred to Amtrak Commuter and the terms and conditions under which such rail properties and the Northeast Corridor commuter service of Conrail shall be transferred to Amtrak Commuter. Such transfer shall occur not later than January 1, 1983.

"(e) Following the transfer of commuter service and properties to Amtrak Commuter, and upon the request of any commuter authority for which the service is provided by Amtrak Commuter, Amtrak Commuter and such commuter authority shall agree upon terms and conditions for the transfer to the commuter authority of such service and any rail properties used or useful in the operation of such commuter service.

"(f) If, within 90 days after a request for the transfer of commuter services is made by a commuter authority under subsection (e),

Amtrak Commuter and such commuter authority do not sign an agreement pursuant to subsection (e) of this section, Amtrak Commuter or the commuter authority may appeal to the Secretary. Upon such appeal the Secretary shall determine which rail properties shall be transferred and the terms and conditions of such transfer.

"(g) Consideration for inventory, including tools, spare parts, and fuel, transferred under this section shall be based on book value. The transfer of fixed facilities and rolling stock under this section shall be without consideration.

"(h)(1) Notwithstanding any other provision of this Act, if an interest in rail properties is conveyed pursuant to this section, and if such conveyance is in accordance with the requirements of paragraph (2) of this subsection, the conveyance of such properties shall be deemed an assignment. Any such assignment shall relieve Conrail of liability for any breach which occurs after the date of such conveyance, except that Conrail shall remain liable for any breach, event of default, or violation of covenant which occurred (and any charges or obligations which accrued) prior to the date of such conveyance, regardless of whether the assignee thereof assumes such liabilities, charges, or obligations. If any such liabilities, charges, or obligations (accrued prior to the date of such conveyance) are paid by or on behalf of any person or entity other than Conrail, such person or entity shall have a claim to direct reimbursement from Conrail, together with interest on the amount so paid.

"(2)(A) A conveyance referred to in paragraph (1) of this subsection may be effected only if—

"(i) the assignee to whom such conveyance is made assumes all of the obligations under any applicable conditional sale agreement, equipment trust agreement, or lease with respect to such rail properties (including any obligations which accrued prior to the date on which such rail properties are conveyed);

"(ii) such conveyance is made subject to such obligations; and

"(iii) in the event of a conveyance of property to persons other than Class I or II railroads, such conveyance must be approved by any party who is an owner, lessor, equipment trustee, or conditional sale vendor to Conrail on any debt instrument imposing a lien or encumbrance on or otherwise affecting the title or interest in the rail properties to be conveyed, except that such approval may not be unreasonably withheld and may be withheld only for lack of credit worthiness.

As used in this subsection, the term 'rail properties' means assets or rights owned, leased, or otherwise controlled by Conrail, other than real property, which are used or useful in rail transportation service. tion service. "Rail properties."

"(B) Subject to the provisions of this subsection, the provisions of this Act shall not affect the title and interests of any lessor, equipment trust trustee, or conditional sale vendor under any conditional sale agreement, equipment trust agreement, or lease under section 1168 of title 11, United States Code. An assignee to whom such a conveyance is made shall assume all liability under such conditional sale agreement, equipment trust agreement, or lease. Such an assignment or conveyance to, and such an assumption of liability by such an assignee, shall not be deemed a breach, an event of default, or a violation of any covenant of any such conditional sale agreement, equipment trust agreement, or lease so assigned or conveyed, notwithstanding any provision of any such agreement or lease.

"(i) Conrail shall retain rail properties which are used chiefly in freight service and appropriate trackage rights for freight operations

over any rail properties which are transferred under this section. Any dispute regarding such rights may be submitted to the Commission for final and binding determination.

"(j) Nothing contained in this title shall be construed to affect the rights, duties, or obligations of Conrail or its successor in title and any bi-state commuter authority under any agreement, lease, or contract subject to which property was conveyed to Conrail pursuant to the Regional Rail Reorganization Act of 1973.

45 USC 701 note.

45 USC 587.

"SEC. 507. REGULATORY APPROVAL.

"Transfers of properties and assumptions of service responsibilities pursuant to agreements negotiated under section 506, or pursuant to a determination made by the Secretary under section 506 (d) or (f), shall not be subject to judicial review or to the provisions of subtitle IV of title 49, United States Code.".

49 USC 10101 *et seq.*

PROHIBITION OF CROSS-SUBSIDIZATION

SEC. 1138. Section 601 of the Rail Passenger Service Act (45 U.S.C. 601) is amended by adding at the end thereof the following new subsection:

"(c) None of the funds appropriated under this section for the payment of operating and capital expenses of intercity rail passenger service shall be used for the operation of commuter service by Amtrak Commuter.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 1139. (a) Section 601 of the Rail Passenger Service Act (45 U.S.C. 601), as amended by section 1138 of this subtitle, is further amended by adding at the end thereof the following new subsection:

"(d) There are authorized to be appropriated to the Secretary not to exceed $20,000,000 for the fiscal year ending September 30, 1982, to be allocated for commuter rail purposes to any commuter authority that was providing commuter service, operated by a railroad that entered reorganization after calendar year 1974, as of January 1, 1979.".

45 USC 744a note.

(b) There are authorized to be appropriated to the Secretary in the fiscal year ending September 30, 1982, not to exceed $50,000,000, to facilitate the transfer of rail commuter services from Conrail to other operators. The Secretary shall by regulation prescribe standards for the obligation of such funds, and shall ensure that distribution of such funds is equitably made between Amtrak Commuter and the commuter authorities that operate commuter service. In providing for the distribution of such funds, the Secretary shall consider any particular adverse financial impact upon any commuter authority contracting with Amtrak Commuter that results from the termination of any lease or agreement between such commuter authority and Conrail. Amounts appropriated under this section are authorized to remain available until October 1, 1986.

Subpart B—Additional Financing of Conrail

ADDITIONAL FINANCING OF CONRAIL

SEC. 1140. (a) Title II of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 711 et seq.) is amended by adding at the end thereof the following new section:

"ADDITIONAL PURCHASES OF SERIES A PREFERRED STOCK

"SEC. 217. (a) FEDERAL INVESTMENT.—In addition to the authority provided under section 216 of this Act, the Association shall purchase shares of Series A preferred stock and accounts receivable of the Corporation after the effective date of the Northeast Rail Service Act of 1981, in amounts not to exceed a total of $262,000,000. 45 USC 727. 45 USC 726.

"(b) ACCOUNTS RECEIVABLE.—(1) In any further purchase under this section or section 216 of this title the Association shall purchase accounts receivable of the Corporation attributable to the dispute over the right-of-way related costs described in section 1163 of the Northeast Rail Service Act of 1981 until the Commission resolves such dispute under such section, and accounts receivable of the Corporation attributable to delays in reimbursement from commuter authorities. *Post*, p. 685.

"(2) From funds provided under this section or section 216 of this Act, the Association shall purchase Series A preferred stock of the Corporation, to the extent of losses on commuter service, in an amount not to exceed $15,000,000.

"(c) STATES AND LOCALITIES.—The Corporation shall be exempt from liability for any State tax, except for any tax imposed by any political subdivision of a State, until the property of the Corporation is transferred by the Secretary under title IV of this Act. *Post*, p. 654.

"(d) DEBENTURES.—The Association shall return debentures to the Corporation in an amount equal to the value of the properties conveyed by the Corporation to Amtrak Commuter and any commuter authority.

"(e) RIGHTS RETAINED.—The Corporation shall retain the right to collect and shall collect any accounts receivable attributable to delays in reimbursement from commuter authorities that are purchased by the Association under this section. No agency or instrumentality of the United States shall be required to collect such accounts.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Association for purposes of purchasing securities and accounts receivable of the Corporation under this section not to exceed $262,000,000, such sums to remain available until the Secretary transfers the Corporation under title IV of this Act. All sums received on account of the holding or disposition of any such securities or accounts receivable shall be deposited in the general fund of the Treasury.".

(b) The table of contents of the Regional Rail Reorganization Act of 1973 is amended by inserting immediately after the item relating to section 216 the following new item:

"Sec. 217. Additional purchases of Series A preferred stock.".

ORGANIZATION AND STRUCTURE OF CONRAIL

SEC. 1141. (a) Section 301(d)(2) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 741(d)(2)) is amended—

(1) by striking out "(other than resignations pursuant to this subsection)" in the second sentence; and

(2) by striking out the third, fourth, and fifth sentences.

(b) Section 301(e)(1) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 741(e)(1)) is amended by striking out "In order to carry out the final system plan, the" and inserting in lieu thereof "The".

(c) Section 301 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 741) is amended by striking out subsection (j) and inserting in lieu thereof the following new subsection:

"(j) SIGNAL SYSTEMS.—If, within two years after the effective date of this subsection, the Corporation applies for the permission of the Secretary to substitute manual block signal systems for automatic block signal systems on lines on which less than 20,000,000 gross tons of freight are carried annually, the Secretary shall approve or disapprove such application within 90 days of its submission.".

Subpart C—Transfer of Freight Service Responsibilities

TRANSFER OF FREIGHT SERVICE

SEC. 1142. The Regional Rail Reorganization Act of 1973 is amended by inserting immediately after title III the following new title:

"TITLE IV—TRANSFER OF FREIGHT SERVICE

"INTEREST OF UNITED STATES

45 USC 761.

"SEC. 401. (a) PLAN FOR SALE OF COMMON STOCK.—(1) As soon as practicable after the effective date of the Northeast Rail Service Act of 1981, the Secretary shall engage the services of an investment banking firm or similar financial institution, which firm or institution shall arrange for the sale of the interest of the United States in the common stock of the Corporation under this section.

Ante, p. 643.

Plan, submittal to Congress.

"(2) At any time after the effective date of the Northeast Rail Service Act of 1981 the Secretary may submit to the Congress a plan for the sale, in block or by public offering, of the interest of the United States in the common stock of the Corporation. Such plan shall—

"(A) ensure continued rail service;

"(B) promote competitive bidding for such common stock; and

"(C) maximize the return to the United States on its investment.

"(3) Any plan submitted under paragraph (2) shall be deemed approved at the end of the 60-calendar-day period of continuous session of the Congress beginning on the date the plan was submitted, unless during such period both Houses of Congress pass a concurrent resolution the substance of which states that the Congress does not favor such plan. The Secretary shall implement any plan deemed approved under this paragraph. For purposes of this subsection—

"(A) continuity of session of the Congress is broken only by an adjournment sine die; and

"(B) the days on which either House is not in session because of adjournment of more than 3 days to a day certain are excluded in the computation of the 60-day period.

"(b) CANCELLATION.—In making any sale under a plan submitted under subsection (a)(2), the Secretary may cancel some shares of the common stock of the Corporation and sell only the remaining shares.

"(c) REPLACEMENT OF BOARD OF DIRECTORS.—When all common stock of the Corporation held by the United States (or any agent or instrumentality thereof) is sold under a plan submitted under subsection (a)(2) or canceled under subsection (b), the Corporation shall elect a new Board of Directors. Only holders of shares of common stock may vote in such election, and each such share shall entitle its holder to one vote.

"(d) RAILROAD PURCHASERS.—Any railroad which purchases common stock of the Corporation shall vote such stock in the same proportion as all other common stock of the Corporation is voted

unless the Commission determines that such railroad has purchased a controlling interest in the Corporation.

"(e) STOCK OFFERING.—In making any sale under a plan submitted under subsection (a)(2), the Secretary shall first offer for sale, to any employees whose wages are reduced pursuant to any agreement entered into in accordance with the goal set forth in section 1134(4) of the Northeast Rail Service Act of 1981, stock in amounts equal to the extent of such wage reduction. *Ante*, p. 645.

"DEBT AND PREFERRED STOCK

"SEC. 402. (a) LIMITATION.—Prior to any sale of the common stock of the Corporation under section 401, the interest of the United States in any debt or preferred stock of the Corporation held by the United States (or any agent or instrumentality thereof, including the Association) shall be limited to any interest which attaches to such debt or preferred stock in the event of bankruptcy, or substantial sale, or liquidation of the assets of the Corporation. The Secretary shall substitute for the evidence of such debt or preferred stock held by the United States (or any such agent or instrumentality) contingency notes conforming to the limited terms set forth in this subsection. 45 USC 762.

"(b) SUBSEQUENT ISSUE.—If the interest of the United States is limited under subsection (a) the Corporation may issue new debt or preferred stock subsequent to the issuance of the debt or preferred stock described in subsection (a) which shall have higher priority in the event of bankruptcy, liquidation, or abandonment of the assets of the Corporation than the debt or preferred stock described in subsection (a).

"PROFITABILITY DETERMINATIONS

"SEC. 403. (a) FIRST DETERMINATION.—(1) On June 1, 1983, the Board of Directors of the Association (hereafter in this title referred to as the 'USRA Board') shall make a determination whether the Corporation will be a profitable carrier. For the purpose of making such determination the USRA Board shall assume that the interest of the United States in any debt or preferred stock of the Corporation is limited as required under section 402 of this Act. 45 USC 763.

"(2) As used in this subsection, 'profitable carrier' means a carrier that generates sufficient revenues to meet its expenses, including reasonable maintenance of necessary equipment and facilities, and will be able to borrow capital in the private market sufficient to meet all its capital needs. "Profitable carrier."

"(3)(A) If the USRA Board determines under paragraph (1) of this subsection that the Corporation will be a profitable carrier, the Secretary shall continue to attempt to sell the interest of the United States in the common stock of the Corporation under section 401 of this Act.

"(B) If the USRA Board determines under paragraph (1) of this subsection that the Corporation will not be a profitable carrier, the Secretary shall initiate discussions and negotiations under section 405 of this Act for the transfer of the Corporation's freight rail properties and service responsibilities.

"(b) SECOND DETERMINATION.—(1) As soon after November 1, 1983, as the necessary information is available, if the USRA Board has determined under subsection (a)(2) of this section that the Corporation will be a profitable carrier such Board shall make a determination as to whether the Corporation has been a profitable carrier

during the period beginning June 1, 1983, and ending October 31, 1983.

"Profitable carrier."

"(2) As used in this subsection, 'profitable carrier' means a carrier that generates sufficient revenues to meet its expenses, including reasonable maintenance of necessary equipment and facilities, and would have been able to borrow capital in the private market sufficient to meet all its capital needs. For the purpose of making such determination the USRA Board shall assume that the interest of the United States in any debt or preferred stock of the Corporation has been limited as required under section 402 of this Act.

"(3)(A) If the USRA Board determines under paragraph (1) of this subsection that the Corporation has been a profitable carrier, the Secretary shall continue to attempt to sell the interest of the United States in the common stock of the Corporation under section 401 of this Act.

"(B) If the USRA Board determines under paragraph (1) of this subsection that the Corporation has not been a profitable carrier, the Secretary shall initiate discussions and negotiations under section 405 of this Act for the transfer of the Corporation's freight rail properties and service responsibilities.

"FAILURE TO SELL AS ENTITY

45 USC 764.

"SEC. 404. (a) NOTIFICATION.—After June 1, 1984, the Secretary may notify the USRA Board that he has determined that he is unable to sell the interest of the United States in the common stock of the Corporation under section 401 of this Act. The USRA Board shall approve or disapprove such determination within 15 days after the date of such notification.

"(b) USRA BOARD APPROVAL.—(1) If the USRA Board approves any determination of the Secretary of which it is notified under subsection (a)(2), the employees of the Corporation may, within 90 days after the date of the Secretary's determination was submitted to the USRA Board, submit to the Secretary a plan for the purchase of the common stock of the Corporation.

"(2) The Secretary shall approve any plan submitted under paragraph (1) of this subsection if, taking into account any consideration to be received by the Corporation from any sale of debt instruments or newly issued common stock as part of the purchase transaction, the Corporation's earnings and earnings prospects are sufficient to meet its operating and capital requirements and permit it adequate access to the private capital markets for any additional capital it may require, so that the Corporation will not require further Federal financial assistance. The Secretary shall consider whether the plan ensures continued rail service and maximizes the return to the United States on its investment.

"(3) If the Secretary does not approve the plan submitted under paragraph (1) of this subsection the Secretary shall initiate discussions and negotiations under section 405 of this Act for the transfer of the Corporation's freight rail properties and service responsibilities.

"(c) USRA BOARD DISAPPROVAL.—(1) If the USRA Board disapproves any determination of the Secretary it is notified of under subsection (a), the Secretary shall continue to attempt to sell the interest of the United States in the common stock of the Corporation.

"(2) The Secretary may notify the USRA Board that he has determined that he is unable to sell the interest of the United States in the common stock of the Corporation each 90 days thereafter, and

such determination shall be subject to the approval or disapproval under the provisions of this section.

"TRANSFER PLAN

"SEC. 405. (a) INITIAL DISCUSSIONS.—If the Corporation is determined not to be a profitable carrier by the USRA Board under subsection (a) or (b) of section 403, or if any plan for the purchase of the common stock of the Corporation under section 404(b) is not approved by the Secretary, or if at any time the Corporation requires funding from the Federal Government in excess of amounts authorized on or before the effective date of the Northeast Rail Service Act of 1981, the Secretary, in consultation with the Corporation, shall initiate discussions and negotiations under section 5 of the Department of Transportation Act (49 U.S.C. 1654) with potential purchasers for the transfer of the Corporation's freight rail properties and service responsibilities, specifically including freight terminal operations in the Northeast Corridor. 45 USC 765. *Ante*, p. 643.

"(b) CONFERENCES.—As a part of the process set forth in subsection (a), the Secretary shall consult with railroads, representatives of employees of the Corporation and other railroads that may be affected, appropriate State and local government officials, shippers, consumer representatives, potential purchasers or operators other than railroads, and holders of purchase money equipment obligations. The Secretary shall hold conferences in developing plans for the sale of the Corporation and persons attending or represented at such conferences shall not be liable under the antitrust laws of the United States with respect to any discussion at such conference, or with respect to any agreements reached at such conferences, which are entered into with the approval of the Secretary.

"(c) FREIGHT TRANSFER AGREEMENTS.—Any agreement for the transfer of the Corporation's rail properties and service responsibilities (hereafter in this title referred to as 'freight transfer agreements') shall specify the rail properties and the service responsibilities to be transferred to the acquiring railroad and the price to be paid for rail properties transferred, and shall include such other terms as the Secretary, consulting with the Corporation, and the acquiring railroad consider appropriate.

"(d) TERMINAL COMPANIES.—Not later than 1 year after the freight transfer agreements are implemented pursuant to section 408 of this title, the Secretary shall arrange for the formation by railroads of one or more terminal companies, to be operated as private corporations without Federal operating subsidy, to provide switching and terminal services in the Northeast Corridor without preference to the traffic of any railroad. Notwithstanding the provisions of the preceding sentence, the Secretary shall not be required to arrange for the formation of such terminal companies if he certifies in writing to the Congress that individual acquiring railroads are capable of assuring adequate freight terminal operations in the Northeast Corridor.

"(e) COMPETITION.—Discussion and negotiations for freight transfer agreements shall be conducted, to the maximum extent practicable, to assure the preservation and enhancement of rail competition in the Northeast. In the development of freight transfer agreements, rail lines which have heavy rail freight activity shall receive priority designation for competitive service. In determining such priority the Secretary shall consider shipper input and other relevant data.

"(f) REPORT.—The Secretary shall submit to the Congress every six months a report regarding his activities under this section. If the Secretary finds that he is unable to sell the interest of the United States in the common stock of the Corporation under section 401 of

this Act, he shall concurrently notify the Congress and the USRA Board of such finding.

"CONSOLIDATION OF AGREEMENTS

45 USC 766.

"SEC. 406. (a) GOALS.—The Secretary shall ensure that freight transfer agreements entered into under the authority of this title provide for the continuation of the optimum level of self-sustaining rail service consistent with the needs of the service area, the long-term viability of acquiring railroads operating in the private sector, the preservation and enhancement of transportation competition, and the orderly disposition of equipment subject to railroad equipment obligations and of rail properties subject to contractual obligations based on improvements directly financed by States, localities, and shippers.

"(b) TRANSFER DATE.—All freight transfer agreements entered into under this title shall include as a term a common transfer date.

"(c) CONSOLIDATION.—The Secretary shall consolidate, for purposes of approval and review, all freight transfer agreements and shall ensure that no less than 75 percent of the total rail service operated by the Corporation on the date of transfer shall be maintained under the aggregate of such agreements. If the Secretary acts to grant preliminary or final approval to the freight transfer agreements, the Secretary shall include in his determination a listing of those rail properties not specified in such agreements for transfer, and the likely disposition of such properties.

"PUBLIC COMMENT AND CONGRESSIONAL NOTIFICATION

Publication in Federal Register.
45 USC 767.

"SEC. 407. (a) ATTORNEY GENERAL.—If the Secretary grants preliminary approval to the freight transfer agreements, the Secretary shall publish a summary of the agreements in the Federal Register, requesting public comment. The period for comment shall be not less than 30 days. The Secretary shall, upon the expiration of such 30-day period, transmit the freight transfer agreements with any proposed modifications to the Attorney General. The Attorney General shall, within 10 days of receipt of such transmittal, advise the Secretary as to whether any freight transfer agreement or combination of agreements would create or maintain a situation inconsistent with the antitrust laws of the United States, and the Secretary shall give due consideration to any such advice that may be rendered. The transmittal to the Attorney General shall contain such information as the Attorney General may require in order to advise the Secretary as to whether the freight transfer agreements under consideration would create or maintain a situation inconsistent with such antitrust laws.

"(b) COMMISSION.—The Secretary shall also transmit the freight transfer agreements with any proposed modifications to the Commission on the same date that the Secretary transmits them to the Attorney General. The Commission shall, within 10 days of receipt of such transmittal, advise the Secretary as to the effect of any freight transfer agreement or combination of agreements on the adequacy of public transportation and whether any freight transfer agreement or combination of agreements would have an adverse effect on other railroads or on competition among railroads.

"(c) FINAL APPROVAL.—After consideration of comments received and any advice rendered by the Attorney General and the Commission, but no later than 90 days after the close of public comment under subsection (a), the Secretary may grant final approval to the

freight transfer agreements. With the consent of the acquiring railroad, the Secretary may modify a freight transfer agreement prior to granting such final approval.

"(d) CONGRESSIONAL REVIEW.—If the Secretary grants final approval to the freight transfer agreements, the Secretary shall, within 10 days of such approval, transmit a copy of such agreements to each House of Congress, together with the Secretary's determination of final approval. The freight transfer agreements shall be deemed approved at the end of 60 calendar days of continuous session of the Congress, unless either the House of Representatives or the Senate or both passes a resolution during such period stating that they do not favor the freight transfer agreements. For purposes of this subsection—

"(1) continuity of session of the Congress is broken only by an adjournment sine die; and

"(2) the days on which either House is not in session because of adjournment of more than 3 days to a day certain are excluded in the computation of the period described in this subsection.

"PERFORMANCE UNDER AGREEMENTS; EFFECT

"SEC. 408. (a) TRANSFER.—If neither House of Congress has acted to disapprove the freight transfer agreements within 60 days, rail properties shall be conveyed and service responsibilities of the Corporation shall be transferred in accordance with the freight transfer agreements. Such conveyances and transfers shall not be subject to the provisions of subtitle IV of title 49, United States Code, or, with respect to the issuance and sale of securities to the United States or the Corporation for the purpose of financing such transfers, to the registration and prospectus delivery requirements of the Securities Act of 1933, or to the laws of any State with respect to the issuance and sale of securities. 45 USC 768. 49 USC 10101 *et seq.* 15 USC 77a.

"(b) RESPONSIBILITIES.—On the date the common stock or the rail properties and service responsibilities of the Corporation are transferred under this title—

"(1) the acquiring railroad shall be deemed a railroad subject to subtitle IV of title 49, United States Code, and shall be deemed qualified thereunder to provide the service responsibilities assumed; and

"(2) the Corporation shall discontinue and shall be relieved of any responsibility to operate rail service over any line of railroad conveyed under the freight transfer agreements and all other rail properties of the Corporation.

"(c) REVIEW.—No transfer of the Corporation's stock or rail properties and freight service responsibilities under this title shall be subject to judicial review or to review by the Commission.

"(d) SALE DATE.—Unless the Corporation is found not profitable under section 403(a) or (b) of this title, the Secretary may not sell the rail properties and service responsibilities of the Corporation until June 1, 1984, except that if the Corporation requires further Federal financing before such date, such sale may be made before such date.

"ASSIGNMENT

"SEC. 409. LIABILITY.—(a) Notwithstanding any other provision of this title, if an interest in rail properties is conveyed pursuant to section 408 of this Act, and if such conveyance is in accordance with the requirements of subsection (b) of this section, the conveyance of 45 USC 769.

such properties shall be deemed an assignment. Any such assignment shall relieve the Corporation of liability for any breach which occurs after the date of such conveyance, except that the Corporation shall remain liable for any breach, event of default, or violation of covenant which occurred (and any charges or obligations which accrued) prior to the date of such conveyance, regardless of whether the assignee thereof assumes such liabilities, charges, or obligations. If any such liabilities, charges, or obligations (accrued prior to the date of such conveyance) are paid by or on behalf of any person or entity other than the Corporation, such person or entity shall have a claim to direct reimbursement from the Corporation, together with interest on the amount so paid.

"(b) CONVEYANCE.—(1) A conveyance referred to in subsection (a) of this section may be effected only if—

"(A) the assignee to whom such conveyance is made assumes all of the obligations under any applicable conditional sale agreement, equipment trust agreement, or lease with respect to such rail properties (including any obligations which accrued prior to the date on which such rail properties are conveyed),

"(B) such conveyance is made subject to such obligations, and

"(C) in the event of a conveyance of property to persons other than Class I or II railroads, such conveyance must be approved by any party who is a owner, lessor, equipment trustee, or conditional sale vendor to the Corporation on any debt instrument imposing a lien or encumbrance on or otherwise affecting the title or interest in the rail properties to be conveyed, provided that such approval may not be unreasonably withheld and may be withheld only for lack of credit worthiness.

"Rail properties."

As used in this paragraph, the term 'rail properties' means assets or rights owned, leased, or otherwise controlled by the Corporation, other than real property, which are used or useful in rail transportation service.

"(2) Subject to the provisions of this subsection, the provisions of this title shall not affect the title and interests of any lessor, equipment trust trustee, or conditional sale vendor under any conditional sale agreement, equipment trust agreement, or lease under section 1168 of title 11, United States Code. An assignee to whom such a conveyance is made shall assume all liability under such conditional sale agreement, equipment trust agreement, or lease. Such an assignment or conveyance to, and such an assumption of liability by such an assignee, shall not be deemed a breach, an event of default, or a violation of any covenant of any such conditional sale agreement, equipment trust agreement, or lease so assigned or conveyed, notwithstanding any provision of any such agreement or lease.

"SUBSIDIARIES

45 USC 769a.

"SEC. 410. The Corporation, by January 1, 1982, shall identify those of its subsidiaries (other than the Conrail Equity Corporation) which did not operate at a profit during the preceding 12-month period, and shall, not later than 12 months after the date of enactment of this subtitle, seek to sell any subsidiary identified as not profitable unless the Association determines that the benefits of maintaining ownership of such subsidiary outweigh the financial loss resulting from such ownership.".

PART 3—PROTECTION FOR CONRAIL EMPLOYEES

PROTECTION OF CONRAIL EMPLOYEES

SEC. 1143. (a) The Regional Rail Reorganization Act of 1973 (45 U.S.C. 701 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VII—PROTECTION OF EMPLOYEES

"EMPLOYEE PROTECTION AGREEMENT

"SEC. 701. (a) GENERAL.—(1) The Secretary of Labor and the representatives of the various classes and crafts of employees of the Corporation shall, not later than 90 days after the effective date of this title, enter into an agreement providing protection for employees of the Corporation who were protected by the compensatory provisions of title V of this Act immediately prior to the effective date of the Northeast Rail Service Act of 1981 and who are, or may be, deprived of employment by actions taken under this Act and the Northeast Rail Service Act of 1981. An employee shall be considered deprived of employment if unable to obtain a position with an acquiring railroad, or to obtain a position with the Corporation, the National Railroad Passenger Corporation, or a commuter authority through the normal exercise of seniority or, in the case of a non-agreement employee, by written application. 45 USC 797. 45 USC 771. *Ante*, p. 643.

"(2) If the parties are unable to reach agreement under paragraph (1) within 90 days, the Secretary of Labor shall, within 30 days after the expiration of such 90-day period, prescribe the benefit schedule.

"(b) USE OF FUNDS.—The agreement entered into under this section may provide for the use of funds made available under section 713 of this Act for the following purposes:

"(1) Allowances to employees deprived of employment.

"(2) Moving expenses for employees who must make a change in residence.

"(3) Retraining expenses for employees who are seeking employment in new areas.

"(4) Termination allowances for employees.

"(5) Health and welfare insurance premiums.

"(6) Such other purposes as may be agreed upon by the parties.

"(c) APPLICABILITY.—Any employee of the Corporation who is eligible for benefits under an agreement entered into under this section and who is transferred to the National Railroad Passenger Corporation, to the Amtrak Commuter Services Corporation, or to a commuter authority pursuant to title V of the Rail Passenger Service Act shall remain eligible for such benefits. *Ante*, p. 647.

"(d) LIMITATION.—(1) The agreement of the parties and the benefit schedule prescribed by the Secretary under this section may not require the expenditure of funds in excess of the amount authorized to be appropriated under section 713 of this Act, or provide benefits for any individual employee in excess of $20,000.

"(2) No individual shall become eligible for benefits under this section after the last day of the eighteen-month period beginning on the date of transfer under section 401 or 404 of this Act. *Ante*, pp. 654, 656.

"TERMINATION ALLOWANCE

45 USC 797a.

"SEC. 702. (a) GENERAL.—The Corporation may terminate the employment of certain employees, in accordance with this section, upon the payment of an allowance of $350 for each month of active service with the Corporation or with a railroad in reorganization, but in no event may any such termination allowance exceed $25,000.

"(b) EMPLOYMENT NEEDS.—Within 90 days after the effective date of this title, the Corporation shall determine, for each location, the number of employees that the Corporation intends to separate under subsection (a) of this section.

"(c) NOTIFICATION AND SEPARATION PROCEDURE.—(1) Within 90 days after the effective date of this title, the Corporation shall notify its employees of their rights and responsibilities under this section.

"(2) Within 90 days after the effective date of this title, the Corporation shall notify each train and engine service employee eligible to be separated under paragraph (3) that such employee may be entitled to receive a separation payment under this section if such employee files a written request to be separated. Such notice may be revised from time to time.

"(3) If the number of employees who request to be separated pursuant to paragraph (2) of this subsection is greater, in engine service at any location, than the number of excess firemen at the location, and in train service at the location than the number of excess second and third brakemen, as determined by the Corporation, the Corporation shall separate the employees described in paragraph (2) of this subsection in order of seniority beginning with the most senior employee, until the excess firemen and second and third brakemen positions at that location, as determined by the Corporation, have been eliminated.

"(d) DESIGNATED SEPARATIONS.—If the number of employees who are separated pursuant to subsection (c)(3) is less at any location than the number of excess firemen in freight and commuter service and second and third brakemen in freight service at such location, as determined by the Corporation, the Corporation may, after 210 days after the effective date of this title, designate for separation employees in engine service or train service respectively in inverse order of seniority, beginning with the most junior employee in active service at such location until the excess firemen in freight and commuter service and second and third brakemen in freight service, at that location have been eliminated. An employee designated under this subsection may choose (1) to furlough himself voluntarily, in which case the next most junior employee protected under the fireman manning or crew consist agreements or any other agreement or law, in the same craft or class at such location may be separated instead and receive the separation allowance, or (2) to exercise his seniority to another location, in which case the Corporation may separate, under the provisions of this subsection, the next most junior protected employee in active service at the location to which seniority ultimately is exercised.

"(e) EFFECT ON POSITIONS.—(1) The Corporation shall refrain from filling one fireman position in freight service, or in commuter service where applicable, for each employee in engine service separated in accordance with this section.

"(2) The Corporation may refrain from filling one brakeman position in excess of one conductor and one brakeman on one crew in freight service for each employee in train service who is separated in accordance with this section.

"(3) Positions permitted to be not filled under this subsection shall be not filled in different types of freight service actually operated at or from the location in a sequence to be agreed upon between the Corporation and the general chairman representative of classes or crafts of employees having jurisdiction over the positions to be not filled. If no such agreement is reached, the Corporation may designate the position to be not filled.

"(4) Notwithstanding paragraphs (1) and (2) of this subsection, the Corporation shall retain all rights it has under any provision of law or agreement to refrain from filling any position of employment.

"(f) PROCEDURES.—The Corporation and representatives of the various classes and crafts of employees to be separated may agree on procedures to implement this section, but the absence of such agreement shall not interfere with implementation of the separations authorized by this section.

"(g) COMMUTER EMPLOYEES.—The provisions of this section shall apply to the separation of firemen in commuter service, except that with respect to such employees the Corporation is required to make the separations authorized by this section.

"PREFERENTIAL HIRING

"SEC. 703. (a) GENERAL.—Any employee who is deprived of employment shall have the first right of hire by any other railroad for a vacancy for which he is qualified in a class or craft (or in the case of a non-agreement employee, for a non-agreement vacancy) in which such employee was employed by the Corporation or a predecessor carrier for not less than one year, except where such a vacancy is covered by (1) an affirmative action plan, or a hiring plan designed to eliminate discrimination, that is required by Federal or State statute, regulation, or Executive order, or by the order of a Federal court or agency, or (2) a permissible voluntary affirmative action plan. For purposes of this section, a railroad shall not be considered to be hiring new employees when it recalls any of its own furloughed employees. 45 USC 797b.

"(b) STATUS.—The first right of hire afforded to employees under this section shall be coequal to the first right of hire afforded under section 8 of the Milwaukee Railroad Restructuring Act (45 U.S.C. 907) and section 105 of the Rock Island Transition and Employee Assistance Act (45 U.S.C. 1004). 94 Stat. 400.

"CENTRAL REGISTER OF RAILROAD EMPLOYMENT

"SEC. 704. (a) REGISTER.—(1) The Railroad Retirement Board (hereafter in this section referred to as the 'Board') shall prepare and maintain a register of persons separated from railroad employment after at least one year of completed service with a railroad who have declared their current availability for employment in the railroad industry. The register shall be subdivided by class and craft of prior employment and shall be updated periodically to reflect current availability. 45 USC 797c.

"(2) Each entry in the register shall include, or provide access to, basic information concerning the individual's experience and qualifications.

"(3) The Board shall place at the top of the register those former railroad employees entitled to priority under applicable provisions of law, including this Act.

"(b) CORPORATION EMPLOYEES.—As soon as is practicable after the effective date of this title, the Corporation shall provide to the Board

the names of its former employees who elect to appear on the register and who have not been offered employment with acquiring railroads.

"(c) VACANCY NOTICES.—Each railroad shall timely file with the Board a notice of vacancy with respect to any position for which the railroad intends to accept applications from persons other than current employees of that carrier.

"(d) PLACEMENT.—The Board shall, through distribution of copies of the central register (or portions thereof) to railroads and representatives of classes or crafts of employees and through publication of employment information derived from vacancy notices filed with the Board, promote the placement of former railroad employees possessing requisite skills and experience in appropriate positions with other railroads.

"(e) EMPLOYMENT APPLICATIONS.—In addition to its responsibilities under subsections (a) through (d) of this section, the Board shall facilitate the filing of employment applications with respect to current vacancies in the industry by former railroad employees entitled to priority under applicable provisions of law, including this Act.

"(f) EXPIRATION.—The provisions of this section shall cease to be effective on the expiration of the 3-year period beginning on the effective date of this title.

"(g) RESOLUTION OF DISPUTES.—Any dispute, grievance, or claim arising under this section or section 703 of this Act shall be subject to resolution in accordance with the following procedures:

"(1) Any employee with such a dispute, grievance, or claim may petition the Board to review and investigate the dispute, grievance, or claim.

"(2) The Board shall investigate the dispute, grievance, or claim, and if it concludes that the employee's rights under this section or section 703 of this Act may have been violated, the dispute, grievance, or claim shall be subject to resolution in accordance with the procedures set forth in section 3 of the Railway Labor Act (45 U.S.C. 153).

"(3) In the case of any violation of this section or section 703 of this Act, the Adjustment Board (or any division or delegate thereof) or any other board of adjustment created under section 3 of the Railway Labor Act shall, where appropriate, award such relief, including back pay, as may be necessary to enforce the employee's rights.

"ELECTION AND TREATMENT OF BENEFITS

45 USC 797d.

"SEC. 705. (a) ELECTION.—(1) Any employee who accepts any benefits under an agreement entered into under section 701 of this Act or a termination allowance under section 702 of this Act, shall, except as provided in paragraph (2) of this subsection, be deemed to waive any employee protection benefits otherwise available under any other provision of law or any contract or agreement in effect on the effective date of this title, except benefits under sections 703 and 704 of this Act, and shall be deemed to waive any cause of action for any alleged loss of benefits resulting from the provisions of or the amendments made by the Northeast Rail Service Act of 1981.

Ante, p. 643.

"(2) Nothing in paragraph (1) of this subsection shall affect the right of any employee described in such paragraph to benefits under the Railroad Retirement Act of 1974 or the Railroad Unemployment Insurance Act.

45 USC 231t.
45 USC 367.

"(b) TREATMENT OF BENEFITS.—Any benefits received by an employee under an agreement entered into pursuant to section 701 of this Act and any termination allowance received under section 702 of this Act shall be considered compensation solely for purposes of—

"(1) the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.); and

"(2) determining the compensation received by such employee in any base year under the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.).

"ASSIGNMENT OF WORK

"SEC. 706. (a) GENERAL.—With respect to any craft or class of employees not covered by a collective bargaining agreement that provides for a process substantially equivalent to that provided for in this section, the Corporation shall have the right to assign, allocate, reassign, reallocate, and consolidate work formerly performed on the rail properties acquired pursuant to the provisions of this Act from a railroad in reorganization to any location, facility, or position on its system if it does not remove such work from coverage of a collective bargaining agreement and does not infringe upon the existing classification of work rights of any craft or class of employees at the location or facility to which such work is assigned, allocated, reassigned, reallocated, or consolidated. Prior to the exercise of authority under this subsection, the Corporation shall negotiate an agreement with the representatives of the employees involved permitting such employees the right to follow their work. 45 USC 797e.

"(b) EXPIRATION.—The authority granted by this section shall apply only for as long as benefits are provided under this title with funds made available under section 713 of this Act.

"CONTRACTING OUT

"SEC. 707. All work in connection with the operation or services provided by the Corporation on the rail lines, properties, equipment, or facilities acquired pursuant to the provisions of this Act and the maintenance, repair, rehabilitation, or modernization of such lines, properties, equipment, or facilities which has been performed by practice or agreement in accordance with provisions of the existing contracts in effect with the representatives of the employees of the classes or crafts involved shall continue to be performed by the Corporation's employees, including employees on furlough. Should the Corporation lack a sufficient number of employees, including employees on furlough, and be unable to hire additional employees, to perform the work required, it shall be permitted to subcontract that part of such work which cannot be performed by its employees, including those on furlough, except where agreement by the representatives of the employees of the classes or crafts involved is required by applicable collective-bargaining agreements. The term 'unable to hire additional employees' as used in this section contemplates establishment and maintenance by the Corporation of an apprenticeship, training, or recruitment program to provide an adequate number of skilled employees to perform the work. 45 USC 797f.

"NEW COLLECTIVE-BARGAINING AGREEMENTS

"SEC. 708. (a) AGREEMENT.—Not later than 60 days after the effective date of any conveyance pursuant to the provisions of this 45 USC 797g.

Act, the representatives of the various classes or crafts of employees of a railroad in reorganization involved in a conveyance and representatives of the Corporation shall commence negotiation of a new single collective bargaining agreement for each class and craft of employees covering the rate of pay, rules, and working conditions of employees who are the employees of the Corporation. Such collective bargaining agreement shall include appropriate provisions concerning rates of pay, rules, and working conditions, but shall not, before April 1, 1984, include any provisions for job stabilization which may exceed or conflict with those established herein. Negotiations with respect to such single collective bargaining agreement, and any successor thereto, shall be conducted systemwide.

"(b) PROCEDURE.—(1) Any procedure for finally determining the components of the first single collective bargaining agreement for any class or craft, agreed upon before the effective date of this title, shall be completed no later than 45 days after such effective date. Such agreed upon procedure shall be deemed to satisfy the requirements of sections 7 and 8 of the Railway Labor Act. The National Mediation Board shall appoint any person as provided for by such agreements.

45 USC 157, 158.

"(2) Nothing in this section shall be construed to require the parties to enter into a new single collective bargaining agreement if the agreement between the parties in effect immediately prior to the effective date of this title complied with section 504(d) of this Act as in effect immediately prior to such date.

94 Stat. 1956.
45 USC 774.

"(c) RAILWAY LABOR ACT NOTICES.—Employees of the Corporation may not serve notices under section 6 of the Railway Labor Act for the purpose of negotiating job stabilization or other protective agreements with the Corporation until after April 1, 1984.

45 USC 156.

"EMPLOYEE AND PERSONAL INJURY CLAIMS

45 USC 797h.

"SEC. 709. (a) LIABILITY FOR EMPLOYEE CLAIMS.—In all cases of claims, prior to April 1, 1976, by employees, arising under the collective bargaining agreements of the railroads in reorganization in the Region, and subject to section 3 of the Railway Labor Act (45 U.S.C. 153), the Corporation, the National Railroad Passenger Corporation, or an acquiring carrier, as the case may be, shall assume responsibility for the processing of any such claims, and payment of those which are sustained or settled on or subsequent to the date of conveyance, under section 303(b)(1) of this Act, and shall be entitled to direct reimbursement from the Association pursuant to section 211(h) of this Act, to the extent that such claims are determined by the Association to be the obligation of a railroad in reorganization in the Region. Any liability of an estate of a railroad in reorganization to its employees which is assumed, processed, and paid pursuant to this subsection by the Corporation, the National Railroad Passenger Corporation, or an acquiring carrier shall remain the preconveyance obligation of the estate of such railroad for purposes of section 211(h)(1) of this Act. The Corporation, the National Railroad Passenger Corporation, an acquiring carrier, or the Association, as the case may be, shall be entitled to a direct claim as a current expense of administration, in accordance with the provisions of section 211(h) of this Act (other than paragraph (4)(A) thereof), for reimbursement (including costs and expenses of processing such claims) from the estate of the railroad in reorganization on whose behalf such obligations are discharged or paid. In those cases in which claims for employees were sustained or settled prior to such date of conveyance,

45 USC 743.
45 USC 721.

it shall be the obligation of the employees to seek satisfaction against the estate of the railroads in reorganization which were their former employers.

"(b) ASSUMPTION OF PERSONAL INJURY CLAIMS.—All cases or claims by employees or their personal representatives for personal injuries or death against a railroad in reorganization in the Region arising prior to the date of conveyance of rail properties, pursuant to section 303 of this Act, shall be assumed by the Corporation or an acquiring railroad, as the case may be. The Corporation or the acquiring railroad shall process and pay any such claims that are sustained or settled, and shall be entitled to direct reimbursement from the Association pursuant to section 211(h) of this Act, to the extent that such claims are determined by the Association or its successor authority to be the obligation of such railroad. Any liability of an estate of a railroad in reorganization which is assumed, processed, and paid, pursuant to this subsection, by the Corporation or an acquiring railroad shall remain the preconveyance obligation of the estate of such railroad for purposes of section 211(h)(1) of this Act. The Corporation, an acquiring railroad, or the Association, as the case may be, shall be entitled to a direct claim as a current expense of administration, in accordance with the provisions of section 211(h) of this Act (other than paragraph (4)(A) thereof), for reimbursement (including costs and expenses of processing such claims) from the estate of the railroad in reorganization on whose behalf such obligations were discharged or paid.

45 USC 743.

45 USC 721.

"LIMITATIONS ON LIABILITY

"SEC. 710. (a) FEDERAL GOVERNMENT.—The liability of the United States under an agreement entered into or benefit schedule prescribed under section 701 of this Act or for payment of a termination allowance under section 702 of this Act shall be limited to amounts appropriated under section 713 of this Act.

45 USC 797i.

"(b) THE CORPORATION.—(1) The Corporation, Amtrak Commuter, and commuter authorities shall incur no liability under an agreement entered into or benefit schedule prescribed under section 701 of this Act or for the payment of a termination allowance under section 702 of this Act.

"(2) Notwithstanding any other provision of law, until April 1, 1984, the Corporation shall have no liability for employee protection in the event of a sale of any asset to a purchaser, and such purchaser shall assume the liability for the application of employee protection conditions imposed by the Commission for all employees adversely affected by such sale.

"PREEMPTION

"SEC. 711. No State may adopt or continue in force any law, rule, regulation, order, or standard requiring the Corporation, the National Railroad Passenger Corporation, or the Amtrak Commuter Services Corporation to employ any specified number of persons to perform any particular task, function, or operation, or requiring the Corporation to pay protective benefits to employees, and no State in the Region may adopt or continue in force any such law, rule, regulation, order, or standard with respect to any railroad in the Region.

45 USC 797j.

"FACTFINDING PANEL

45 USC 797k.

"SEC. 712. (a) PURPOSE.—The Corporation shall enter into collective bargaining agreements with its employees which provide for the establishment of one or more advisory factfinding panels, chaired by a neutral expert in industrial relations, for purposes of recommending changes in operating practices and procedures which result in greater productivity to the maximum extent practicable.

"(b) NATIONAL MEDIATION BOARD.—The National Mediation Board shall appoint public members to any panel established by an agreement entered into under this subparagraph, and shall perform such functions contained in the agreement as are consistent with the duties of such Board under the Railway Labor Act.

45 USC 151.

"(c) OTHER FUNCTIONS.—The factfinding panel may, before making its report to the parties, provide mediation, conciliation, and other assistance to the parties.

"AUTHORIZATION OF APPROPRIATIONS

45 USC 797*l*.

"SEC. 713. There are authorized to be appropriated to carry out the provisions of this title not to exceed $385,000,000. Of the amounts authorized to be appropriated under this section, not more than $115,000,000 shall be available solely for termination allowances under section 702 of this Act. Any amounts not expended for termination allowances under section 702 shall be available for purposes of section 701 of this Act. In addition to funds authorized under this section, any funds appropriated under section 509(b)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 829(b)(1)) for use under section 216(b)(3) of the Regional Rail Reorganization Act of 1973 shall be available to the Association, and the Association shall make available to the Corporation as a grant such funds to accomplish the purposes of this title. Amounts appropriated under this section are authorized to remain available until expended.

94 Stat. 1945.
94 Stat. 1946.
45 USC 726.

"ARBITRATION

45 USC 797m.

"SEC. 714. Any dispute or controversy with respect to the interpretation, application, or enforcement of the provisions of this title, except sections 703, 704, 708, and 713, or section 1144 of the Northeast Rail Service Act of 1981, and except those matters subject to judicial review under section 1152 of the Northeast Rail Service Act of 1981, which have not been resolved within 90 days, may be submitted by either party to an Adjustment Board for a final and binding decision thereon as provided in section 3 of the Railway Labor Act, in which event the burden of proof on all issues so presented shall be on the Corporation, or the Association, where appropriate.".

Post, p. 669.
Post, p. 676.

45 USC 153.

(b) The table of contents of the Regional Rail Reorganization Act of 1973 is amended by adding at the end thereof the following new items:

"TITLE VII—PROTECTION OF EMPLOYEES

"Sec. 701. Employee protection agreement.
"Sec. 702. Termination allowance.
"Sec. 703. Preferential hiring.
"Sec. 704. Central register of railroad employment.
"Sec. 705. Election and treatment of benefits.
"Sec. 706. Assignment of work.
"Sec. 707. Contracting out.
"Sec. 708. New collective bargaining agreements.
"Sec. 709. Employee and personal injury claims.
"Sec. 710. Limitations on liability.

"Sec. 711. Preemption.
"Sec. 712. Factfinding panel.
"Sec. 713. Authorization of appropriations.
"Sec. 714. Arbitration.".

REPEALS

SEC. 1144. (a)(1) Title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 771 et seq.), and the items in the table of contents of such Act relating to such title V, are repealed.

(2) Notwithstanding the repeal made by paragraph (1) of this subsection— 45 USC 771 note.

(A) benefits accrued as of the effective date of this subsection as a result of events that occurred wholly prior to October 1, 1981, shall be disbursed except as provided in paragraph (3); and

(B) any dispute or controversy regarding such benefits shall be determined under the terms of the law in effect on the date the claim arose.

(3) Benefits shall not be disbursed under paragraph (2)(A) unless the employee has filed a claim for such benefits within 90 days after the date of repeal; except that, with respect to a claim which is the subject of or is based upon any arbitration decision issued after the date of repeal, such 90-day period shall not commence until such arbitration decision is issued to the employee and the employee's representative; and no benefits shall be disbursed unless appropriations for such purposes are or become available.

(4) The provisions of this subsection shall take effect on the first day of the first month beginning after the date of enactment of this subtitle. Effective date.

(b) 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. 94 Stat. 402.

PART 4—TERMS OF LABOR ASSUMPTION

Subpart A—Passenger Employees

TRANSFER OF PASSENGER SERVICE EMPLOYEES

SEC. 1145. Title V of the Rail Passenger Service Act, as added by this subtitle, is amended by adding at the end thereof the following new sections: *Ante*, p. 647.

"SEC. 508. TRANSFER OF EMPLOYEES. 45 USC 588.

"(a) Not later than May 1, 1982, Conrail, commuter authorities that intend to operate commuter service, and representatives of the various crafts or classes of employees of Conrail to be transferred to the commuter authorities shall enter into negotiations for an implementing agreement in accordance with subsection (c) of this section.

"(b) Not later than May 1, 1982, Conrail, Amtrak Commuter, and representatives of the various crafts or classes of employees of Conrail to be transferred to Amtrak Commuter shall enter into negotiations for an implementing agreement in accordance with subsection (c) of this section.

"(c) Such negotiations shall—

"(1) determine the number of employees to be transferred to Amtrak Commuter or a commuter authority;

"(2) identify the specific employees of Conrail to whom Amtrak Commuter or a commuter authority offers employment;

"(3) determine the procedure by which such employees may elect to accept employment with Amtrak Commuter or a commuter authority;

"(4) determine the procedure for acceptance of such employees into employment with Amtrak Commuter or a commuter authority;

"(5) determine the procedure for determining the seniority of such employees in their respective crafts or classes in Amtrak Commuter or with a commuter authority which shall, to the extent possible, preserve their prior seniority rights;

"(6) ensure that all such employees are transferred to Amtrak Commuter or a commuter authority no later than January 1, 1983; and

"(7) ensure the retention of prior seniority on Conrail of employees transferring to Amtrak Commuter or a commuter authority and determine the extent and manner in which such employees shall be permitted to exercise such seniority in order to (A) provide employees transferred to Amtrak Commuter or a commuter authority at least one opportunity every six-month period to exercise previous freight seniority rights, (B) maximize employment opportunities for employees on furlough, (C) maintain the ability to recall experienced employees, (D) ensure that under no circumstances are seniority rights exercised in any manner which results in any disruption of service or a position being filled which would otherwise not be filled under the terms of any crew consist, fireman manning, or other similar agreement, and (E) ensure that Conrail has the right to furlough one employee in the same craft or class for each employee who returns from Amtrak Commuter or a commuter authority by exercising seniority.

"(d)(1) If agreements with respect to the matters being negotiated pursuant to this section are not reached by August 1, 1982, the parties to the negotiations shall, within an additional 5 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 being negotiated pursuant to this section not later than 5 days after the date he is selected or appointed, and shall render a decision within 20 days after the date of commencement of such hearings. All parties may participate in the hearings, but the referee shall have the only vote.

"(3) The referee shall resolve and decide all matters in dispute with respect to the negotiation of the implementing agreement or agreements. The referee's decision shall be final and binding to the same extent as an award of an adjustment board under section 3 of the Railway Labor Act, and shall constitute the implementing agreement or agreements between the parties. The National Mediation Board shall fix and pay the compensation of such referees.

45 USC 153.

"(e) If Amtrak Commuter transfers commuter service and properties to a commuter authority under section 506 of this title, Amtrak Commuter, the commuter authority, and representatives of the various crafts or classes of employees to be transferred to the commuter authority shall enter into an implementing agreement in accordance with subsection (c) of this section. If no agreement is reached by the date service and properties are transferred, the dispute shall be resolved by a neutral referee in accordance with subsection (d) of this section.

Ante, p. 650.

"(f) Any employee of Conrail who is not offered employment with Amtrak Commuter or a commuter authority under agreements entered into under this section shall be provided employee protection under section 701 of the Regional Rail Reorganization Act of 1973 to the same extent as if such employee had remained in the employ of Conrail.

Ante, p. 661.

"SEC. 509. FACTFINDING PANEL.

45 USC 589.

"(a) Amtrak Commuter or a commuter authority and the representatives of the various classes and crafts of employees to be transferred to Amtrak Commuter or such commuter authority shall, by May 1, 1982, establish a factfinding panel, chaired by a neutral expert in industrial relations, for purposes of recommending changes in operating practices and procedures which would result in greater productivity to the maximum extent practicable.

"(b) The National Mediation Board shall appoint public members to the panel established under subsection (a) of this section.

"(c) The factfinding panel shall, by July 1, 1982, submit a report to the parties setting forth its recommendations for changes in operating practices and procedures.

"(d) The factfinding panel may provide mediation, conciliation, and other assistance to the parties.

"SEC. 510. COLLECTIVE BARGAINING AGREEMENT FOR AMTRAK COMMUTER OR COMMUTER AUTHORITIES.

45 USC 590.

"(a)(1) Not later than September 1, 1982, the commuter authorities that intend to operate commuter service and the representatives of the various classes or crafts of employees to be transferred to such commuter authorities under agreements entered into under section 508 of this Act shall enter into new collective bargaining agreements with respect to rates of pay, rules, and working conditions.

"(2) Not later than September 1, 1982, Amtrak Commuter and the representatives of the various classes or crafts of employees to be transferred to Amtrak Commuter under agreements entered into under section 508 of this Act shall enter into new collective bargaining agreements with respect to rates of pay, rules, and working conditions.

"(b) If the parties have not reached an agreement by the date specified in subsection (a) of this section, any party to the dispute or the Governor of any State through which the service that is the subject of the dispute is operated may, within 15 days after such date, request the President to establish an emergency board pursuant to subsection (c) of this section.

"(c) Within 15 days after the request under subsection (b) of this section, of a party or a Governor, the President shall create an emergency board. Such board shall conduct a public hearing on the dispute at which each party shall appear and provide testimony, and shall, within 30 days after the date of its creation, report on the dispute.

"(d) If no settlement in the dispute is reached within 10 days after the report of the emergency board, such board shall require the parties to the dispute to submit, within 5 days, final offers to the board for settlement of the dispute.

"(e) Within 15 days after the submission of final offers, the emergency board shall submit a report to the President setting forth its selection of the most reasonable offer.

"(f) If the emergency board selects a final offer submitted by a carrier and the employees of such carrier engage in any work

stoppage arising out of the dispute, such employees shall not be eligible during the period of such work stoppage for benefits under the Railroad Unemployment Insurance Act.

45 USC 367.

"(g) If the emergency board selects a final offer submitted by the employees and the carrier refuses to accept such offer, the carrier shall not participate in any benefits of any agreement between carriers which is designed to provide benefits to such carriers during a work stoppage.

"(h) The provisions set forth in this section shall be the exclusive means for resolving any dispute relating to entering into an initial collective bargaining agreement between Amtrak Commuter or a commuter authority, as the case may be, and representatives of the various classes or crafts of employees to be transferred to Amtrak Commuter or such commuter authority.".

Subpart B—Freight Employees

LABOR TRANSFER

SEC. 1146. (a) Title IV of the Regional Rail Reorganization Act of 1973, as added by this subtitle, is amended by adding at the end thereof the following new sections:

Ante, p. 654.

"LABOR TRANSFER AGREEMENTS

45 USC 769b.

"SEC. 411. (a) IMPLEMENTING AGREEMENT.—Within 30 days after the date any freight transfer agreement is entered into under this title, any Class I or Class II railroad purchasing rail properties under such agreement, including any entity that attains such status on the transfer date, and the representatives of the various crafts or classes of employees of the Corporation to be transferred to such railroad or other entity shall commence implementing agreement negotiations. Such negotiations shall—

"(1) determine the number of employees to be transferred to such railroad;

"(2) identify the specific employees of the Corporation to whom such railroad or other entity offers employment;

"(3) determine the procedure by which such employees may elect to accept employment with such railroad or other entity;

"(4) determine the procedure for acceptance of such employees into employment with such railroad or other entity;

"(5) determine the procedure for determining the seniority of such employees in their respective crafts or classes in the system of such railroad or other entity, which shall, to the extent possible, preserve their prior freight service seniority rights; and

"(6) ensure that all such employees are transferred to such railroad or other entity no later than 120 days after the date the transfer agreement is entered into under this title.

"(b) DECISION OF REFEREE.—(1) If no agreement with respect to the matters being negotiated pursuant to subsection (a) is reached within 30 days after the date such negotiations are commenced, 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 promptly appoint a referee.

"(2) The referee shall commence hearings on the matters being negotiated pursuant to subsection (a) within 10 days after the date he is selected or appointed, and shall render a decision within 30 days

after the date of commencement of such hearings. All parties may participate in the hearings, but the referee shall have the only vote.

"(3) The referee shall resolve and decide all matters in dispute with respect to the negotiation of the implementing agreement or agreements. The referee's decision shall be final and binding to the same extent as an award of an adjustment board under section 3 of the Railway Labor Act, and shall constitute the implementing agreement or agreements between the parties. The National Mediation Board shall fix and pay the compensation of such referees. 45 USC 153.

"LABOR CONDITIONS

"SEC. 412. (a) NEW YORK DOCK.—Employees of the Corporation who are transferred under this title shall be entitled to the labor protection benefits set forth in New York Dock Railway-Control-Brooklyn Eastern Terminal, 360 ICC 60 (1979), except as provided in subsection (b) of this section. 45 USC 769c.

"(b) ALTERNATIVES.—(1) If the entity to which such employees are transferred was a railroad under the provisions of subtitle IV of title 49, United States Code, prior to the date of transfer, and the parties are unable to reach a collective bargaining agreement under procedures referred to in subsection (a), the collective bargaining agreement in effect between such railroad and its employees shall govern. 49 USC 10101 *et seq.*

"(2) If the entity to which such employees are transferred was not a railroad under the provisions of subtitle IV of title 49, United States Code, prior to the date of transfer, and the parties are unable to reach a collective bargaining agreement under procedures referred to in subsection (a), the collective bargaining agreement in effect between the Corporation and its employees prior to the date of transfer shall govern.

"(c) CLASS III EXEMPTION.—The provisions of this section shall not apply to any Class III carrier.".

(b) The table of contents of the Regional Rail Reorganization Act of 1973 is amended by striking out the items relating to title IV and inserting in lieu thereof the following new items:

"TITLE IV—TRANSFER OF FREIGHT SERVICE

"Sec. 401. Interest of United States.
"Sec. 402. Debt and preferred stock.
"Sec. 403. Profitability determinations.
"Sec. 404. Failure to sell as entity.
"Sec. 405. Transfer plan.
"Sec. 406. Consolidation of agreements.
"Sec. 407. Public comment and congressional notification.
"Sec. 408. Performance under agreements; effect.
"Sec. 409. Assignment.
"Sec. 410. Subsidiaries.
"Sec. 411. Labor transfer agreements.
"Sec. 412. Labor conditions.".

PART 5—UNITED STATES RAILWAY ASSOCIATION

ORGANIZATION OF USRA

SEC. 1147. Section 201 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 711) is amended by striking out subsections (d) through (i), by redesignating subsections (j) and (k) as subsections (g) and (h), respectively, and by inserting after subsection (c) the following new subsections:

"(d) BOARD OF DIRECTORS.—(1) The Board of Directors of the Association shall consist of five individuals, as follows:

"(A) The Chairman, who shall be the individual serving as Chairman on the effective date of this subsection, until the expiration of his term of office or his resignation, or his replacement, who shall be selected by the outgoing Chairman and the other members of the Board.

"(B) The Secretary of Transportation.

"(C) The Comptroller General of the United States.

"(D) The Chairman of the Commission.

"(E) The Chairman of the Board of Directors of the Corporation.

"(2) The Chairman may not have any employment or other direct financial relationship with any railroad. The Chairman shall receive $300 per diem when engaged in the actual performance of his duties plus reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties.

"(e) TERM OF OFFICE.—The term of office of the Chairman of the Board of Directors of the Association shall expire on December 31, 1983. The Chairman may be reappointed and the term of the Chairman shall be 3 years.

"(f) QUORUM.—Three members of the Board of Directors, or their representatives, shall constitute a quorum for the transaction of any function of the Association.

"(g) The Board of Directors shall, on the effective date of this subsection, assume the functions previously performed by the Finance Committee.

"(h) The members of the Board of Directors may send representatives to meetings of such Board, and such representatives may exercise full powers of the members.".

FUNCTIONS OF USRA

SEC. 1148. (a) Section 202 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 712) is amended—

(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following new subsection:

"(a) GENERAL.—The Association is authorized to—

"(1) monitor the financial performance of the Corporation;

"(2) review whether the goals and requirements of this Act are met;

"(3) purchase or otherwise acquire or receive, and hold and dispose of securities (whether debt or equity) of the Corporation under sections 216 and 217 of this Act and exercise all of the rights, privileges, and powers of a holder of any such securities;

"(4) purchase accounts receivable of the Corporation in accordance with section 217 of this Act; and

"(5) appoint and fix the compensation of such personnel as the Association considers necessary and appropriate."; and

(2) by redesignating subsections (c) through (j) as subsections (b) through (i), respectively.

45 USC 726.
Ante, p. 653.

(b) The section heading of section 202 of the Regional Rail Reorganization Act of 1973 is amended by striking out "GENERAL POWERS AND DUTIES" and inserting in lieu thereof "FUNCTIONS".

(c) The item relating to section 202 in the table of contents of the Regional Rail Reorganization Act of 1973 is amended to read as follows:

"Sec. 202. Functions of the Association.".

ACCESS TO INFORMATION

SEC. 1149. Section 203 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 713) is amended to read as follows:

"ACCESS TO INFORMATION

"SEC. 203. The Corporation shall make available to the Association such information as the Association determines necessary for the Association to carry out its functions under this Act. The Association shall request from other parties which are affected by this Act information which will enable the Association to fulfill its functions under this Act.".

UNITED STATES RAILWAY ASSOCIATION REPORTS

SEC. 1150. (a) Title II of the Regional Rail Reorganization Act of 1973, as amended by this subtitle, is amended further by adding at the end thereof the following new sections: *Ante*, p. 652.

"UNITED STATES RAILWAY ASSOCIATION REPORTS

"SEC. 218. (a) PROGRESS AND EVALUATION.—(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. 45 USC 728.

"(2) Reports submitted under paragraph (1) of this subsection 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 service in the Northeast and which may affect the security of Federal funds invested in the Corporation. 45 USC 711, 741. *Ante*, p. 654.

"(b) TRANSFER AGREEMENTS.—(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 407 of the Regional Rail Reorganization Act of 1973. Such report shall be submitted on the same date as the Secretary's transmittal of such agreements to Congress. *Ante*, p. 658.

"(2) The report submitted under paragraph (1) of this subsection 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 railroads in the Northeast and elsewhere, and any other matter which the Association considers appropriate. Such report shall also include recommendations with respect to approval, disapproval, or modification of the transfer agreements.

"ADVISORY BOARD

"SEC. 219. Members of the Board of Directors of the Association serving on the day before the effective date of the Northeast Rail Service Act of 1981, shall serve as an Advisory Board to the Association. A member of the Advisory Board who is not otherwise an employee of the Federal Government shall receive reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of such duties. The Chairman of the Association shall serve as Chairman of the Advisory Board. Any vacancy on the Advisory Board shall be filled by the Association with a representative from the group which had a representative in the vacant position.". 45 USC 729. *Ante*, p. 643.

(b) The table of contents of the Regional Rail Reorganization Act of 1973, as amended by section 1140(b) of this subtitle, is amended further by inserting immediately after the item relating to section 217 the following new items:

"Sec. 218. United States Railway Association reports.
"Sec. 219. Advisory Board.".

USRA AUTHORIZATION

SEC. 1151. Section 214(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 724(c)) is amended to read as follows:

94 Stat. 1965.

"(c) ASSOCIATION.—There are authorized to be appropriated to the Association for purposes of carrying out its administrative expenses under this Act not to exceed $13,000,000 for the fiscal year ending September 30, 1982, and not to exceed $4,000,000 for the fiscal year ending September 30, 1983. Sums appropriated under this subsection are authorized to remain available until expended.".

PART 6—MISCELLANEOUS PROVISIONS

JUDICIAL REVIEW

45 USC 1105.

SEC. 1152. (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 any provision of or amendment made by this subtitle, or administrative action taken thereunder to the extent such action is subject to judicial review;

(2) challenging the constitutionality of any provision of or amendment made by this subtitle;

(3) to obtain, inspect, copy, or review any document in the possession or control of the Secretary, Conrail, the United States Railway Association, or Amtrak that would be discoverable in litigation under any provision of or amendment made by this subtitle; or

(4) seeking judgment upon any claim against the United States founded upon the Constitution and resulting from the operation of any provision of or amendment made by this subtitle.

(b) A judgment of the special court in any action referred to in this section shall be reviewable only upon petition for a writ of certiorari to the Supreme Court of the United States, except that any order or judgment enjoining the enforcement, or declaring or determining the unconstitutionality or invalidity, of any provision of this subtitle shall be reviewable by direct appeal to the Supreme Court of the United States. Such review is exclusive and any petition or appeal shall be filed not more than 20 days after entry of such order or judgment.

(c) Administrative action under the provisions of or amendments made by this subtitle which is subject to review shall be upheld unless such action is found to be unlawful under standards established for review of informal agency action under paragraphs (2) (A), (B), (C), and (D) of section 706, title 5, United States Code. The requirements of this subtitle shall constitute the exclusive procedures required by law for such administrative action.

(d) If the volume of civil actions under subsection (a) of this section so requires, the United States Railway Association shall apply to the

judicial panel on multi-district litigation authorized by section 1407 of title 28, United States Code, for the assignment of additional judges to the special court. Within 30 days after the date of such application, the panel shall assign to the special court such additional judges as may be necessary to exercise the jurisdiction described in subsection (a) of this section.

TRANSFER TAXES AND FEES; RECORDATION

SEC. 1153. (a)(1) All transfers or conveyances of any interest in rail property (whether real, personal, or mixed) which are made under any provision of or amendment made by this subtitle 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, encumberances, easements, or other instruments, and to record the release or removal of any pre-existing 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. 45 USC 1106.

(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 the amendments made by part 2 of this subtitle 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, except that acquiring rail carriers and other entities 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.

SATISFACTION OF CLAIMS

SEC. 1154. No distribution of the assets of Conrail shall be made with respect to any claims of the United States, including the securities issued pursuant to section 216 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 726), until all other valid claims, including loss, damage, overcharge claims, and lease claims, against Conrail have been satisfied, or provision has been made for satisfying such claims. 45 USC 1107.

EXPEDITED SUPPLEMENTAL TRANSACTIONS

SEC. 1155. (a) Section 305(f) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 745(f)) is amended—

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

"(2)(A) Within 10 days after the effective date of the Northeast Rail Service Act of 1981, the Secretary shall initiate discussions and negotiations for the transfer of some or all of the Corporation's rail *Ante*, p. 643.

properties and freight service obligations in the States of Connecticut and Rhode Island to one or more parties under a plan which provides for continued rail freight service on all lines operated by the Corporation on the effective date of the Northeast Rail Service Act of 1981 for at least four years.

Ante, p. 643.

"(B) Within 120 days after the effective date of the Northeast Rail Service Act of 1981, the Secretary shall petition the special court for an order to transfer all of the Corporation's rail properties and freight service obligations in the States of Connecticut and Rhode Island to one or more railroads in the Region—

"(i) which have under subparagraph (A) of this paragraph completed negotiations and submitted to the Secretary a proposal to assume all of the freight operations and freight service obligations of the Corporation in such States on a financially self-sustaining basis for a period of at least four years; or

"(ii) which have developed a proposal to assume all of the freight operations and freight service obligations of the Corporation in such States under an agreement by and between the Corporation and such railroad or railroads; or

"(iii) which have, prior to May 1, 1981, submitted a proposal to the Secretary for such a transfer.

For the purpose of this section, an order to transfer may include the Corporation if the Corporation agrees to maintain service over lines retained by the Corporation for four years.

"(C) To permit efficient and effective rail operations consistent with the public interest, as a part of any transfer under paragraph (2)(B) of this subsection, the Secretary shall promote the transfer of additional non-mainline Corporation properties in adjoining States that connect with properties that are the subject of such transfer.

"(D) The special court shall determine a fair and equitable price for the rail properties to be transferred under this subsection, and shall, unless the parties otherwise agree, establish divisions of joint rates for through routes over such properties which are fair and equitable to the parties. The special court shall establish a method to ensure that such divisions are promptly paid.

"(E) Notwithstanding any other provision of law or agreement in effect on May 1, 1981, the special court shall require that the railroad or railroads to which properties are to be transferred under this subsection assume all charges payable by the Corporation to Amtrak for the carriage of property by rail over those portions of the Northeast Corridor in Connecticut and Rhode Island. If the Corporation operates any rail freight service over those portions of the Northeast Corridor in Connecticut and Rhode Island after the date of such transfer, the Corporation shall pay Amtrak any compensation that may be separately agreed upon by the Corporation and Amtrak, and the railroad or railroads to which properties are transferred under this subsection shall not be obligated to pay any compensation owed by the Corporation to Amtrak for such post-transfer operations by the Corporation."; and

45 USC 745.

(2) by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:

"(4)(A) Any employee who was protected by the compensatory provisions of title V of this Act immediately prior to the effective date of the Northeast Rail Service Act of 1981, and who is deprived of employment as a result of the transfer of rail properties under this subsection shall be eligible for benefits under section 701 of this Act.

45 USC 771.

Ante, p. 661.

"Employee deprived of employment."

"(B) As used in this paragraph, 'employee deprived of employment' means any employee who is unable to secure employment through

the normal exercise of seniority rights, but does not include any employee who refuses an offer of employment with a railroad acquiring properties under this subsection.".

(b) Section 305(d) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 745(d)) is amended by striking out paragraph (7).

(c) Section 305 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 745), as amended by this section, is further amended by adding after subsection (f) the following new subsection:

"(g)(1) Within 20 days after the effective date of the Northeast Rail Service Act of 1981, the Secretary shall initiate discussions and negotiations for the expedited transfer of all properties and freight service obligations of the Corporation with respect to the following lines: Canaan, Connecticut, to Pittsfield, Massachusetts; North Adams Junction, Massachusetts, to North Adams, Massachusetts; Hazardville, Connecticut, to Springfield, Massachusetts; Westfield, Massachusetts, to Easthampton, Massachusetts; Westfield, Massachusetts, to Holyoke, Massachusetts. *Ante*, p. 643.

"(2) Within 120 days after the effective date of the Northeast Rail Service Act of 1981, the Secretary shall transfer, provided a qualified purchaser offers to purchase, the Corporation's properties and freight service obligations described in paragraph (1) of this subsection to another railroad or railroads in the Region which are determined by the Secretary to be qualified. A qualified purchaser is defined as a railroad financially self-sustaining which guarantees continuous service for at least four years.

"(3) The Secretary shall determine a fair and equitable price for the rail properties to be transferred under this subsection, and shall, unless the parties otherwise agree, establish divisions of joint rates for through routes over such properties which are fair and equitable to the parties.

"(4) The Secretary shall determine fair and equitable terms for the provision of such trackage rights, on segments of the Corporation's lines not to exceed 5 miles per line transferred, to acquiring carriers as may be necessary to operate such transferred lines in an efficient manner.".

ABANDONMENTS

SEC. 1156. (a) Title III of the Regional Rail Reorganization Act of 1973 is amended by adding at the end thereof the following new section:

"ABANDONMENTS

"SEC. 308. (a) GENERAL.—The Corporation may, in accordance with this section, file with the Commission an application for a certificate of abandonment for any line which is part of the system of the Corporation. Any such application shall be governed by this section and shall not, except as specifically provided in this section, be subject to the provisions of chapter 109 of title 49, United States Code. 45 USC 748.

"(b) APPLICATIONS FOR ABANDONMENT.—Any application for abandonment that is filed by the Corporation under this section before December 1, 1981, shall be granted by the Commission within 90 days after the date such application is filed unless, within such 90-day period, an offer of financial assistance is made in accordance with subsection (d) of this section with respect to the line to be abandoned.

"(c) NOTICE OF INSUFFICIENT REVENUES.—(1) The Corporation may, prior to November 1, 1983, file with the Commission a notice of insufficient revenues for any line which is part of the system of the Corporation.

"(2) At any time after the 90-day period beginning with the filing of a notice of insufficient revenues for a line, the Corporation may file an application for abandonment for such line. An application for abandonment that is filed by the Corporation under this subsection for a line for which a notice of insufficient revenues was filed under paragraph (1) shall be granted by the Commission within 90 days after the date such application is filed unless, within such 90-day period, an offer of financial assistance is made in accordance with subsection (d) of this section with respect to such line.

"(d) OFFERS OF FINANCIAL ASSISTANCE.—(1) The provisions of section 10905 (d)–(f) of title 49, United States Code (including the timing requirements of subsection (d) thereof), shall apply to any offer of financial assistance under subsection (b) or (c) of this section.

"(2) The Corporation shall provide any person that intends to make an offer of financial assistance under subsection (b) or (c) of this section with such information as the Commission may require.

Publication in Federal Register.

"(e) LIQUIDATION.—(1) If any application for abandonment is granted under subsection (b) of this section, the Commission shall, as soon as practicable, appraise the net liquidation value of the line to be abandoned, and shall publish notice of such appraisal in the Federal Register.

"(2) Appraisals made under paragraph (1) shall not be appealable.

"(3)(A) If, within 120 days after the date on which an appraisal is published in the Federal Register under paragraph (1), the Corporation receives a bona fide offer for the sale, for 75 percent of the amount at which the liquidation value of such line was appraised by the Commission, of the line to be abandoned, the Corporation shall sell such line and the Commission shall, unless the parties otherwise agree, establish an equitable division of joint rates for through routes over such lines.

"(B) If the Corporation receives no bona fide offer under subparagraph (A), within such 120-day period, the Corporation may abandon or dispose of the line as it chooses, except that the Corporation may not dismantle bridges, or other structures (not including rail, signals, and other rail facilities) for 120 days thereafter. The Secretary may require that bridges or other structures (not including rail, signals, and other rail facilities), not be dismantled for an additional 8 months if he assumes all liability of any sort related to such property.

"(4) If the purchaser under paragraph (3)(A) of this subsection of any line of the Corporation abandons such line within five years after such purchase, the proceeds of any track liquidations shall be paid into the general fund of the Treasury of the United States.

"(f) EMPLOYEE PROTECTION.—The provisions of section 10903(b)(2) of title 49, United States Code, shall not apply to any abandonment granted under this section. Any employee who was protected by the compensatory provisions of title V of this Act immediately prior to the effective date of the Northeast Rail Service Act of 1981, who is deprived of employment by such an abandonment shall be eligible for employee protection under section 701 of this Act.".

45 USC 771.

Ante, p. 643.

(b) The table of contents of the Regional Rail Reorganization Act of 1973, as amended by this subtitle, is further amended by inserting immediately after the item relating to section 307 the following new item:

"Sec. 308. Abandonments."

AMENDMENT TO THE RAILWAY LABOR ACT

SEC. 1157. The Railway Labor Act is amended by inserting immediately after section 9 the following new section:

"SPECIAL PROCEDURE FOR COMMUTER SERVICE

"SEC. 9A. (a) Except as provided in section 510(h) of the Rail Passenger Service Act, the provisions of this section shall apply to any dispute subject to this Act between a publicly funded and publicly operated carrier providing rail commuter service (including the Amtrak Commuter Services Corporation) and its employees. 45 USC 159a. *Ante*, p. 671.

"(b) If a dispute between the parties described in subsection (a) is not adjusted under the foregoing provisions of this Act and the President does not, under section 10 of this Act, create an emergency board to investigate and report on such dispute, then any party to the dispute or the Governor of any State through which the service that is the subject of the dispute is operated may request the President to establish such an emergency board. 45 USC 160.

"(c)(1) Upon the request of a party or a Governor under subsection (b), the President shall create an emergency board to investigate and report on the dispute in accordance with section 10 of this Act. For purposes of this subsection, the period during which no change, except by agreement, shall be made by the parties in the conditions out of which the dispute arose shall be 120 days from the date of the creation of such emergency board.

"(2) If the President, in his discretion, creates a board to investigate and report on a dispute between the parties described in subsection (a), the provisions of this section shall apply to the same extent as if such board had been created pursuant to paragraph (1) of this subsection.

"(d) Within 60 days after the creation of an emergency board under this section, if there has been no settlement between the parties, the National Mediation Board shall conduct a public hearing on the dispute at which each party shall appear and provide testimony setting forth the reasons it has not accepted the recommendations of the emergency board for settlement of the dispute.

"(e) If no settlement in the dispute is reached at the end of the 120-day period beginning on the date of the creation of the emergency board, any party to the dispute or the Governor of any State through which the service that is the subject of the dispute is operated may request the President to establish another emergency board, in which case the President shall establish such emergency board.

"(f) Within 30 days after creation of a board under subsection (e), the parties to the dispute shall submit to the board final offers for settlement of the dispute.

"(g) Within 30 days after the submission of final offers under subsection (f), the emergency board shall submit a report to the President setting forth its selection of the most reasonable offer.

"(h) From the time a request to establish a board is made under subsection (e) until 60 days after such board makes its report under subsection (g), no change, except by agreement, shall be made by the parties in the conditions out of which the dispute arose.

"(i) If the emergency board selects the final offer submitted by the carrier and, after the expiration of the 60-day period described in subsection (h), the employees of such carrier engage in any work stoppage arising out of the dispute, such employees shall not be

eligible during the period of such work stoppage for benefits under the Railroad Unemployment Insurance Act.

"(j) If the emergency board selects the final offer submitted by the employees and, after the expiration of the 60-day period described in subsection (h), the carrier refuses to accept the final offer submitted by the employees and the employees of such carrier engage in any work stoppage arising out of the dispute, the carrier shall not participate in any benefits of any agreement between carriers which is designed to provide benefits to such carriers during a work stoppage.".

CONCERTED ECONOMIC ACTION

45 USC 1108.

SEC. 1158. (a) Any person engaging in concerted economic action over disputes with Amtrak Commuter or any commuter authority shall not be entitled to engage in any strike against, or otherwise to induce any employee of, Conrail, where an effect thereof is to interfere with rail freight service provided by Conrail.

(b) Any person engaging in concerted economic action over disputes arising out of freight operations provided by Conrail shall not be entitled to engage in any strike against, or otherwise to induce any employee of, Amtrak Commuter or any commuter authority, where an effect thereof is to interfere with rail passenger service.

(c) Any concerted action in violation of this section shall be deemed to be a violation of the Railway Labor Act.

45 USC 151.

CONSTRUCTION AND EFFECT OF CERTAIN PROVISIONS

45 USC 1109.

SEC. 1159. Any cost reductions resulting from the provisions of or the amendments made by this subtitle shall not be used to limit the maximum level of any rate charged by Conrail for the provision of rail service, to limit the amount of any increase in any such rate (including rates maintained jointly by Conrail and other rail carriers), or to limit a surcharge or cancellation otherwise lawful under chapter 107 of title 49, United States Code.

49 USC 10701 *et seq.*

LABOR AUTHORIZATION

45 USC 771 note.

SEC. 1160. There are authorized to be appropriated to the Secretary of Transportation for the fiscal year ending September 30, 1982, not to exceed $25,000,000 for the payment of allowances, expenses, and costs that protected employees are entitled to receive under any provision of title V of the Regional Rail Reorganization Act of 1973 as in effect on the day before the effective date of this subtitle.

45 USC 771.

LIGHT DENSITY RAIL SERVICE

45 USC 1110.

SEC. 1161. (a) At any time after the effective date of this subsection, the Secretary may enter negotiations for the transfer of—

(1) any rail lines of Conrail which are the subject of an abandonment proceeding pending before the Commission other than an abandonment proceeding subject to section 308 of the Regional Rail Reorganization Act of 1973; and

Ante, p. 679.

(2) any rail lines of Conrail which are designated in Category I under Commission regulation. The Secretary may transfer any such lines in accordance with the terms of an agreement entered into by the Secretary under this subsection.

(b)(1) All reasonable expenses which are incurred in negotiations for the purchase of rail properties by a railroad which subsequently

purchases such properties in accordance with the provisions of this section shall be credited against the total purchase price for such properties if such purchaser entered into such negotiations in good faith within six months after the effective date of this section.

(2) Expenses for labor protection, for a maximum of a twelve-month period, incurred by a purchaser of rail properties in accordance with the provisions of this section as a result of protective conditions imposed pursuant to section 412 of the Regional Rail Reorganization Act of 1973 shall be credited against the total purchase price for such properties if such purchaser entered into such negotiations in good faith within six months after the effective date of this section.

Ante, p. 673.

(c) As a part of each transfer negotiation authorized and directed by section 405 of the Regional Rail Reorganization Act of 1973, the Secretary shall promote the inclusion of those additional Conrail lines that connect with, and only with, the line or lines that are the subject of particular transfer negotiations (hereinafter in this section referred to as "associated branch lines"), and which are financially viable.

Ante, p. 657.

(d) In the event that a transfer agreement granted final approval by the Secretary under section 1142 of this subtitle does not provide for the continuation of rail service on an associated branch line, or other Conrail line not designated for transfer, that an affected State, shipper, or connecting railroad (other than a Class I or II railroad) concludes is essential, that State, shipper, or connecting railroad, or any combination of such States, shippers, or railroads, may immediately enter negotiations with the Secretary for the transfer of identified associated branch lines or other Conrail line not designated for transfer without rail-common carrier status under the requirements of subtitle IV of title 49, United States Code, to an entity designated by the State, shipper, railroad, or combination thereof, for continued operation free of the common carrier obligations and other requirements, except those provided for in subsection (f), of subtitle IV of title 49, United States Code. Conrail shall convey an associated branch line or other Conrail line not designated for transfer in accordance with the terms of an agreement entered into by the Secretary under this subsection.

49 USC 10101 *et seq.*

(e) The Secretary may transfer lines in accordance with the provisions of this section for nominal consideration, if justified by the public benefit associated with continued rail service.

(f) The Commission shall establish fair and equitable divisions of revenues on joint rates until a final order is issued.

REHABILITATION AND IMPROVEMENT FINANCING

SEC. 1162. (a) Section 505(b)(2) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 825(b)(2)) is amended—

(1) in the third sentence, by striking "When making" and all that follows through "available for railroad financing, and" and inserting in lieu thereof the following: "When making such a determination, the Secretary shall evaluate and consider in the following order of priority (A) the availability of funds from other sources at a cost which is reasonable under principles of prudent railroad financial management in light of the railroad's projected rate of return for the project to be financed and the railroad's rate of return on total capital (represented by the ratio which such carrier's net income, including interest on a long-term debt, bore to the sum of average shareholder's equity, long-term debt, and accumulated deferred income tax for fiscal year

1975) as determined in accordance with the uniform system of accounts promulgated by the Commission, (B) the interest of the public in supplementing such other funds as may be available in order to increase the total amount of funds available for railroad financing, and"; and

(2) by adding at the end thereof the following: "The Secretary shall assign the highest priorities to those meritorious applications of carriers operating under section 77 of the Bankruptcy Act unable to generate such funds in the private sector and to those meritorious applications for funds to provide for the restructuring of rail freight facilities and systems which handle more than two million rail cars annually, which are located in more than one State, and which are separated by the Mississippi River.".

(b) Section 501(8) of the Railroad Revitalization and Regulatory 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;".

(c) 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 effective date of the Northeast Rail Service Act of 1981)".

Ante, p. 643.

(d) 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.".

(e) 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 effective date of the Northeast Rail Service Act of 1981.". *Ante*, p. 643.

(f) Section 509(b)(4) of the Railroad Revitalization and Regulatory Reform Act of 1976, as redesignated by subsection (e) of this section, is amended by striking "and (2)" and inserting in lieu thereof ", (2) and (3)". 45 USC 829.

NORTHEAST CORRIDOR COST DISPUTE

SEC. 1163. (a)(1) Within 120 days after the effective date of this subtitle, the Commission shall determine an appropriate costing methodology for compensation to Amtrak for the right-of-way related costs for the operation of commuter rail passenger service over the Northeast Corridor and other properties owned by Amtrak, unless Conrail, Amtrak, and affected commuter authorities have otherwise agreed on such a methodology by that date. In making its determination, the Commission shall consider all relevant factors, including the standards of sections 205(d) and 304(c) of the Regional Rail Reorganization Act of 1973, section 701(a)(6) of the Railroad Revitalization and Regulatory Reform Act of 1976, and section 402(a) of the Rail Passenger Service Act. 45 USC 1111. 45 USC 715, 744. 45 USC 851. 45 USC 562.

(2) Within 120 days after the effective date of this subtitle, the Commission shall determine a fair and equitable costing methodology for compensation to Amtrak by Conrail for the right-of-way related costs for the operation of rail freight service over the Northeast Corridor, unless Conrail and Amtrak have otherwise agreed on such a methodology by that date. In making its determination, the Commission shall take into consideration the industry-wide average compensation for freight trackage rights and any additional costs associated with high-speed service provided over the Northeast Corridor.

(b) Any determination by the Commission under this section shall be effective on the date of such determination, and any agreement of the parties under this section shall be effective on the date specified in such agreement. Any such determination or agreement shall not apply to any compensation paid to Amtrak prior to the date of such determination or the date so specified, as the case may be, for the right-of-way related costs described in subsection (a) of this section.

(c) Nothing in this section shall preclude parties from entering into an agreement, after the determination of the Commission or their initial agreement under this section, with respect to the right-of-way related costs described in subsection (a) of this section.

(d) Any determination by the Commission under this section shall be final and shall not be reviewable in any court.

COMMISSION PROCEEDINGS

SEC. 1164. (a) Notwithstanding any other provision of subtitle IV of title 49, United States Code, in any proceeding before the Commission under section 11344 or 11345 of such subtitle involving a railroad in the Region, as defined in section 102 of the Regional Rail Reorganization Act of 1973, which was in a bankruptcy proceeding under section 77 of the Bankruptcy Act on November 4, 1979, the Commission shall, with or without a hearing, issue a final decision within a period not to exceed 180 days after receipt of an application under either such section. 45 USC 1112. 45 USC 702.

(b) Notwithstanding any other provision of subtitle IV of title 49, United States Code, in any proceeding before the Commission under 49 USC 10101 *et seq.*

section 11344 or 11345 of such subtitle involving a profitable railroad in the Region, as defined in section 102 of the Regional Rail Reorganization Act of 1973, which received a loan under section 211(a) of such Act, the Commission shall, with or without a hearing, issue a final decision within a period not to exceed 180 days after receipt of an application under either such section.

45 USC 702, 721.

(c)(1) If the Secretary determines under subsection (b) that there is an agreement between a profitable railroad in the Region (as defined in section 102 of the Regional Rail Reorganization Act of 1973) which received a loan under section 211(a) of such Act and a prospective purchaser for the sale of such railroad, the Secretary shall limit the interest of the United States in any debt of such a railroad to an interest which attaches to such debt in the event of bankruptcy, substantial sale, or liquidation of the assets of the railroad. The Secretary shall substitute for the evidence of such debt contingency notes conforming to the limited terms set forth in this subsection.

(2) If the interest of the United States is limited under paragraph (1), any new debt issued by such a railroad subsequent to the issuance of the debt described in paragraph (1) shall have higher priority in the event of bankruptcy, liquidation, or abandonment of the assets of Conrail than the debt described in such paragraph.

INTERCITY PASSENGER SERVICE EMPLOYEES

45 USC 1113.

SEC. 1165. After January 1, 1983, Conrail shall be relieved of the responsibility to provide crews for intercity passenger service on the Northeast Corridor. Amtrak, Amtrak Commuter, and Conrail, and the employees with seniority in both freight and passenger service shall commence negotiations not later than 120 days after the date of the enactment for the right of such employees to move from one service to the other once each six-month period. Such agreement shall ensure that Conrail, Amtrak, and Amtrak Commuter have the right to furlough one employee in the same class or craft for each employee who returns through the exercise of seniority rights. If agreement is not reached within 360 days, such matter shall be submitted to binding arbitration.

TRACKAGE RIGHTS

45 USC 1114.

SEC. 1166. At any time after the effective date of this subtitle, the Commission may approve, under the provisions of existing law, the grant of trackage rights to any terminal railroad operating primarily in the city of Philadelphia over the individual lines of Conrail located in the city and port of Philadelphia.

TECHNICAL AMENDMENTS

SEC. 1167. (a) Section 303(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 743(c)) is amended by striking the following wherever they appear: "securities,"; "securities and"; "at least one share of series B preferred stock and"; "other securities of the Corporation or"; and "securities or".

45 USC 1115.

(b) For the purpose of computing the amount for which certificates of value shall be redeemable under section 306 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 746), the series B preferred stock and the common stock conveyed to the Secretary under section 1154 of this subtitle shall be deemed to be without fair market value unless in a proceeding brought under section 1152(a)(4) of this subtitle

the special court shall have determined that such securities had a value and shall have entered a judgment against the United States for that value. In such an event, the securities shall for purposes of section 306 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 746) be deemed to have that value found by the special court.

(c)(1) The clerk of the special court shall convey to the Secretary within 10 days after the effective date of this subtitle 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).

(2) The Secretary is authorized to hold and to exercise all rights that pertain to the Conrail securities conveyed under paragraph (1) of this subsection, and any other securities of Conrail that have been or may be conveyed to the Secretary under any agreement or pursuant to the terms of part 5 of this subtitle or the terms of any other law. *Ante*, p. 673.

APPLICABILITY OF OTHER LAWS

SEC. 1168. (a) The provisions of the chapters 5 and 7 of title 5 of the United States Code (popularly known as the Administrative Procedure Act and including provisions popularly known as the Government in the Sunshine Act), the Federal Advisory Committee 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 title IV of the Regional Rail Reorganization Act of 1973. 45 USC 1116. 5 USC 500 *et seq.*, 701 *et seq.* 5 USC app. 42 USC 4332. 16 USC 470 note. 49 USC 1653. *Ante*, p. 654.

(b) The operation of trains by Conrail shall not be subject to the requirement of any State or local law which specifies the minimum number of crew members who must be employed in connection with the operation of such trains.

EFFECTIVE DATE

SEC. 1169. Except as otherwise provided, the provisions of and the amendments made by this subtitle shall take effect on the date of the enactment of this subtitle. 45 USC 1101 note.

Subtitle F—Amtrak

Amtrak Improvement Act of 1981.

SHORT TITLE

SEC. 1170. This subtitle may be cited as the "Amtrak Improvement Act of 1981". 45 USC 501 note.

FINDINGS

SEC. 1171. Section 101 of the Rail Passenger Service Act (45 U.S.C. 501) is amended to read as follows:

"(a) The Congress finds that the public convenience and necessity require that the National Railroad Passenger Corporation provide, to the extent that the Corporation's budget allows, modern, cost-efficient, and energy-efficient intercity railroad pasenger service between crowded urban areas and in other parts of the country; that rail passenger service can help in alleviating the overcrowding of airways, airports, and highways; and that to the maximum extent feasible travelers in America should have the freedom to choose the mode of transportation most convenient to their needs.

"(b) The Congress further finds that a greater degree of cooperation is necessary among railroads, the Corporation, State, regional, and local governments and the private sector, labor organizations, and suppliers of services and equipment to the Corporation in order to achieve the level of performance sufficient to justify expenditure of public funds.

"(c) The Congress further finds that—

"(1) modern, efficient commuter rail passenger service is important to the viability and well-being of major urban areas and to the national goals of energy conservation and self-sufficiency;

"(2) Amtrak, as a passenger service entity, should be available to operate commuter service through its subsidiary Amtrak Commuter under contract with commuter agencies which do not choose to operate such service themselves as a part of the governmental functions of the State;

"(3) the Northeast Corridor is a valuable national resource used by intercity passenger, commuter passenger, and freight services; and

"(4) greater coordination between intercity and commuter passenger services are required.".

ADDITIONAL GOALS FOR AMTRAK

SEC. 1172. Section 102 of the Rail Passenger Service Act (45 U.S.C. 501) is amended—

45 USC 501a.

(1) by striking out paragraphs (1) and (3) and redesignating paragraphs (2), (4), (5), and (6) as paragraphs (8) through (11), respectively;

(2) by inserting immediately before paragraph (8), as so redesignated, the following new paragraphs:

"(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) 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.

"(3) Improvement of the number of passenger miles generated systemwide per dollar of Federal funding by at least 30 percent within the two-year period beginning on the effective date of the Amtrak Improvement Act of 1981.

"(4) Elimination of the deficit associated with food and beverage services by September 30, 1982.

"(5) Implementation of strategies to achieve immediately maximum productivity and efficiency consistent with safe and efficient service.

"(6) Operation of Amtrak trains, to the maximum extent feasible, to all station stops within 15 minutes of the time established in public timetables for such operation.

"(7) Development of service on rail corridors, subsidized by States or private parties, or both.";

(3) in paragraph (8), as redesignated, by striking out "55" and inserting in lieu thereof "60"; and

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

"(12) Implementation of policies ensuring equitable access to the Northeast Corridor by both intercity and commuter services.

"(13) Coordination among the various users of the Northeast Corridor, particularly intercity and commuter passenger services.

"(14) Amtrak's maximization of the use of its resources, including the most cost-effective use of employees, facilities, and real estate. Amtrak is encouraged to enter into agreements with the private sector and undertake initiatives which are consistent with good business judgment and designed to maximize its revenues and minimize Federal subsidies.".

DEFINITIONS

SEC. 1173. Section 103 of the Rail Passenger Service Act (45 U.S.C. 502) is amended—

(1) by redesignating paragraphs (2) through (6) as paragraphs (3) through (7), respectively, and by redesignating paragraphs (7) through (14) as paragraphs (10) through (17), respectively;

(2) by inserting immediately after paragraph (1) the following new paragraph:

"(2) 'Amtrak Commuter' means the Amtrak Commuter Services Corporation created under title V of this Act.".

(3) by inserting immediately after paragraph (7), as redesignated, the following new paragraphs:

"(8) 'Commuter authority' means any State, local, or regional authority, corporation, or other entity established for purposes of providing commuter service, and includes the Metropolitan Transportation Authority, the Connecticut Department of Transportation, the Maryland Department of Transportation, the Southeastern Pennsylvania Transportation Authority, the New Jersey Transit Corporation, the Massachusetts Bay Transportation Authority, the Port Authority Trans-Hudson Corporation, any successor agencies, and any entity created by one or more such agencies for the purpose of operating, or contracting for the operation of, commuter service.

"(9) 'Commuter service' means short-haul rail passenger service operated 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."; and

(4) in paragraph (11), as redesignated, by striking out "commuter and other" and all that follows through "operations" and inserting in lieu thereof "commuter service".

CHANGES IN BOARD OF DIRECTORS

SEC. 1174. (a) Section 303(a) of the Rail Passenger Service Act (45 U.S.C. 543(a)) is amended—

(1) by striking out paragraphs (1) through (4) and inserting in lieu thereof the following new paragraphs:

"(1) The Corporation shall have a board of directors consisting of nine individuals who are citizens of the United States, as follows:

"(A) The Secretary of Transportation, ex officio. The Secretary of Transportation may be represented at meetings of the Board by his deputy, the Administrator of the Federal Railroad Ad-

ministration or the General Counsel of the Department of Transportation.

"(B) The President of the Corporation.

"(C) Three members appointed by the President, by and with the advice and consent of the Senate, on the following basis:

"(i) One to be selected from a list of three qualified individuals recommended by the Railway Labor Executives Association.

"(ii) One to be selected from among the Governors of States with an interest in rail transportation. Such Governor may select an individual to represent him at meetings of the Board.

"(iii) One to be selected as a representative of business with an interest in rail transportation.

"(D) Two members selected by commuter authorities, on the following basis:

"(i) Until January 1, 1983, the two members under this subparagraph shall be selected by the President from a list of names consisting of one individual nominated by each commuter authority for which the Consolidated Rail Corporation operates commuter service under the Regional Rail Reorganization Act of 1973. Such members shall serve until December 31, 1982, or until their successors are appointed pursuant to subparagraph (ii).

45 USC 701 note.

"(ii) After January 1, 1983, the two members under this subparagraph shall be selected by the President from a list of names consisting of one individual nominated by each commuter authority for which Amtrak Commuter operates commuter service under title V of this Act and one individual nominated by each commuter authority in the Region (as defined in section 102 of the Regional Rail Reorganization Act of 1973) which operates its own service or contracts with an operator other than Amtrak Commuter, except that—

Ante, p. 647.

45 USC 702.

"(I) if Amtrak Commuter operates commuter service for one or more commuter authorities, at least one of the members selected under this clause shall be an individual nominated by such a commuter authority; and

"(II) if Amtrak Commuter does not operate commuter service for any commuter authority, five names shall be submitted to the President by commuter authorities providing service over rail properties owned by Amtrak, and the President shall select two members from such list.

"(E) Two members selected annually by the preferred stockholders of the Corporation, which members shall be selected as soon as practicable after the first issuance of preferred stock by the Corporation.

"(2)(A) Members appointed by the President under paragraph (1)(C) shall serve for terms of four years or until their successors have been appointed and qualified, except that any member appointed by the President under such subparagraph to fill a vacancy shall be appointed only for the unexpired term of the member he is appointed to succeed. Not more than two of the members appointed under such subparagraph shall be registered as members of the same political party.

"(B) Members selected under paragraph (1)(D) shall serve for terms of two years or until their successors have been appointed.

"(3) Except as provided in paragraph (2)(A) of this subsection, any vacancy in the membership of the board shall be filled in the same manner as in the case of the original selection.

"(4) The President of the Corporation shall serve as chairman of the board of directors.";

(2) by striking out paragraph (6) and redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and

(3) in paragraph (7), as redesignated by paragraph (2) of this subsection, by striking out "election" and inserting in lieu thereof "selection"; by striking out "four" and inserting in lieu thereof "two"; and by striking out "seven" and inserting in lieu thereof "four".

(b) The term of office of any member of the board of directors of the National Railroad Passenger Corporation serving on such board immediately before the effective date of this subtitle pursuant to section 303(a)(1)(B), (C), or (D) of the Rail Passenger Service Act shall be deemed to have expired on such effective date, except that— 45 USC 543 note. 45 USC 543.

(1) such members shall continue to serve for a period not to exceed 90 days during which time the President shall appoint members of the board in accordance with section 303(a)(1) of such Act, as amended by this section; and

(2) if any position on such board remains vacant after the expiration of such 90-day period, the President of Amtrak may designate any citizen of the United States to serve in such position until the President fills such position by appointment in accordance with such section 303(a)(1).

FINANCING OF THE CORPORATION

SEC. 1175. Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) is amended—

(1) in subsection (a), by striking out "each of which shall carry voting rights and" and inserting in lieu thereof "which shall";

(2) in subsection (a), by striking out the second sentence;

(3) by amending subsection (c) to read as follows:

"(c)(1) Not later than February 1, 1982, and in consideration of receiving further Federal financial assistance, the Corporation shall issue to the Secretary a sufficient number of shares of preferred stock to equal, to the nearest whole share, the amount of funds appropriated by Congress for capital acquisitions or improvements, or for operating and capital expenses, under the authority of subsections (a)(2), (b)(1)(B), and (b)(1)(C) of section 601 of this Act between October 30, 1970, and September 30, 1981. 45 USC 601.

"(2) Commencing on October 1, 1981, and in consideration of receiving further Federal financial assistance, the Corporation shall issue to the Secretary within 30 days after the close of each quarter of the fiscal year of the United States Government additional preferred stock equal, to the nearest whole share, to the amount of funds paid to the Corporation under section 601 of this Act during such quarter."; and

(4) by striking out subsections (d) through (f) and inserting in lieu thereof the following:

"(d) The Corporation is authorized to issue, in addition to the stock authorized by subsection (a) of this section, nonvoting securities, bonds, debentures, notes, and other certificates of indebtedness as it may determine, except that no obligation with a liquidation interest superior to any preferred stock issued to the Secretary or secured by a lien on property of the Corporation shall be incurred without the

consent of the Secretary so long as any preferred stock issued to the Secretary is outstanding.

"(e)(1) The requirement of section 45(b) of the District of Columbia Business Corporation Act (D.C. Code, sec. 29-920(b)) as to the percentage of stock a stockholder is required to hold in order to have the rights of inspection and copying set forth in such section shall not be applicable in the case of holders of the stock of the Corporation, and they may exercise such rights without regard to the percentage of stock they hold.

"(2) Preferred stock issued under the authority of this section shall not be subject to the annual fee prescribed under section 29-936(e) of the District of Columbia Code, or to any other form of taxation unless otherwise specifically prescribed by Congress.".

CHARGE FOR CUSTOMS AND IMMIGRATION SERVICE

SEC. 1176. Section 305(i) of the Rail Passenger Service Act (45 U.S.C. 545) is amended by adding at the end thereof the following new sentence: "The Corporation shall not be obligated to pay any amount to any agency of the Federal Government for the cost of customs inspection or immigration procedures in connection with the provision of services by the Corporation.".

FOOD AND BEVERAGE SERVICE

SEC. 1177. (a) Section 305 of the Rail Passenger Service Act (45 U.S.C. 545) is amended by adding at the end thereof the following new subsection:

"(n) The Corporation shall implement policies which will eliminate the deficit in its on-board food and beverage operations no later than September 30, 1982. Beginning October 1, 1982, food and beverage services shall be provided on-board Amtrak trains only if the revenues from such service are equal to or greater than the total costs of such services as computed on an annual basis.".

(b) Section 405(e) of the Rail Passenger Service Act (45 U.S.C. 565(e)) is amended—

(1) by striking out "The Corporation" and inserting in lieu thereof "(1) Except as provided in paragraph (2) of this subsection, the Corporation"; and

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

"(2) The provisions of this subsection shall not apply to food and beverage services provided on-board Amtrak trains.".

APPLICABILITY

SEC. 1178. Section 306 of the Rail Passenger Service Act (45 U.S.C. 546) is amended by adding at the end thereof the following new subsection:

"(n) The Corporation shall not be required to pay any additional taxes as a consequence of its expenditure of funds to acquire or improve real property, equipment, facilities, or right-of-way materials or structures used directly or indirectly in the provision of rail passenger service. For purposes of this subsection, 'additional taxes' means taxes or fees (1) on the acquisition, improvement, or ownership of personal property by the Corporation; and (2) on real property other than taxes or fees on the acquisition of real property or on the value of real property which is not attributable to improvements made by the Corporation.".

SANCTIONS

SEC. 1179. Section 307(a) of the Rail Passenger Service Act (45 U.S.C. 547(a)) is amended by adding at the end thereof the following: "Any discontinuance of routes, trains, or services or reduction in frequency of service, which is made by the Corporation shall not be reviewable in any court except on petition of the Attorney General of the United States.".

ELIMINATION OF UNNECESSARY REPORTS

SEC. 1180. (a) Section 308(a)(1) of the Rail Passenger Service Act (45 U.S.C. 548(a)(1)) is amended by striking out subparagraph (C).

(b) Section 308(c) of the Rail Passenger Service Act (45 U.S.C. 548(c)) is amended—

(1) by striking out "and the Commission"; and

(2) by striking out "reports (or, in their discretion, a joint report)" and inserting in lieu thereof "a report".

FACILITY AND SERVICE AGREEMENTS

SEC. 1181. The first sentence of section 402(a) of the Rail Passenger Service Act is amended by inserting ", which terms shall include a penalty for untimely performance" before the period. 45 USC 562.

STATE SUPPORTED SERVICES

SEC. 1182. (a) Section 403 of the Rail Passenger Service Act (45 U.S.C. 563) is amended to read as follows:

"SEC. 403. SERVICE.

"(a) Except as otherwise provided in this Act, after the effective date 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) 45 percent in the first year of operation; and

"(II) 65 percent in each year of operation thereafter; of the short-term avoidable losses of operating such service and 50 percent of the associated capital costs.

"(2)(A) The Corporation shall review each application submitted by a State, agency, or person for the institution or retention of service under this subsection to determine whether—

"(i) the application complies with the requirements of paragraph (1)(B) of this subsection; and

"(ii) there is a reasonable probability that the service requested can be provided with the resources available to the Corporation.

"(B) Any application submitted by a group of States shall be considered in the same manner as an application submitted by a single State, and not on the basis of whether each State that is a party to such application meets the requirements of paragraph (1)(B) of this subsection.

"(3)(A) The Corporation may enter into an agreement with such State, agency, or person for the institution or retention of such service, in accordance with the funding formula set forth in paragraph (1)(B) of this subsection, if the Corporation determines that such service can be provided with resources available to the Corporation.

"(B) An agreement entered into pursuant to this subsection may by mutual agreement be renewed for one or more additional terms of not more than 2 years.

"(C) If more than one application is made for service and all applications are consistent with the requirements of this subsection, but all the services applied for cannot be provided with the available resources of the Corporation, the board of directors shall decide in its discretion which application or applications best serve the public interest and can be provided with the available resources of the Corporation.

"(4)(A) Any funds provided by the Corporation under an agreement with a State, an agency or a person pursuant to this subsection which are allocated for associated capital costs and which are not expended during the fiscal year for which they are provided shall remain available until expended.

"(B) The board of directors shall, after consultation with the appropriate officials of each State that contributes to the operation of service under this subsection, establish the basis for determining the short-term avoidable loss and associated capital costs of service operated under this subsection and the total revenues from such service. In addition, the Corporation shall provide appropriate State officials with the basis for determining such loss, costs, and revenues for each route on which service is operated under this subsection.

"(5)(A) Prior to instituting any fare increase that applies to service provided under this subsection and that represents an increase of more than 5 percent over a 6-month period, the Corporation shall consult with and obtain the views of the appropriate officials of each State to be affected by such fare increase. The Corporation shall provide the officials of each such State with an explanation of the circumstances warranting the proposed fare increase (such as the unique costs of or demand for the services involved).

"(B) A proposed fare increase described in subparagraph (A) shall take effect 90 days after the date the Corporation first consults with the affected States pursuant to such subparagraph. Within thirty days of the initial consultation, the affected State may submit proposals to the Corporation for reducing costs and increasing revenues in connection with service provided under this subsection. Following such thirty-day period, the Corporation, after taking into consideration such proposals as may be submitted by a State, shall decide whether to implement the proposed fare increase in whole or in part.

"(C) Notwithstanding the provision of subparagraph (B) of this paragraph, the Corporation may increase fares pursuant to this paragraph during the first month of a fiscal year if the authorization for appropriations or the appropriations for the benefit of the

Corporation for such fiscal year are not enacted at least 90 days prior to the beginning of such fiscal year, and the Corporation may increase fares pursuant to this paragraph during the 30 days following enactment of any appropriation for the benefit of the Corporation or rescission thereof. Notice of fare increases pursuant to the preceding sentence shall be given by the Corporation to any affected State as soon as possible following the decision to effect such fare increase.

"(6) At least 2 but not more than 5 percent of all revenues generated by each particular route operated under the authority of this subsection shall be dedicated to advertising and promotion of such service on a local level.".

(b) The amendments made by subsection (a) of this section shall apply to any agreement entered into under section 403(b) of the Rail Passenger Service Act after October 1, 1981, and to any renewal after October 1, 1983, of any agreement entered into under such section 403(b) prior to October 1, 1981.

45 USC 563 note.

Ante, p. 693.

OPERATION WITHIN AVAILABLE RESOURCES

SEC. 1183. (a) Section 404(c)(3) of the Rail Passenger Service Act (45 U.S.C. 564(c)(3)) is amended—

(1) by inserting "(A)" immediately after "(3)"; and

(2) by adding at the end thereof the following new subparagraph:

"(B) Beginning on the effective date of the Amtrak Improvement Act of 1981, if the Corporation determines that an amendment to the Route and Service Criteria is necessary or appropriate, it shall submit a draft of such amendment to the Congress. Such amendment shall take effect at the end of the first period of 60 calendar days of continuous session of the Congress after the date of its submission, unless either the Senate or the House of Representatives adopts a resolution during such period stating that it does not approve such amendment.".

Ante, p. 687.

(b) Section 404(c)(4) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)) is amended to read as follows:

"(4)(A) The Corporation's annual total costs shall not exceed the funds, including grants made under section 601 of this Act, contributions provided by States, regional and local agencies and other persons, and revenues, available to the Corporation within the then-current fiscal year. Commencing in fiscal year 1982, the Corporation shall recover an amount sufficient that the ratio of its revenues, including contributions from States, agencies, and other persons, to costs, excluding capital costs, shall be at least 50 percent.

45 USC 601.

"(B) The Corporation shall conduct an annual review of each route in the basic system to determine if such route is projected to meet the criteria set forth in paragraph (1) or paragraph (2) of subsection (d), whichever is applicable to such route, as adjusted to reflect constant 1979 dollars. If the Corporation determines on the basis of such review that such route will not meet the criteria set forth in the appropriate paragraph, the Corporation shall discontinue, modify, or adjust the operation of rail passenger service over such route so that the criteria will be met.

Annual review.

"(C) The annual review conducted by the Corporation under subparagraph (B) shall include an evaluation of the potential market demand for, and the cost of providing service on routes or portions thereof, and the potential market demand for, and cost of providing service on, alternative routings. The Corporation shall transmit the results of the annual review to each House of the Congress and to the Secretary of Transportation.

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"(D)(i) No later than 30 days after the beginning of each fiscal year, the Corporation shall evaluate the financial requirements for operating the basic system and its progress in achieving the system-wide performance standards prescribed in this Act during such fiscal year. If the Corporation determines that the funds to be available for such fiscal year are insufficient to meet the projected operating costs, or if the Corporation projects that the system cannot meet the performance standards of this Act, the Corporation shall, in accordance with this subparagraph, take such action as may be necessary to reduce such costs and improve performance.

"(ii) Any action taken by the Corporation to reduce costs or improve performance pursuant to this subparagraph shall be designed to continue the maximum level of service practicable, and may include—

"(I) changes in frequency of service;

"(II) increases in fares;

"(III) reductions in the costs of sleeper car service on certain routes;

"(IV) reductions in the costs of dining car service on certain routes;

"(V) increases in the passenger capacity of cars used on certain routes; and

"(VI) restructuring or adjustment of the route system or discontinuance of service over routes, considering short-term avoidable loss and the number of passengers served by trains on such routes.

"(E) The Corporation shall, prior to October 1, 1983, reduce its costs of management by not less than 10 percent of the administrative costs incurred during the period of twelve calendar months prior to June 1, 1981.

Notice.
Ante, p.693.

"(F)(i) Notice of any discontinuance of service pursuant to this paragraph or section 403(b) of this Act shall be posted at least 14 days before such discontinuance in all stations served by the train to be discontinued.

"(ii) Notice of any discontinuance of service pursuant to this paragraph or section 403(b) of this Act shall be given in such a manner as the Corporation determines will afford an opportunity for any State or group of States, or any regional or local agency or other person, to agree to share the cost of such route, train, or service, or some portion of such route, train, or service. Such notice shall be given at least 90 days prior to such discontinuance.

"(iii) Notwithstanding the provisions of clause (ii), the Corporation may discontinue service pursuant to this paragraph or section 403(b) of this Act during the first month of a fiscal year if the authorization for appropriations or the appropriations for the benefit of the Corporation for such fiscal year are not enacted at least 90 days prior to the beginning of such fiscal year, and the Corporation may discontinue service pursuant to this paragraph or section 403(b) of this Act during the 30 days following enactment of any appropriation for the benefit of the Corporation or rescission thereof. Notice of discontinuance of service pursuant to the preceding sentence shall be given by the Corporation to any affected State or regional or local transportation authority as soon as possible following the decision to effect such discontinuance.".

(c) Section 404(c)(5) of the Rail Passenger Service Act (45 U.S.C. 564(c)(5)) is amended by striking out "and" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B)

and inserting in lieu thereof a semicolon, and by adding at the end thereof the following new subparagraph:

"(C) modification or adjustment of service under paragraph (4)(B) of this subsection, and discontinuance, modification, or adjustment under paragraph (4)(D) of this subsection.".

(d) Section 404(e) of the Rail Passenger Service Act (45 U.S.C. 564(e)) is repealed.

(e) Section 403(d) of the Rail Passenger Service Act (45 U.S.C. 563(d)) is amended to read as follows:

"(d) Beginning October 1, 1981, the Corporation shall continue to operate rail passenger service operated under this subsection prior to the effective date of the Amtrak Improvement Act of 1981 if such service meets the criteria set forth in section 404(d)(2)(B) of this Act, after taking into account projected fare increases and any State or local contributions to such service. Any service continued under this subsection shall be funded in accordance with the method of funding in effect on the day prior to the effective date of the Amtrak Improvement Act of 1981.". *Ante*, p. 687.

EXTENSION OF COMPENSATION FOR PASS RIDERS

SEC. 1184. The third sentence of section 405(f) of the Rail Passenger Service Act (45 U.S.C. 565) is amended by striking out ", during the 2-year period beginning on the effective date of the Amtrak Reorganization Act of 1979,". 45 USC 501 note.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1185. (a) Section 601(b) of the Rail Passenger Service Act (45 U.S.C. 601(b)) is amended—

(1) by striking out paragraph (3); and

(2) by redesignating paragraph (2) as paragraph (3) and inserting after paragraph (1) the following new paragraph:

"(2) There are authorized to be appropriated to the Secretary for the benefit of the Corporation—

"(A) not to exceed $735,000,000 for the fiscal year ending September 30, 1982, of which not more than $24,000,000 shall be used for the payment of operating and capital expenses of rail passenger service provided pursuant to section 403(b) of this Act; and

"(B) not to exceed $788,000,000 for the fiscal year ending September 30, 1983, of which not more than $26,000,000 shall be used for the payment of operating and capital expenses of rail passenger service provided pursuant to section 403(b) of this Act.";

(3) in paragraph (3), as redesignated, by striking out "(A)" and by striking out ", and (B) guidelines established by the Secretary"; and

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

"(4) Of the amounts appropriated under this subsection for fiscal year 1982, the Corporation may not spend for on-board food and beverage services an amount greater than 50 percent of the amount by which the costs of such services in fiscal year 1981 exceeded the revenues from such services in such fiscal year.".

(b) Section 601(b)(1) of the Rail Passenger Service Act (45 U.S.C. 601(b)(1)) is amended by striking out subparagraphs (B) through (E).

LOAN GUARANTEES

SEC. 1186. (a) Section 602(d) of the Rail Passenger Service Act (45 U.S.C. 602(d)) is amended—

(1) by striking out "$900,000,000" each place it appears and inserting in lieu thereof "$930,000,000"; and

(2) by striking out the last sentence.

(b) Section 602 of the Rail Passenger Service Act (45 U.S.C. 602) is amended by adding at the end thereof the following new subsections:

"(j) During the period beginning October 1, 1981, and ending September 30, 1983, the interest due to the Federal Financing Bank from the Corporation on debt of the Corporation held by the Federal Government shall be deferred. During such period the interest so deferred shall be added to the principal of the debt owed to the Federal Government. The deferral of payment under this subsection shall not constitute a default under any note or obligation of the Corporation. Notwithstanding the deferral of interest provided for under this subsection, the Secretary shall guarantee loans to the Corporation to meet commitments under previously approved capital programs and to repay existing notes and equipment obligations.

Recommendations, submittal to Congress.

"(k) Before February 1, 1982, the Department of Transportation, in consultation with the General Accounting Office, the Corporation, and the Department of the Treasury, shall submit to the Congress legislative recommendations for how best to relieve Amtrak of its debt to the Federal Government.".

RAIL CORRIDOR DEVELOPMENT AND OTHER STUDIES

Report to Congress. 45 USC 651 note.

SEC. 1187. (a) Not later than June 1, 1982, the National Railroad Passenger Corporation shall transmit to the Congress a report containing its recommendations for the development of rail corridors. Such report shall contain—

(1) an identification of those rail corridors which the Corporation would propose to develop, taking into consideration factors such as (A) the projected cost-effectiveness, energy efficiency, and ridership of rail corridors recommended for development, (B) the need to preserve regional balance in rail passenger service, (C) the share of intercity passengers which would be attracted by rail corridor service, and (D) the willingness of private sector interests or State and local governments, or both, to contribute to the development of rail corridors;

(2) a timetable for the development of rail corridors, including schedules for (A) the negotiation of agreements with the rail carriers, private interests, and State and local governments, (B) the acquisition of equipment, (C) the improvement of fixed facilities, and (D) the implementation of service; and

(3) a financial plan, including recommendations for reductions in the cost of existing service, during the timetable proposed pursuant to paragraph (2) of this subsection.

Study; report to Congress.

(b) The National Railroad Passenger Corporation, representatives of labor, and the American Association of Railroads shall, within six months after the effective date of this subtitle, conduct a study and submit a joint report to the Congress regarding their efforts to achieve greater efficiencies in management and labor practices. Such report shall include a description of efforts by such corporation toward efficiencies in the management of such corporation, recommendations for further efficiencies, and any other appropriate legislative recommendations.

(c) Within three months after the effective date of this subtitle, the National Railroad Passenger Corporation shall submit to the Congress a report on actual and potential problems for such Corporation in entering into agreements regarding direct employment of rail passenger operating personnel. Such report shall include legislative recommendations, if such corporation determines that such recommendations are appropriate. Report to Congress.

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 1188. (a) Section 301 of the Rail Passenger Service Act (45 U.S.C. 531) is amended by inserting "and commuter" immediately after "intercity" each place it appears. 45 USC 541.

(b) Section 305(a) of the Rail Passenger Service Act (45 U.S.C. 535(a)) is amended by inserting "and commuter" immediately after "intercity" each place it appears. 45 USC 545.

(c) Section 402(e)(1) of the Rail Passenger Service Act (45 U.S.C. 562(e)(1)) is amended by inserting "or commuter" immediately after "intercity".

(d) Section 405 of the Rail Passenger Service Act (45 U.S.C. 565) is amended by adding at the end thereof the following new subsection:

"(g) The provisions of subsections (a), (b), and (c) of this section shall not apply to Amtrak commuter.".

(e) Section 702 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 852), and the item relating to such section in the table of contents of such Act, are repealed. Repeal.

EFFECTIVE DATE

SEC. 1189. Except as otherwise provided, the provisions of and amendments made by this subtitle shall take effect on October 1, 1981. 45 USC 501 note.

Subtitle G—Miscellaneous

CHAPTER 1—LOCAL RAIL ASSISTANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 1191. Section 5(p) of the Department of Transportation Act (49 U.S.C. 1654(p)) is amended by striking out "without fiscal year limitation. Of the foregoing sums, not to exceed $5,000,000 shall be made available for planning grants during each of the 3 fiscal years ending June 30, 1976; September 30, 1977; and September 30, 1978" and inserting in lieu thereof the following: "of which $40,000,000 shall be made available for the fiscal year ending September 30, 1982, $44,000,000 shall be made available for the fiscal year ending September 30, 1983 and $48,000,000 shall be made available for the fiscal year ending September 30, 1984.".

RAIL FREIGHT ASSISTANCE

SEC. 1192. (a) Section 5(f) of the Department of Transportation Act (49 U.S.C. 1654(f)) is amended by striking out paragraph (1) and redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively.

(b) The first sentence of section 5(g) of the Department of Transportation Act (49 U.S.C. 1654(g)) is amended by striking out "80 per

centum, except that" and all that follows in that sentence and inserting in lieu thereof "70 per centum.".

(c) Section 5(h) of the Department of Transportation Act (49 U.S.C. 1654(h)) is amended—

(1) in paragraph (1) by striking out "1979" and inserting in lieu thereof "1981";

(2) in paragraph (2) by striking out "October 1, 1979" and inserting in lieu thereof "October 1, 1981";

(3) in paragraph (2)(B) by striking out "(including" and all that follows through "under this section)" both places it appears; and

(4) by amending paragraph (3) to read as follows:

"(3)(A) The Interstate Commerce Commission shall, no later than July 1 of the year preceding the fiscal year funds are made available under this section, provide the Secretary with the sum of the rail mileage in each State that meets the description set forth in subparagraphs (A) and (B) of paragraph (2). The Secretary shall, no later than the first day of each fiscal year, notify each State of the funds to which such State is entitled under this subsection during such fiscal year.

Notification.

"(B)(i) Entitlement funds shall remain available to a State for the first 6 months after the end of the fiscal year for which funds have been made available for use under this section.

"(ii) Any funds which have not been applied for under this section shall be made available to the Secretary for use during the remainder of the current fiscal year for rail service assistance projects meeting the requirements of this section. The Secretary shall, no later than 30 days after the end of the first six months of a fiscal year, notify each State with respect to any funds still available for rail service assistance projects under this section.

Notification.

"(C) In considering applications for rail service assistance to be provided with funds described in subparagraph (B)(ii), the Secretary shall consider the following:

"(i) The percentage of lines filed with the Interstate Commerce Commission for abandonment or potential abandonment within a State.

"(ii) The likelihood of future abandonments within a State.

"(iii) The ratio of benefits to costs (which are included in the State rail plan) for a proposed project.

"(iv) The likelihood that the line will continue operating with rail freight assistance.

"(v) The impact of rail bankruptcies, rail restructuring, and rail mergers on the State applying for assistance.".

(d) Section 5(i) of the Department of Transportation Act (49 U.S.C. 1654(i)) is amended to read as follows:

"(i) On the first day of the fiscal year, each State shall be entitled to $100,000 of the fund available for expenditure under subsection (q) of this section during the fiscal year to meet the cost of establishing, implementing, revising, and updating the State rail plan required by subsection (j) of this section. Each State must apply for such funds on or before the first day of the fiscal year. Any funds which have not been applied for under this subsection shall be made available to the Secretary under subsection (h)(3)(B) of this section.".

(e) Section 5(k) of the Department of Transportation Act (49 U.S.C. 1654(k)) is amended—

(1) by striking out paragraph (1) and redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively;

(2) in paragraph (1), as redesignated, by striking out "paragraph (2)" and inserting in lieu thereof "paragraph (1)", by

striking out "; or" at the end of subparagraph (B) and inserting in lieu thereof a period, and by striking out subparagraph (C);

(3) in paragraph (2), as redesignated, by striking out "paragraphs (3) and (5)" and inserting in lieu thereof "paragraphs (2) and (4)";

(4) in paragraph (3), as redesignated, by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)"; and

(5) by striking out the period at the end of paragraph (2), as redesignated, and at the end of paragraph (3)(B), as redesignated, and inserting in lieu thereof the following: "unless such a project has been receiving assistance under this subsection but did not receive all the funds to which the State was entitled at the beginning of the fiscal year ending September 30, 1981, in which case such project shall continue to be eligible until September 30, 1982.".

(f) Section 5(l) of the Department of Transportation Act (49 U.S.C. 1654(l)) is amended by adding at the end thereof the following new sentence: "Upon receipt of an application for rail freight assistance, the Secretary shall consider the application and notify the State submitting such an application as to its approval or disapproval within 45 days. If the Secretary fails to consider and notify the State applying for rail freight assistance under subsection (k) within 45 days, then the project shall be considered approved and the State shall receive the Federal share up to the amount to which it is entitled.".

(g) Section 5(n) of the Department of Transportation Act (49 U.S.C. 1654(n)) is amended to read as follows:

"(n) As used in this section, the term 'State' means any State in which a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under chapter 105 of title 49, United States Code, maintains any line of railroad.".

(h) Section 5(o) of the Department of Transportation Act (49 U.S.C. 1654(o)) is amended by striking out "paragraph (3)" each place it appears and inserting in lieu thereof "paragraph (2)", and by adding at the end thereof the following new paragraph:

"(5) The State, to the maximum extent possible, shall encourage the participation of shippers, railroads, and local communities in providing the State share of rail freight assistance funds.".

(i) Section 5 of the Department of Transportation Act (49 U.S.C. 1654) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) Each State shall retain a contingent interest (redeemable preference shares) for the Federal share of funds in any line receiving rail freight assistance under this section and may exercise the right to collect its share of the funds used for such a line, if an application for abandonment of such line is filed under chapter 109 of title 49, United States Code, or if such line is sold or disposed of in any way after it has received Federal assistance.". 49 USC 10901 *et seq.*

CHAPTER 2—NORTHEAST CORRIDOR

NORTHEAST CORRIDOR

SEC. 1193. Section 704(a) of the Railroad Revitalization and Regulatory Reform Act of 1976 is amended— 45 USC 854.

(1) by inserting before the first sentence thereof the following new sentence: "The Secretary shall complete the Northeast

Corridor improvement project in accordance with the goals of this Act to the extent of funds authorized under this Act."; and

(2) by adding after paragraph (4) the following new sentence: "Of the funds authorized to be appropriated under this section, not more than $200,000,000 is authorized to be appropriated to the Secretary for the fiscal year ending September 30, 1982; and not more than $185,000,000 is authorized to be appropriated to the Secretary for the fiscal year ending September 30, 1983.".

CHAPTER 3—DEPARTMENT OF TRANSPORTATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 1194. (a) The Department of Transportation Act is amended by inserting at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS

49 USC 1660.

"SEC. 17. There are authorized to be appropriated—

"(1)(A) for necessary expenses of the Secretary of Transportation, including not to exceed $27,000 for allocation within the Department of official reception and representation expenses as the Secretary may determine, not to exceed $35,193,204 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984; and

"(B) for necessary expenses for conducting transportation planning, research, and development activities, including the collection of national transportation statistics to remain available until expended, $10,486,615 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984;

"(2) for necessary expenses for railroad research and development, not to exceed $40,000,000 for the fiscal year ending September 30, 1982, to remain available until expended; and

"(3) for necessary expenses of the Minority Business Resource Center not otherwise provided for, not to exceed $10,000,000 for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.

The Secretary may not utilize any appropriated funds for the Office of the Secretary other than those which are authorized for that purpose by this section.".

CHAPTER 4—RAILROAD SAFETY

AUTHORIZATION OF APPROPRIATIONS

94 Stat. 1811.
45 USC 444.

SEC. 1195. Section 214(a) of the Federal Railroad Safety Act of 1970 is amended by striking out "$40,000,000" and inserting in lieu thereof "$27,650,000".

CHAPTER 5—INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

49 USC 10301 note.

SEC. 1196. Notwithstanding any other provision of law, the total amount authorized to be appropriated for necessary expenses of the Interstate Commerce Commission shall not exceed $79,000,000 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.

CHAPTER 6—TRANSPORTATION RESEARCH

TRANSPORTATION RESEARCH AND SPECIAL PROGRAMS

SEC. 1197. 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 $33,300,000 for the fiscal year ending September 30, 1984. 49 USC 1653 note.

STATEMENT OF MANAGERS

SEC. 1199A. The managers on the part of the Senate and the House of Representatives are authorized to have printed in the Congressional Record at any time prior to midnight on August 4, 1981, a statement in explanation of the provisions of this title relating to matters within the jurisdiction of the Senate Committee on Commerce, Science, and Transportation and the House Committee on Energy and Commerce. Such statement shall be considered to have been filed at the same time and along with the conference report on the Omnibus Budget Reconciliation Act of 1981 (H.R. 3982); and shall be considered for all purposes to constitute the statement on the part of the managers with respect to such provisions.

TITLE XII—CONSUMER PRODUCT SAFETY AND COMMUNICATIONS

Subtitle A—Consumer Product Safety

Consumer Product Safety Amendments of 1981.

SHORT TITLE; REFERENCE TO ACT

SEC. 1201. (a) This subtitle may be cited as the "Consumer Product Safety Amendments of 1981". 15 USC 2051 note.

(b) Except as otherwise specifically provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Consumer Product Safety Act. 15 USC 2051 note.

CONSUMER PRODUCT SAFETY STANDARDS

SEC. 1202. Section 7 is amended to read as follows: 15 USC 2056.

"CONSUMER PRODUCT SAFETY STANDARDS

"SEC. 7. (a) The Commission may promulgate consumer product safety standards in accordance with the provisions of section 9. A consumer product safety standard shall consist of one or more of any of the following types of requirements: *Post*, p. 704.

"(1) Requirements expressed in terms of performance requirements.

"(2) Requirements that a consumer product be marked with or accompanied by clear and adequate warnings or instructions, or requirements respecting the form of warnings or instructions.

Any requirement of such a standard shall be reasonably necessary to prevent or reduce an unreasonable risk of injury associated with such product.

"(b) The Commission shall rely upon voluntary consumer product safety standards rather than promulgate a consumer product safety standard prescribing requirements described in subsection (a) whenever compliance with such voluntary standards would eliminate or adequately reduce the risk of injury addressed and it is likely that there will be substantial compliance with such voluntary standards.

"(c) If any person participates with the Commission in the development of a consumer product safety standard, the Commission may agree to contribute to the person's cost with respect to such participation, in any case in which the Commission determines that such contribution is likely to result in a more satisfactory standard than would be developed without such contribution, and that the person is financially responsible. Regulations of the Commission shall set forth the items of cost in which it may participate, and shall exclude any contribution to the acquisition of land or buildings. Payments under agreements entered into under this subsection may be made without regard to section 3648 of the Revised Statutes of the United States (31 U.S.C. 529).".

ADMINISTRATIVE PROCEDURE

15 USC 2058.

SEC. 1203. (a) Section 9 is amended to read as follows:

"PROCEDURE FOR CONSUMER PRODUCT SAFETY RULES

Publication in Federal Register.

"SEC. 9. (a) A proceeding for the development of a consumer product safety rule shall be commenced by the publication in the Federal Register of an advance notice of proposed rulemaking which shall—

"(1) identify the product and the nature of the risk of injury associated with the product;

"(2) include a summary of each of the regulatory alternatives under consideration by the Commission (including voluntary consumer product safety standards);

"(3) include information with respect to any existing standard known to the Commission which may be relevant to the proceedings, together with a summary of the reasons why the Commission believes preliminarily that such standard does not eliminate or adequately reduce the risk of injury identified in paragraph (1);

"(4) invite interested persons to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days or more than 60 days after the date of publication of the notice), comments with respect to the risk of injury identified by the Commission, the regulatory alternatives being considered, and other possible alternatives for addressing the risk;

"(5) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), an existing standard or a portion of a standard as a proposed consumer product safety standard; and

"(6) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), a statement of intention to modify or develop a voluntary consumer product safety standard to address the risk of injury identified in paragraph (1) together with a description of a plan to modify or develop the standard.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives. Transmittal to congressional committees.

"(b)(1) If the Commission determines that any standard submitted to it in response to an invitation in a notice published under subsection (a)(5) if promulgated (in whole, in part, or in combination with any other standard submitted to the Commission or any part of such a standard) as a consumer product safety standard, would eliminate or adequately reduce the risk of injury identified in the notice under subsection (a)(1), the Commission may publish such standard, in whole, in part, or in such combination and with nonmaterial modifications, as a proposed consumer product safety rule.

"(2) If the Commission determines that—

"(A) compliance with any standard submitted to it in response to an invitation in a notice published under subsection (a)(6) is likely to result in the elimination or adequate reduction of the risk of injury identified in the notice, and

"(B) it is likely that there will be substantial compliance with such standard,

the Commission shall terminate any proceeding to promulgate a consumer product safety rule respecting such risk of injury and shall publish in the Federal Register a notice which includes the determination of the Commission and which notifies the public that the Commission will rely on the voluntary standard to eliminate or reduce the risk of injury. Publication in Federal Register.

"(c) No consumer product safety rule may be proposed by the Commission unless, not less than 60 days after publication of the notice required in subsection (a), the Commission publishes in the Federal Register the text of the proposed rule, including any alternatives, which the Commission proposes to promulgate, together with a preliminary regulatory analysis containing— Publication in Federal Register.

"(1) a preliminary description of the potential benefits and potential costs of the proposed rule, including any benefits or costs that cannot be quantified in monetary terms, and an identification of those likely to receive the benefits and bear the costs;

"(2) a discussion of the reasons any standard or portion of a standard submitted to the Commission under subsection (a)(5) was not published by the Commission as the proposed rule or part of the proposed rule;

"(3) a discussion of the reasons for the Commission's preliminary determination that efforts proposed under subsection (a)(6) and assisted by the Commission as required by section 5(a)(3) would not, within a reasonable period of time, be likely to result in the development of a voluntary consumer product safety standard that would eliminate or adequately reduce the risk of injury addressed by the proposed rule; and *Post*, p. 720.

"(4) a description of any reasonable alternatives to the proposed rule, together with a summary description of their poten-

tial costs and benefits, and a brief explanation of why such alternatives should not be published as a proposed rule.

Transmittal to congressional committees.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(d)(1) Within 60 days after the publication under subsection (c) of a proposed consumer product safety rule respecting a risk of injury associated with a consumer product, the Commission shall—

"(A) promulgate a consumer product safety rule respecting the risk of injury associated with such product, if it makes the findings required under subsection (f), or

"(B) withdraw the applicable notice of proposed rulemaking if it determines that such rule is not (i) reasonably necessary to eliminate or reduce an unreasonable risk of injury associated with the product, or (ii) in the public interest;

Publication in Federal Register.

except that the Commission may extend such 60-day period for good cause shown (if it publishes its reasons therefor in the Federal Register).

"(2) Consumer product safety rules shall be promulgated in accordance with section 553 of title 5, United States Code, except that the Commission shall give interested persons an opportunity for the oral presentation of data, views, or arguments, in addition to an opportunity to make written submissions. A transcript shall be kept of any oral presentation.

"(e) A consumer product safety rule shall express in the rule itself the risk of injury which the standard is designed to eliminate or reduce. In promulgating such a rule the Commission shall consider relevant available product data including the results of research, development, testing, and investigation activities conducted generally and pursuant to this Act. In the promulgation of such a rule the Commission shall also consider and take into account the special needs of elderly and handicapped persons to determine the extent to which such persons may be adversely affected by such rule.

"(f)(1) Prior to promulgating a consumer product safety rule, the Commission shall consider, and shall make appropriate findings for inclusion in such rule with respect to—

"(A) the degree and nature of the risk of injury the rule is designed to eliminate or reduce;

"(B) the approximate number of consumer products, or types or classes thereof, subject to such rule;

"(C) the need of the public for the consumer products subject to such rule, and the probable effect of such rule upon the utility, cost, or availability of such products to meet such need; and

"(D) any means of achieving the objective of the order while minimizing adverse effects on competition or disruption or dislocation of manufacturing and other commercial practices consistent with the public health and safety.

"(2) The Commission shall not promulgate a consumer product safety rule unless it has prepared, on the basis of the findings of the Commission under paragraph (1) and on other information before the Commission, a final regulatory analysis of the rule containing the following information:

"(A) A description of the potential benefits and potential costs of the rule, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs.

"(B) A description of any alternatives to the final rule which were considered by the Commission, together with a summary description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen.

"(C) A summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

The Commission shall publish its final regulatory analysis with the rule.

"(3) The Commission shall not promulgate a consumer product safety rule unless it finds (and includes such finding in the rule)—

"(A) that the rule (including its effective date) is reasonably necessary to eliminate or reduce an unreasonable risk of injury associated with such product;

"(B) that the promulgation of the rule is in the public interest;

"(C) in the case of a rule declaring the product a banned hazardous product, that no feasible consumer product safety standard under this Act would adequately protect the public from the unreasonable risk of injury associated with such product;

"(D) in the case of a rule which relates to a risk of injury with respect to which persons who would be subject to such rule have adopted and implemented a voluntary consumer product safety standard, that—

"(i) compliance with such voluntary consumer product safety standard is not likely to result in the elimination or adequate reduction of such risk of injury; or

"(ii) it is unlikely that there will be substantial compliance with such voluntary consumer product safety standard;

"(E) that the benefits expected from the rule bear a reasonable relationship to its costs; and

"(F) that the rule imposes the least burdensome requirement which prevents or adequately reduces the risk of injury for which the rule is being promulgated.

"(4)(A) Any preliminary or final regulatory analysis prepared under subsection (c) or (f)(2) shall not be subject to independent judicial review, except that when an action for judicial review of a rule is instituted, the contents of any such regulatory analysis shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.

"(g)(1) Each consumer product safety rule shall specify the date such rule is to take effect not exceeding 180 days from the date promulgated, unless the Commission finds, for good cause shown, that a later effective date is in the public interest and publishes its reasons for such finding. The effective date of a consumer product safety standard under this Act shall be set at a date at least 30 days after the date of promulgation unless the Commission for good cause shown determines that an earlier effective date is in the public interest. In no case may the effective date be set at a date which is earlier than the date of promulgation. A consumer product safety standard shall be applicable only to consumer products manufactured after the effective date.

"(2) The Commission may by rule prohibit a manufacturer of a consumer product from stockpiling any product to which a consumer product safety rule applies, so as to prevent such manufacturer from circumventing the purpose of such consumer product safety rule. For purposes of this paragraph, the term 'stockpiling' means manufacturing or importing a product between the date of promulgation of such consumer product safety rule and its effective date at a rate which is significantly greater (as determined under the rule under this paragraph) than the rate at which such product was produced or imported during a base period (prescribed in the rule under this paragraph) ending before the date of promulgation of the consumer product safety rule.

"Stockpiling."

"(h) The Commission may by rule amend or revoke any consumer product safety rule. Such amendment or revocation shall specify the date on which it is to take effect which shall not exceed 180 days from the date the amendment or revocation is published unless the Commission finds for good cause shown that a later effective date is in the public interest and publishes its reasons for such finding. Where an amendment involves a material change in a consumer product safety rule, sections 7 and 8, and subsections (a) through (g) of this section shall apply. In order to revoke a consumer product safety rule, the Commission shall publish a proposal to revoke such rule in the Federal Register, and allow oral and written presentations in accordance with subsection (d)(2) of this section. It may revoke such rule only if it determines that the rule is not reasonably necessary to eliminate or reduce an unreasonable risk of injury associated with the product. Section 11 shall apply to any amendment of a consumer product safety rule which involves a material change and to any revocation of a consumer product safety rule, in the same manner and to the same extent as such section applies to the Commission's action in promulgating such a rule.".

Ante, p. 703.
15 USC 2057.
Publication in Federal Register.

15 USC 2060.

(b)(1) Section 3 of the Federal Hazardous Substances Act (15 U.S.C. 1262) is amended by adding at the end the following new subsections:

"(f) A proceeding for the promulgation of a regulation under section 2(q)(1) classifying an article or substance as a banned hazardous substance or a regulation under subsection (e) of this section shall be commenced by the publication in the Federal Register of an advance notice of proposed rulemaking which shall—

Publication in Federal Register.
15 USC 1261.

"(1) identify the article or substance and the nature of the risk of injury associated with the article or substance;

"(2) include a summary of each of the regulatory alternatives under consideration by the Commission (including voluntary standards);

"(3) include information with respect to any existing standard known to the Commission which may be relevant to the proceedings, together with a summary of the reasons why the Commission believes preliminarily that such standard does not eliminate or adequately reduce the risk of injury identified in paragraph (1);

"(4) invite interested persons to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days or more than 60 days after the date of publication of the notice), comments with respect to the risk of injury identified by the Commission, the regulatory alternatives being considered, and other possible alternatives for addressing the risk;

"(5) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall

specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), an existing standard or a portion of a standard as a proposed regulation under section 2(q)(1) or subsection (e) of this section; and

15 USC 1261.

"(6) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), a statement of intention to modify or develop a voluntary standard to address the risk of injury identified in paragraph (1) together with a description of a plan to modify or develop the standard.

Transmittal to congressional committees.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(g)(1) If the Commission determines that any standard submitted to it in response to an invitation in a notice published under subsection (f)(5) if promulgated (in whole, in part, or in combination with any other standard submitted to the Commission or any part of such a standard) as a regulation under section 2(q)(1) or subsection (e) of this section, as the case may be, would eliminate or adequately reduce the risk of injury identified in the notice provided under subsection (f)(1), the Commission may publish such standard, in whole, in part, or in such combination and with nonmaterial modifications, as a proposed regulation under such section or subsection.

"(2) If the Commission determines that—

"(A) compliance with any standard submitted to it in response to an invitation in a notice published under subsection (f)(6) is likely to result in the elimination or adequate reduction of the risk of injury identified in the notice, and

"(B) it is likely that there will be substantial compliance with such standard,

Publication in Federal Register.

the Commission shall terminate any proceeding to promulgate a regulation under section 2(q)(1) or subsection (e) of this section, respecting such risk of injury and shall publish in the Federal Register a notice which includes the determination of the Commission and which notifies the public that the Commission will rely on the voluntary standard to eliminate or reduce the risk of injury.

Publication in Federal Register.

"(h) No regulation under section 2(q)(1) classifying an article or substance as a banned hazardous substance and no regulation under subsection (e) of this section may be proposed by the Commission unless, not less than 60 days after publication of the notice required in subsection (f), the Commission publishes in the Federal Register the text of the proposed rule, including any alternatives, which the Commission proposes to promulgate, together with a preliminary regulatory analysis containing—

"(1) a preliminary description of the potential benefits and potential costs of the proposed regulation, including any benefits or costs that cannot be quantified in monetary terms, and an identification of those likely to receive the benefits and bear the costs;

"(2) a discussion of the reasons any standard or portion of a standard submitted to the Commission under subsection (f)(5) was not published by the Commission as the proposed regulation or part of the proposed regulation;

"(3) a discussion of the reasons for the Commission's preliminary determination that efforts proposed under subsection (f)(6) and assisted by the Commission as required by section 5(a)(3) of

Post, p. 720.

the Consumer Product Safety Act would not, within a reasonable period of time, be likely to result in the development of a voluntary standard that would eliminate or adequately reduce the risk of injury identified in the notice provided under subsection (f)(1); and

"(4) a description of any reasonable alternatives to the proposed regulation, together with a summary description of their potential costs and benefits, and a brief explanation of why such alternatives should not be published as a proposed regulation.

Transmittal to congressional committees.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

15 USC 1261.

"(i)(1) The Commission shall not promulgate a regulation under section 2(q)(1) classifying an article or substance as a banned hazardous substance or a regulation under subsection (e) of this section unless it has prepared a final regulatory analysis of the regulation containing the following information:

"(A) A description of the potential benefits and potential costs of the regulation, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs.

"(B) A description of any alternatives to the final regulation which were considered by the Commission, together with a summary description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen.

"(C) A summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

The Commission shall publish its final regulatory analysis with the regulation.

"(2) The Commission shall not promulgate a regulation under section 2(q)(1) classifying an article or substance as a banned hazardous substance or a regulation under subsection (e) of this section unless it finds (and includes such finding in the regulation)—

"(A) in the case of a regulation which relates to a risk of injury with respect to which persons who would be subject to such regulation have adopted and implemented a voluntary standard, that—

"(i) compliance with such voluntary standard is not likely to result in the elimination or adequate reduction of such risk of injury; or

"(ii) it is unlikely that there will be substantial compliance with such voluntary standard;

"(B) that the benefits expected from the regulation bear a reasonable relationship to its costs; and

"(C) that the regulation imposes the least burdensome requirement which prevents or adequately reduces the risk of injury for which the regulation is being promulgated.

"(3)(A) Any regulatory analysis prepared under subsection (h) or paragraph (1) shall not be subject to independent judicial review, except that when an action for judicial review of a regulation is instituted, the contents of any such regulatory analysis shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.".

(2) Section 4 of the Flammable Fabrics Act (15 U.S.C. 1193) is amended by adding at the end the following new subsections:

"(g) A proceeding for the promulgation of a regulation under this section for a fabric, related material, or product shall be commenced by the publication in the Federal Register of an advance notice of proposed rulemaking which shall— Publication in Federal Register.

"(1) identify the fabric, related material, or product and the nature of the risk of injury associated with the fabric, related material, or product;

"(2) include a summary of each of the regulatory alternatives under consideration by the Commission (including voluntary standards);

"(3) include information with respect to any existing standard known to the Commission which may be relevant to the proceedings, together with a summary of the reasons why the Commission believes preliminarily that such standard does not eliminate or adequately reduce the risk of injury identified in paragraph (1);

"(4) invite interested persons to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days or more than 60 days after the date of publication of the notice), comments with respect to the risk of injury identified by the Commission, the regulatory alternatives being considered, and other possible alternatives for addressing the risk;

"(5) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), an existing standard or a portion of a standard as a proposed regulation.

"(6) invite any person (other than the Commission) to submit to the Commission, within such period as the Commission shall specify in the notice (which period shall not be less than 30 days after the date of publication of the notice), a statement of intention to modify or develop a voluntary standard to address the risk of injury identified in paragraph (1) together with a description of a plan to modify or develop the standard.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives. Transmittal to congressional committees.

"(h)(1) If the Commission determines that any standard submitted to it in response to an invitation in a notice published under subsection (g)(5) if promulgated (in whole, in part, or in combination with any other standard submitted to the Commission or any part of such a standard) as a regulation, would eliminate or adequately reduce the risk of injury identified in the notice provided under subsection (g)(1), the Commission may publish such standard, in whole, in part, or in such combination and with nonmaterial modifications, as a proposed regulation under this section.

"(2) If the Commission determines that—

"(A) compliance with any standard submitted to it in response to an invitation in a notice published under subsection (g)(6) is likely to result in the elimination or adequate reduction of the risk of injury identified in the notice, and

"(B) it is likely that there will be substantial compliance with such standard,

Publication in Federal Register.

the Commission shall terminate any proceeding to promulgate a regulation respecting such risk of injury and shall publish in the Federal Register a notice which includes the determination of the Commission and which notifies the public that the Commission will rely on the voluntary standard to eliminate or reduce the risk of injury.

Publication in Federal Register.

"(i) No regulation may be proposed by the Commission under this section unless, not less than 60 days after publication of the notice required in subsection (g), the Commission publishes in the Federal Register the text of the proposed rule, including any alternatives, which the Commission proposes to promulgate, together with a preliminary regulatory analysis containing—

"(1) a preliminary description of the potential benefits and potential costs of the proposed regulation, including any benefits or costs that cannot be quantified in monetary terms, and an identification of those likely to receive the benefits and bear the costs;

"(2) a discussion of the reasons any standard or portion of a standard submitted to the Commission under subsection (g)(5) was not published by the Commission as the proposed regulation or part of the proposed regulation;

"(3) a discussion of the reasons for the Commission's preliminary determination that efforts proposed under subsection (g)(6) and assisted by the Commission as required by section 5(a)(3) of the Consumer Product Safety Act would not, within a reasonable period of time, be likely to result in the development of a voluntary standard that would eliminate or adequately reduce the risk of injury identified in the notice provided under subsection (g)(1); and

Post, p. 720.

"(4) a description of any reasonable alternatives to the proposed regulation, together with a summary description of their potential costs and benefits, and a brief explanation of why such alternatives should not be published as a proposed regulation.

Transmittal to congressional committees.

The Commission shall transmit such notice within 10 calendar days to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives.

"(j)(1) The Commission shall not promulgate a regulation under this section unless it has prepared a final regulatory analysis of the regulation containing the following information:

"(A) A description of the potential benefits and potential costs of the regulation, including costs and benefits that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits and bear the costs.

"(B) A description of any alternatives to the final regulation which were considered by the Commission, together with a summary description of their potential benefits and costs and a brief explanation of the reasons why these alternatives were not chosen.

"(C) A summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

The Commission shall publish its final regulatory analysis with the regulation.

"(2) The Commission shall not promulgate a regulation under this section unless it finds (and includes such finding in the regulation)—

"(A) in the case of a regulation which relates to a risk of injury with respect to which persons who would be subject to such regulation have adopted and implemented a voluntary standard, that—

"(i) compliance with such voluntary standard is not likely to result in the elimination or adequate reduction of such risk of injury; or

"(ii) it is unlikely that there will be substantial compliance with such voluntary standard;

"(B) that the benefits expected from the regulation bear a reasonable relationship to its costs; and

"(C) that the regulation imposes the least burdensome requirement which prevents or adequately reduces the risk of injury for which the regulation is being promulgated.

"(3)(A) Any regulatory analysis prepared under subsection (i) or paragraph (1) shall not be subject to independent judicial review, except that when an action for judicial review of a regulation is instituted, the contents of any such regulatory analysis shall constitute part of the whole rulemaking record of agency action in connection with such review.

"(B) The provisions of subparagraph (A) shall not be construed to alter the substantive or procedural standards otherwise applicable to judicial review of any action by the Commission.".

(c) Section 8 (15 U.S.C. 2057) is amended by striking out "propose and".

PUBLIC DISCLOSURE OF INFORMATION

SEC. 1204. Section 6 (15 U.S.C. 2055) is amended to read as follows:

"PUBLIC DISCLOSURE OF INFORMATION

"SEC. 6. (a)(1) Nothing contained in this Act shall be construed to require the release of any information described by subsection (b) of section 552 of title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

"(2) All information reported to or otherwise obtained by the Commission or its representative under this Act which information contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, or subject to section 552(b)(4) of title 5, United States Code, shall be considered confidential and shall not be disclosed.

"(3) The Commission shall, prior to the disclosure of any information which will permit the public to ascertain readily the identity of a manufacturer or private labeler of a consumer product, offer such manufacturer or private labeler an opportunity to mark such information as confidential and therefore barred from disclosure under paragraph (2).

"(4) All information that a manufacturer or private labeler has marked to be confidential and barred from disclosure under paragraph (2), either at the time of submission or pursuant to paragraph (3), shall not be disclosed, except in accordance with the procedures established in paragraphs (5) and (6).

"(5) If the Commission determines that a document marked as confidential by a manufacturer or private labeler to be barred from disclosure under paragraph (2) may be disclosed because it is not confidential information as provided in paragraph (2), the Commis-

sion shall notify such person in writing that the Commission intends to disclose such document at a date not less than 10 days after the date of receipt of notification.

"(6) Any person receiving such notification may, if he believes such disclosure is barred by paragraph (2), before the date set for release of the document, bring an action in the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the documents are located, or in the United States District Court for the District of Columbia to restrain disclosure of the document. Any person receiving such notification may file with the appropriate district court or court of appeals of the United States, as appropriate, an application for a stay of disclosure. The documents shall not be disclosed until the court has ruled on the application for a stay.

"(7) Nothing in this Act shall authorize the withholding of information by the Commission or any officer or employee under its control from the duly authorized committees or subcommittees of the Congress, and the provisions of paragraphs (2) through (6) shall not apply to such disclosures, except that the Commission shall immediately notify the manufacturer or private labeler of any such request for information designated as confidential by the manufacturer or private labeler.

"(8) The provisions of paragraphs (2) through (6) shall not prohibit the disclosure of information to other officers or employees concerned with carrying out this Act or when relevant in any administrative proceeding under this Act, or in judicial proceedings to which the Commission is a party. Any disclosure of relevant information in Commission administrative proceedings, or in judicial proceedings to which the Commission is a party, shall be governed by the rules of the Commission (including in camera review rules for confidential material) for such proceedings or by court rules or orders, except that the rules of the Commission shall not be amended in a manner inconsistent with the purposes of this section.

"(b)(1) Except as provided by paragraph (2) of this subsection, not less than 30 days prior to its public disclosure of any information obtained under this Act, or to be disclosed to the public in connection therewith (unless the Commission finds that the public health and safety requires a lesser period of notice and publishes such a finding in the Federal Register), the Commission shall, to the extent practicable, notify and provide a summary of the information to, each manufacturer or private labeler of any consumer product to which such information pertains, if the manner in which such consumer product is to be designated or described in such information will permit the public to ascertain readily the identity of such manufacturer or private labeler, and shall provide such manufacturer or private labeler with a reasonable opportunity to submit comments to the Commission in regard to such information. The Commission shall take reasonable steps to assure, prior to its public disclosure thereof, that information from which the identity of such manufacturer or private labeler may be readily ascertained is accurate, and that such disclosure is fair in the circumstances and reasonably related to effectuating the purposes of this Act. In disclosing any information under this subsection, the Commission may, and upon the request of the manufacturer or private labeler shall, include with the disclosure any comments or other information or a summary thereof submitted by such manufacturer or private labeler to the extent permitted by and subject to the requirements of this section.

"(2) If the Commission determines that a document claimed to be inaccurate by a manufacturer or private labeler under paragraph (1) should be disclosed because the Commission believes it has complied with paragraph (1), the Commission shall notify the manufacturer or private labeler that the Commission intends to disclose such document at a date not less than 10 days after the date of the receipt of notification. The Commission may provide a lesser period of notice of intent to disclose if the Commission finds that the public health and safety requires a lesser period of notice and publishes such finding in the Federal Register.

"(3) Prior to the date set for release of the document, the manufacturer or private labeler receiving the notice described in paragraph (2) may bring an action in the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the documents are located or in the United States District Court for the District of Columbia to enjoin disclosure of the document. The district court may enjoin such disclosure if the Commission has failed to take the reasonable steps prescribed in paragraph (1).

"(4) Paragraphs (1) through (3) of this subsection shall not apply to the public disclosure of (A) information about any consumer product with respect to which product the Commission has filed an action under section 12 (relating to imminently hazardous products), or 15 USC 2061.
which the Commission has reasonable cause to believe is in violation of section 19 (relating to prohibited acts); or (B) information in the 15 USC 2068.
course of or concerning a rulemaking proceeding (which shall commence upon the publication of an advance notice of proposed rulemaking or a notice of proposed rulemaking), an adjudicatory proceeding (which shall commence upon the issuance of a complaint) or other administrative or judicial proceeding under this Act.

"(5) In addition to the requirements of paragraph (1), the Commission shall not disclose to the public information submitted pursuant to section 15(b) respecting a consumer product unless— 15 USC 2064.

"(A) the Commission has issued a complaint under section 15 (c) or (d) alleging that such product presents a substantial product hazard;

"(B) in lieu of proceeding against such product under section 15 (c) or (d), the Commission has accepted in writing a remedial settlement agreement dealing with such product; or

"(C) the person who submitted the information under section 15(b) agrees to its public disclosure.

The provisions of this paragraph shall not apply to the public disclosure of information with respect to a consumer product which is the subject of an action brought under section 12, or which the Commission has reasonable cause to believe is in violation of section 19(a), or information in the course of or concerning a judicial proceeding.

"(6) Where the Commission initiates the public disclosure of information that reflects on the safety of a consumer product or class of consumer products, whether or not such information would enable the public to ascertain readily the identity of a manufacturer or private labeler, the Commission shall establish procedures designed to ensure that such information is accurate and not misleading.

"(7) If the Commission finds that, in the administration of this Act, it has made public disclosure of inaccurate or misleading information which reflects adversely upon the safety of any consumer product or class of consumer products, or the practices of any manufacturer, private labeler, distributor, or retailer of consumer products, it shall,

in a manner equivalent to that in which such disclosure was made, take reasonable steps to publish a retraction of such inaccurate or misleading information.

"(8) If, after the commencement of a rulemaking or the initiation of an adjudicatory proceeding, the Commission decides to terminate the proceeding before taking final action, the Commission shall, in a manner equivalent to that in which such commencement or initiation was publicized, take reasonable steps to make known the decision to terminate.

"(c) The Commission shall communicate to each manufacturer of a consumer product, insofar as may be practicable, information as to any significant risk of injury associated with such product.

"(d)(1) For purposes of this section, the term 'Act' means the Consumer Product Safety Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, and the Federal Hazardous Substances Act.

"(2) The provisions of this section shall apply whenever information is to be disclosed by the Commission, any member of the Commission, or any employee, agent, or representative of the Commission in an official capacity.".

ADVISORY COUNCILS

Repeals.

SEC. 1205. (a)(1) Section 28 (15 U.S.C. 2077) is repealed.

(2) Subsection (d) of section 12 (15 U.S.C. 2061) is repealed and subsections (e) and (f) are redesignated as subsections (d) and (e), respectively.

(b) Section 17 of the Flammable Fabrics Act (15 U.S.C. 1204) is repealed.

7 USC 135. 21 USC 343, 352, 353, 362. 15 USC 1261, 1475, 1476, 1471 note.

(c) Section 6 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1475) is repealed and sections 7, 8, and 9 of such Act are redesignated as sections 6, 7, and 8, respectively.

CHRONIC HAZARDS

SEC. 1206. (a) The following section is inserted after section 27:

"CHRONIC HAZARD ADVISORY PANEL

15 USC 2077.

"SEC. 28. (a) The Commission shall appoint Chronic Hazard Advisory Panels (hereinafter referred to as the Panel or Panels) to advise the Commission in accordance with the provisions of section 31(b) respecting the chronic hazards of cancer, birth defects, and gene mutations associated with consumer products.

Post, p. 717.

"(b) Each Panel shall consist of 7 members appointed by the Commission from a list of nominees who shall be nominated by the President of the National Academy of Sciences from scientists—

"(1) who are not officers or employees of the United States, and who do not receive compensation from or have any substantial financial interest in any manufacturer, distributor, or retailer of a consumer product; and

"(2) who have demonstrated the ability to critically assess chronic hazards and risks to human health presented by the exposure of humans to toxic substances or as demonstrated by the exposure of animals to such substances.

The President of the National Academy of Sciences shall nominate for each Panel a number of individuals equal to three times the number of members to be appointed to the Panel.

"(c) The Chairman and Vice Chairman of the Panel shall be elected from among the members and shall serve for the duration of the Panel.

"(d) Decisions of the Panel shall be made by a majority of the Panel.

"(e) The Commission shall provide each Panel with such administrative support services as it may require to carry out its duties under section 31.

"(f) A member of a Panel appointed under subsection (a) shall be paid at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Panel.

"(g) Each Panel shall request information and disclose information to the public, as provided in subsection (h), only through the Commission.

"(h)(1) Notwithstanding any statutory restriction on the authority of agencies and departments of the Federal Government to share information, such agencies and departments shall provide the Panel with such information and data as each Panel, through the Commission, may request to carry out its duties under section 31. Each Panel may request information, through the Commission, from States, industry and other private sources as it may require to carry out its responsibilities.

"(2) Section 6 shall apply to the disclosure of information by the Panel but shall not apply to the disclosure of information to the Panel.". *Ante*, p. 713.

(b) Section 31 (15 U.S.C. 2080) is amended by inserting "(a)" after "SEC. 31." and by adding at the end the following:

"(b)(1) The Commission may not issue an advance notice of proposed rulemaking for—

"(A) a consumer product safety rule,

"(B) a rule under section 27(e), or 15 USC 2076.

"(C) a regulation under section 2(q)(1) of the Federal Hazardous Substances Act, 15 USC 1261.

relating to a risk of cancer, birth defects, or gene mutations from a consumer product unless a Chronic Hazard Advisory Panel, established under section 28, has, in accordance with paragraph (2), *Ante*, p. 716. submitted a report to the Commission with respect to whether a substance contained in such product is a carcinogen, mutagen, or teratogen.

"(2)(A) Before the Commission issues an advance notice of proposed rulemaking for—

"(i) a consumer product safety rule,

"(ii) a rule under section 27(e), or

"(iii) a regulation under section 2(q)(1) of the Federal Hazardous Substances Act,

relating to a risk of cancer, birth defects, or gene mutations from a consumer product, the Commission shall request the Panel to review the scientific data and other relevant information relating to such risk to determine if any substance in the product is a carcinogen, mutagen, or a teratogen and to report its determination to the Commission.

"(B) When the Commission appoints a Panel, the Panel shall convene within 30 days after the date the final appointment is made to the Panel. The Panel shall report its determination to the Commission not later than 120 days after the date the Panel is convened or, if the Panel requests additional time, within a time period specified by the Commission. If the determination reported to the Commission

states that a substance in a product is a carcinogen, mutagen, or a teratogen, the Panel shall include in its report an estimate, if such an estimate is feasible, of the probable harm to human health that will result from exposure to the substance.

Ante, p. 716.

"(C) A Panel appointed under section 28 shall terminate when it has submitted its report unless the Commission extends the existence of the Panel.

5 USC app.

"(D) The Federal Advisory Committee Act shall not apply with respect to any Panel established under this section.

"(c) Each Panel's report shall contain a complete statement of the basis for the Panel's determination. The Commission shall consider the report of the Panel and incorporate such report into the advance notice of proposed rulemaking and final rule.".

CONGRESSIONAL VETO

SEC. 1207. (a) The Consumer Product Safety Act is amended by adding at the end the following new section:

"CONGRESSIONAL VETO OF CONSUMER PRODUCT SAFETY RULES

15 USC 2083.

"SEC. 36. (a) The Commission shall transmit to the Secretary of the Senate and the Clerk of the House of Representatives a copy of any consumer product safety rule promulgated by the Commission under section 9.

Ante, p. 704.

"(b) Any rule specified in subsection (a) shall not take effect if—

"(1) within the 90 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, both Houses of the Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows (with the blank spaces appropriately filled): 'That the Congress disapproves the consumer product safety rule which was promulgated by the Consumer Product Safety Commission with respect to and which was transmitted to the Congress on and disapproves the rule for the following reasons: .'; or

"(2) within the 60 calendar days of continuous session of the Congress which occur after the date of the promulgation of such rule, one House of the Congress adopts such concurrent resolution and transmits such resolution to the other House and such resolution is not disapproved by such other House within the 30 calendar days of continuous session of the Congress which occur after the date of such transmittal.

"(c) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this section shall not be construed as an expression of approval of the rule involved, and shall not be construed to create any presumption of validity with respect to such rule.

"(d) For purposes of this section—

"(1) continuity of session is broken only by an adjournment of the Congress sine die; and

"(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the periods of continuous session of the Congress specified in subsection (b).".

(b) Subsection (l) of section 27 (15 U.S.C. 2076) is repealed.

(c) The Federal Hazardous Substances Act is amended by adding at the end the following new section:

"CONGRESSIONAL VETO OF REGULATIONS

"SEC. 21. (a) The Consumer Product Safety Commission shall transmit to the Secretary of the Senate and the Clerk of the House of Representatives a copy of any regulation promulgated by the Commission under section 2(q)(1) or subsection (e) of section 3. 15 USC 1276. 15 USC 1261, 1262.

"(b) Any regulation specified in subsection (a) shall not take effect if—

"(1) within the ninety calendar days of continuous session of the Congress which occur after the date of the promulgation of such regulation, both Houses of the Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows (with the blank spaces appropriately filled): 'That the Congress disapproves the regulation which was promulgated under the Federal Hazardous Substances Act by the Consumer Product Safety Commission with respect to and which was transmitted to the Congress on and disapproves the regulation for the following reasons: .'; or

"(2) within the sixty calendar days of continuous session of the Congress which occur after the date of the promulgation of such regulation, one House of the Congress adopts such concurrent resolution and transmits such resolution to the other House and such resolution is not disapproved by such other House within the thirty calendar days of continuous session of the Congress which occur after the date of such transmittal.

"(c) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this section shall not be construed as an expression of approval of the regulation involved, and shall not be construed to create any presumption of validity with respect to such regulation.

"(d) For purposes of this section—

"(1) continuity of session is broken only by an adjournment of the Congress sine die; and

"(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the periods of continuous session of the Congress specified in subsection (b).".

(d) The Flammable Fabrics Act is amended by adding at the end the following new section: *Ante*, p. 716.

"CONGRESSIONAL VETO OF FLAMMABILITY REGULATIONS

"SEC. 17. (a) The Consumer Product Safety Commission shall transmit to the Secretary of the Senate and the Clerk of the House of Representatives a copy of any flammability regulation promulgated by the Commission under section 4. 15 USC 1204. 15 USC 1193.

"(b) Any regulation specified in subsection (a) shall not take effect if—

"(1) within the ninety calendar days of continuous session of the Congress which occur after the date of the promulgation of such regulation, both Houses of the Congress adopt a concurrent resolution, the matter after the resolving clause of which is as follows (with the blank spaces appropriately filled): 'That the Congress disapproves the flammability regulation which was promulgated under the Flammable Fabrics Act by the Consumer Product Safety Commission with respect to and which was transmitted to the Congress on and disapproves the regulation for the following reasons: .'; or

"(2) within the sixty calendar days of continuous session of the Congress which occur after the date of the promulgation of such regulation, one House of the Congress adopts such concurrent resolution and transmits such resolution to the other House and such resolution is not disapproved by such other House within the thirty calendar days of continuous session of the Congress which occur after the date of such transmittal.

"(c) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this section shall not be construed as an expression of approval of the regulation involved, and shall not be construed to create any presumption of validity with respect to such regulation.

"(d) For purposes of this section—

"(1) continuity of session is broken only by an adjournment of the Congress sine die; and

"(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the periods of continuous session of the Congress specified in subsection (b).".

REPORTS

SEC. 1208. (a) Section 27(b)(1) (15 U.S.C. 2076(b)(1)) is amended by inserting "to carry out a specific regulatory or enforcement function of the Commission" after "may prescribe".

(b) Section 27(b) is amended by adding after and below paragraph (9) the following: "An order issued under paragraph (1) shall contain a complete statement of the reason the Commission requires the report or answers specified in the order to carry out a specific regulatory or enforcement function of the Commission. Such an order shall be designed to place the least burden on the person subject to the order as is practicable taking into account the purpose for which the order was issued.".

VOLUNTARY STANDARDS

SEC. 1209. (a) Section 5(a) (15 U.S.C. 2054(a)) is amended by—

(1) striking "and" after paragraph (1);

(2) striking the period after paragraph (2) and inserting in lieu thereof a semicolon; and

(3) adding at the end thereof the following:

"(3) following publication of an advance notice of proposed rulemaking or a notice of proposed rulemaking for a product safety rule under any rulemaking authority administered by the Commission, assist public and private organizations or groups of manufacturers, administratively and technically, in the development of safety standards addressing the risk of injury identified in such notice; and

"(4) to the extent practicable and appropriate (taking into account the resources and priorities of the Commission), assist public and private organizations or groups of manufacturers, administratively and technically, in the development of product safety standards and test methods.".

(b) Section 5(b) (15 U.S.C. 2054(b)) is amended by amending paragraph (3) to read as follows:

"(3) offer training in product safety investigation and test methods.".

(c) Section 27(j) (15 U.S.C. 2076(j)) is amended—

(1) by striking "and" at the end of paragraph (9);
(2) by redesignating paragraph (10) as paragraph (11); and
(3) by inserting immediately after paragraph (9) the following:
"(10) with respect to voluntary consumer product safety standards for which the Commission has participated in the development through monitoring or offering of assistance and with respect to voluntary consumer product safety standards relating to risks of injury that are the subject of regulatory action by the Commission, a description of—
"(A) the number of such standards adopted;
"(B) the nature and number of the products which are the subject of such standards;
"(C) the effectiveness of such standards in reducing potential harm from consumer products;
"(D) the degree to which staff members of the Commission participate in the development of such standards;
"(E) the amount of resources of the Commission devoted to encouraging development of such standards; and
"(F) such other information as the Commission determines appropriate or necessary to inform the Congress on the current status of the voluntary consumer product safety standard program; and".

PETITIONS TO COMMISSION

SEC. 1210. Section 10 (15 U.S.C. 2059) is repealed. Repeal.

MISCELLANEOUS

SEC. 1211. (a) The first sentence of section 24 (15 U.S.C. 2073) is amended by inserting "(including any individual or nonprofit, business, or other entity)" after "interested person".
(b) Section 13 (15 U.S.C. 2062) is repealed. Repeal.
(c)(1) Section 20 is amended by—
(A) redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and
(B) by inserting after subsection (a) the following:
"(b) In determining the amount of any penalty to be sought upon commencing an action seeking to assess a penalty for a violation of section 19(a), the Commission shall consider the nature of the product defect, the severity of the risk of injury, the occurrence or absence of injury, the number of defective products distributed, and the appropriateness of such penalty in relation to the size of the business of the person charged.". 15 USC 2068.
(2) The second sentence of section 20(c) (as so redesignated by subsection (a)(1) of this section) (15 U.S.C. 2069) is amended to read as follows: "In determining the amount of such penalty or whether it should be remitted or mitigated and in what amount, the Commission shall consider the appropriateness of such penalty to the size of the business of the person charged, the nature of the product defect, the severity of the risk of injury, the occurrence or absence of injury, and the number of defective products distributed.".
(d) Section 27 (15 U.S.C. 2076) is amended by striking out subsection (m).
(e) The last sentence of section 14(a) of the Flammable Fabrics Act (15 U.S.C. 1201(a)) is repealed.
(f)(1) Section 15 of the Federal Hazardous Substances Act (15 U.S.C. 1274) is amended to read as follows:

"NOTICE AND REPAIR, REPLACEMENT, OR REFUND

"SEC. 15. (a) If any article or substance sold in commerce is defined as a banned hazardous substance (whether or not it was such at the time of its sale) and the Commission determines (after affording interested persons, including consumers and consumer organizations, an opportunity for a hearing) that notification is required to adequately protect the public from such article or substance, the Commission may order the manufacturer or any distributor or dealer of the article or substance to take any one or more of the following actions:

"(1) To give public notice that the article or substance is a banned hazardous substance.

"(2) To mail such notice to each person who is a manufacturer, distributor, or dealer of such article or substance.

"(3) To mail such notice to every person to whom the person giving the notice knows such article or substance was delivered or sold.

An order under this subsection shall specify the form and content of any notice required to be given under the order.

"(b) If any article or substance sold in commerce is defined as a banned hazardous substance (whether or not it was such at the time of its sale) and the Commission determines (after affording interested persons, including consumers and consumer organizations, an opportunity for a hearing) that action under this subsection is in the public interest, the Consumer Product Safety Commission may order the manufacturer, distributor, or dealer to take whichever of the following actions the person to whom the order is directed elects:

"(1) If repairs to or changes in the article or substance may be made so that it will not be a banned hazardous substance, to make such repairs or changes.

"(2) To replace such article or substance with a like or equivalent article or substance which is not a banned hazardous substance.

"(3) To refund the purchase price of the article or substance (less a reasonable allowance for use, if the article or substance has been in the possession of the consumer for one year or more—

"(A) at the time of public notice under subsection (a), or

"(B) at the time the consumer receives actual notice that the article or substance is a banned hazardous substance, whichever first occurs).

An order under this subsection may also require the person to whom it applies to submit a plan, satisfactory to the Commission, for taking the action which such person has elected to take. The Commission shall specify in the order the persons to whom refunds must be made if the person to whom the order is directed elects to take the action described in paragraph (3). If an order under this subsection is directed to more than one person, the Commission shall specify which person has the election under this subsection. An order under this subsection may prohibit the person to whom it applies from manufacturing for sale, offering for sale, distributing in commerce, or importing into the customs territory of the United States (as defined in general headnote 2 to the Tariff Schedules of the United States), or from doing any combination of such actions, with respect to the article or substance with respect to which the order was issued.

19 USC 1202 note.

"(c)(1) No charge shall be made to any person (other than a manufacturer, distributor, or dealer) who avails himself of any

remedy provided under an order issued under subsection (b), and the person subject to the order shall reimburse each person (other than a manufacturer, distributor, or dealer) who is entitled to such a remedy for any reasonable and foreseeable expenses incurred by such person in availing himself of such remedy.

"(2) An order issued under subsection (a) or (b) with respect to an article or substance may require any person who is a manufacturer, distributor, or dealer of the article or substance to reimburse any other person who is a manufacturer, distributor, or dealer of such article or substance for such other person's expenses in connection with carrying out the order, if the Commission determines such reimbursement to be in the public interest.

"(d) An order under subsection (a) or (b) may be issued only after an opportunity for a hearing in accordance with section 554 of title 5, United States Code, except that, if the Commission determines that any person who wishes to participate in such hearing is a part of a class of participants who share an identity of interest, the Commission may limit such person's participation in such hearing to participation through a single representative designated by such class (or by the Commission if such class fails to designate such a representative).".

(2) Section 4 of the Federal Hazardous Substances Act (15 U.S.C. 1263) is amended by adding at the end the following:

"(j) The failure to comply with an order issued under section 15.". *Ante*, p. 722.

(g) The table of contents is amended by striking out the items relating to sections 13 and 28, and inserting in lieu thereof the following:

"Sec. 13. Repealed."

and

"Sec. 28. Chronic hazards advisory panel.",

respectively.

(h)(1) Section 11(c) (15 U.S.C. 2060(c)) is amended by striking out "section 9(c)" and inserting in lieu thereof "sections 9(f)(1) and 9(f)(3)". (2) Section 11(a) is amended by striking out "9(a)(2)" and inserting in lieu thereof "9(d)(2)".

(3)(A) Section 11 is amended by adding at the end thereof the following:

"(f) For purposes of this section and sections 23(a) and 24, a reasonable attorney's fee is a fee (1) which is based upon (A) the actual time expended by an attorney in providing advice and other legal services in connection with representing a person in an action brought under this section, and (B) such reasonable expenses as may be incurred by the attorney in the provision of such services, and (2) which is computed at the rate prevailing for the provision of similar services with respect to actions brought in the court which is awarding such fee.".

(B) Section 23(a) (15 U.S.C. 2072(a)) is amended by striking out "10(e)(4)" and inserting in lieu thereof "11(f)".

(C) Section 24 (15 U.S.C. 2074) is amended by striking out "10(e)(4)" and inserting in lieu thereof "11(f)". 15 USC 2073.

(4) Section 15(g)(1) (15 U.S.C. 2064(g)(1)) is amended by inserting ", Science and Transportation" immediately after "on Commerce", and by striking out "section 12(e)(1)" and inserting in lieu thereof "section 12(c)(1)".

LAWN MOWER STANDARD

SEC. 1212. (a) Not later than 90 days after the date of the enactment of this Act, the Consumer Product Safety Commission shall amend its consumer product safety standard for walk-behind power lawn mowers to provide that a manually started rotary type lawn mower which has a blade control system which meets the requirements of the standard relating to blade controls (16 CFR 1205.5) except that the system stops the engine and requires a manual restart of the engine shall be considered in compliance with such requirements if the engine starting controls for the lawn mower are located within twenty-four inches from the top of the mower's handles or the mower has a protective foot shield which extends three hundred and sixty degrees around the mower housing. The Consumer Product Safety Act shall not apply with respect to the promulgation of the amendment prescribed by this subsection.

15 USC 2051 note.

(b) The Commission shall conduct a study of the effect on consumers of the amendment prescribed by subsection (a) and shall report the results of such study two years after the date the standard, as amended in accordance with subsection (a), takes effect. The Commission may not amend the amendment prescribed by subsection (a) before the report is filed under this subsection.

Study and report.

AMUSEMENT PARKS

SEC. 1213. Section 3(a)(1) (15 U.S.C. 2052(a)(1)) is amended by inserting before the sentence following subparagraph (I) the following: "Such term includes any mechanical device which carries or conveys passengers along, around, or over a fixed or restricted route or course or within a defined area for the purpose of giving its passengers amusement, which is customarily controlled or directed by an individual who is employed for that purpose and who is not a consumer with respect to such device, and which is not permanently fixed to a site. Such term does not include such a device which is permanently fixed to a site.".

EXTENSION OF ACT

SEC. 1214. Section 32(a) (15 U.S.C. 2081(a)) is amended (1) by striking out "and" at the end of paragraph (6), (2) by striking out the period at the end of paragraph (7) and inserting a semicolon, and (3) by adding at the end the following:

"(8) $33,000,000 for the fiscal year ending September 30, 1982; and

"(9) $35,000,000 for the fiscal year ending September 30, 1983.

For payment of accumulated and accrued leave under section 5551 of title 5, United States Code, severance pay under section 5595 under such title, and any other expense related to a reduction in force in the Commission, there are authorized to be appropriated such sums as may be necessary.".

EFFECTIVE DATE

15 USC 2052 note.

SEC. 1215. (a) Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of the enactment of this Act.

(b) The amendments made by section 1207 shall apply with respect to consumer product safety rules under the Consumer Product Safety Act and regulations under the Federal Hazardous Substances Act and the Flammable Fabrics Act promulgated by the Consumer

15 USC 1261 note.
15 USC 1191 note.

Product Safety Commission after the date of the enactment of this Act; and the amendments made by sections 1202, 1203, and 1206 of this subtitle shall apply with respect to regulations under the Consumer Product Safety Act, the Federal Hazardous Substances Act, and the Flammable Fabrics Act for which notices of proposed rulemaking are issued after August 14, 1981.

15 USC 2051 note.
15 USC 1261 note.
15 USC 1191 note.

Subtitle B—Communications

CHAPTER 1—PUBLIC BROADCASTING

Public Broadcasting Amendments Act of 1981.

SHORT TITLE

SEC. 1221. This chapter may be cited as the "Public Broadcasting Amendments Act of 1981".

47 USC 609 note.

AUTHORIZATION OF APPROPRIATIONS FOR PUBLIC TELECOMMUNICATIONS FACILITIES

SEC. 1222. Section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended by inserting after "1981," the following: "$20,000,000 for fiscal year 1982, $15,000,000 for fiscal year 1983, and $12,000,000 for fiscal year 1984,".

GRANTS FOR CONSTRUCTION AND PLANNING

SEC. 1223. (a) Section 392(a)(4) of the Communications Act of 1934 (47 U.S.C. 392(a)(4)) is amended by striking out "only" and inserting in lieu thereof "primarily", and by inserting before the semicolon at the end thereof the following: ", and that the use of such public telecommunications facilities for purposes other than the provision of public telecommunications services will not interfere with the provision of such public telecommunications services as required in this part".

(b) Section 392(g)(2) of the Communications Act of 1934 (47 U.S.C. 392(g)(2)) is amended—

(1) by striking out "only" and inserting in lieu thereof "primarily"; and

(2) by striking out "(unless" and all that follows through "do so)" and inserting in lieu thereof the following: "(or the use of such public telecommunications facilities for purposes other than the provision of public telecommunications services interferes with the provision of such public telecommunications services as required in this part)".

DECLARATION OF POLICY REGARDING CORPORATION

SEC. 1224. Section 396(a)(5) of the Communications Act of 1934 (47 U.S.C. 396(a)(5)) is amended by striking out "and", and by inserting before the semicolon at the end thereof the following: ", and which will constitute a source of alternative telecommunications services for all the citizens of the Nation".

BOARD OF DIRECTORS OF CORPORATION

SEC. 1225. (a)(1) Section 396(c) of the Communications Act of 1934 (47 U.S.C. 396(c)) 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 10 members appointed by the President, by and with the advice and consent of the Senate, and the President of the Corporation. No more than 6 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 10 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 Nation, various professions and occupations, and various kinds of talent and experience appropriate to the functions and responsibilities of the Corporation.

"(3) Of the members of the Board appointed by the President under paragraph (1), one member shall be selected from among individuals who represent the licensees and permittees of public television stations, and one member shall be selected from among individuals who represent the licensees and permittees of public radio stations.

"(4) 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.

D.C. Code 29-1001.

"(5) The term of office of each member of the Board appointed by the President shall be 5 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. No member of the Board shall be eligible to serve in excess of 2 consecutive terms of 5 years each.

"(6) Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this Act.

"(7) Members of the Board shall attend not less than 50 percent of all duly convened meetings of the Board in any calendar year. A member who fails to meet the requirement of the preceding sentence shall forfeit membership and the President shall appoint a new member to fill such vacancy not later than 30 days after such vacancy is determined by the Chairman of the Board.".

47 USC 396 note.

(2)(A) The amendment made in paragraph (1) shall not affect the continuation in office of any individual serving on the Board of Directors of the Corporation for Public Broadcasting on the date of the enactment of this Act.

(B) The first 5 vacancies occurring on the Board after October 1, 1983 (other than any vacancy in the office of Chairman) shall not be filled, so as to reduce the membership of the Board to 10 members in addition to the Chairman of the Board.

(b) Section 396(d) of the Communications Act of 1934 (47 U.S.C. 396(d)) is amended to read as follows:

"Election of Vice Chairman; Compensation

"(d)(1) Members of the Board shall annually elect one or more of their members as a Vice Chairman or Vice Chairmen.

"(2) The members of the Board shall not, by reason of such membership, be deemed to be officers or employees of the United

States. They shall, while attending meetings of the Board or while engaged in duties related to such meetings or other activities of the Board pursuant to this subpart, be entitled to receive compensation at the rate of $150 per day, including traveltime. No Board member shall receive compensation of more than $10,000 in any fiscal year. While away from their homes or regular places of business, Board members shall be allowed travel and actual, reasonable, and necessary expenses.".

(c) Section 396(e)(1) of the Communications Act of 1934 (47 U.S.C. 396(e)(1)) is amended—

(1) by striking out "the Chairman and any" and inserting in lieu thereof "a"; and

(2) by inserting "for services rendered" after "Corporation" the sixth time it appears therein.

REPORT TO CONGRESS

SEC. 1226. Section 396(i)(1) of the Communications Act of 1934 (47 U.S.C. 396(i)(1)) is amended by striking out "February" and inserting in lieu thereof "May".

FINANCING; COMMUNITY ADVISORY BOARDS

SEC. 1227. (a) Section 396(k)(1)(C) of the Communications Act of 1934 (47 U.S.C. 396(k)(1)(C)) is amended—

(1) by striking out "and" each place it appears therein;

(2) by inserting "1984, 1985, and 1986," after "1983,"; and

(3) by inserting before the period at the end thereof the following: ", and $130,000,000 for each of the fiscal years 1984, 1985, and 1986".

(b) Section 396(k)(2)(B) of the Communications Act of 1934 (47 U.S.C. 396(k)(2)(B)) is amended—

(1) by striking out "quarterly" and inserting in lieu thereof "fiscal year"; and

(2) by striking out ", in such amounts" and all that follows through "quarter".

(c)(1) Section 396(k)(3)(A) of the Communications Act of 1934 (47 U.S.C. 396(k)(3)(A)) is amended to read as follows:

"(3)(A)(i) The Corporation shall establish an annual budget for use in allocating amounts from the Fund. Of the amounts appropriated into the Fund available for allocation for any fiscal year—

"(I) not more than 5 percent of such amounts shall be available for the administrative expenses of the Corporation;

"(II) not less than 5 percent of such amounts shall be available for other expenses incurred by the Corporation, including research, training, technical assistance, engineering, instructional support, payment of interest on indebtedness, capital costs relating to telecommunications satellites, the payment of programming royalties and other fees, and the costs of interconnection facilities and operations (as provided in clause (iv)(I)), except that the total amount available for obligation for any fiscal year under this subclause and subclause (I) shall not exceed 10 percent of the amounts appropriated into the Fund available for allocation for such fiscal year;

"(III) 75 percent of the remainder (after allocations are made under subclause (I) and subclause (II)) shall be allocated in accordance with clause (ii)(I); and

"(IV) 25 percent of such remainder shall be allocated in accordance with clause (iii).

"(ii) Of the amounts allocated under clause (i)(III) for any fiscal year—

"(I) 75 percent of such amounts shall be available for distribution among the licensees and permittees of public television stations pursuant to paragraph (6)(B); and

"(II) 25 percent of such amounts shall be available for distribution under subparagraph (B)(i) for public television programming.

"(iii) Of the amounts allocated under clause (i)(IV) for any fiscal year—

"(I) not less than 50 percent of such amounts (as determined under paragraph (6)(A)) shall be available for distribution among the licensees and permittees of public radio stations pursuant to paragraph (6)(B); and

"(II) not more than 50 percent of such amounts (as determined under paragraph (6)(A)) shall be available for distribution under subparagraph (B)(i) for public radio.

"(iv)(I) Subject to the provisions of clause (v), the Corporation shall defray an amount equal to 50 percent of the total costs of interconnection facilities and operations to facilitate the availability of public television and radio programs among public broadcast stations.

"(II) Of the amounts received as the result of any contract, lease agreement, or any other arrangement under which the Corporation directly or indirectly makes available interconnection facilities, 50 percent of such amounts shall be distributed to the licensees and permittees of public television stations and public radio stations. The Corporation shall not have any authority to establish any requirements, guidelines, or limitations with respect to the use of such amounts by such licensees and permittees.

"(v) If the expenses incurred by the Corporation under clause (i)(II) for any fiscal year for—

"(I) capital costs relating to telecommunications satellites;

"(II) the payment of programming royalties and other fees; and

"(III) the costs of interconnection facilities and operations (as provided in clause (iv));

exceed 6 percent of the amounts appropriated into the Fund available for allocation for such fiscal year, then 75 percent of such excess costs shall be defrayed by the licensees and permittees of public television stations from amounts available to such licensees and permittees under clause (ii)(I) and 25 percent of such excess costs shall be defrayed by the licensees and permittees of public radio stations from amounts available to such licensees and permittees under clause (iii)(I).".

(2) Section 396(k)(3)(B)(i) of the Communications Act of 1934 (47 U.S.C. 396(k)(3)(B)(i)) is amended to read as follows:

"(B)(i) The Corporation shall utilize the funds allocated pursuant to subparagraph (A)(ii)(II) and subparagraph (A)(iii)(II), and a significant portion of such other funds as may be available to the Corporation, to make grants and contracts for production of public television or radio programs by independent producers and production entities and public telecommunications entities, and for acquisition of such programs by public telecommunications entities. Of the funds utilized pursuant to this clause, a substantial amount shall be reserved for distribution to independent producers and production entities for the production of programs.".

(3) Section 396(k)(3)(B) of the Communications Act of 1934 (47 U.S.C. 396(k)(3)(B)) is amended—

(A) in clause (ii) thereof, by striking out "contained in the annual budget established by the Corporation under clause (i)" and inserting in lieu thereof "available for distribution under clause (i)"; and

(B) by striking out clause (iii) and clause (iv) thereof.

(4) The amendments made in this subsection shall apply to fiscal years beginning after September 30, 1983. 47 USC 396 note.

(d)(1) Section 396(k)(6)(A) of the Communications Act of 1934 (47 U.S.C. 396(k)(6)(A)) is amended to read as follows:

"(6)(A) The Corporation, in consultation with public radio stations and with National Public Radio (or any successor organization), shall determine the percentage of funds allocated under subclause (I) and subclause (II) of paragraph (3)(A)(iii) for each fiscal year. The Corporation, in consultation with such organizations, also shall conduct an annual review of the criteria and conditions applicable to such allocations.".

(2) Section 396(k)(6)(B) of the Communications Act of 1934 (47 U.S.C. 396(k)(6)(B)) is amended—

(A) by striking out the first sentence thereof;

(B) in the second sentence thereof, by inserting "under paragraph (3)(A)(ii)(I)" after "stations"; and

(C) in the last sentence thereof, by inserting "under paragraph (3)(A)(iii)(I)" after "radio stations".

(3) The amendments made in this subsection shall apply to fiscal years beginning after September 30, 1983. 47 USC 396 note.

(e) Section 396(k)(7) of the Communications Act of 1934 (47 U.S.C. 396(k)(7)) is amended to read as follows:

"(7) The funds distributed pursuant to paragraph (3)(A) may be used at the discretion of the recipient for purposes related primarily to the production or acquisition of programming.".

(f) Section 396(k)(8) of the Communications Act of 1934 (47 U.S.C. 396(k)(8)) is amended to read as follows:

"(8) Any public telecommunications entity which—

"(A) receives any funds pursuant to this subpart for any fiscal year; and

"(B) during such fiscal year has filed or was required to file a return with the Internal Revenue Service declaring unrelated business income related to station operations under sections 501, 511, and 512 of the Internal Revenue Code of 1954; 26 USC 501, 511, 512.

shall refund to the Corporation an amount equal to the amount of unrelated business income tax paid as stated in such filed return.".

(g)(1) Section 396(k)(9)(A) of the Communications Act of 1934 (47 U.S.C. 396(k)(9)(A)) is amended—

(A) by inserting "(other than any station which is owned and operated by a State, a political or special purpose subdivision of a State, or a public agency)" after "public broadcast station";

(B) by inserting after "assure that" the following: "(i) its advisory board meets at regular intervals; (ii) the members of its advisory board regularly attend the meetings of the advisory board; and (iii)"; and

(C) by striking out "reasonably reflects" and inserting in lieu thereof "are reasonably representative of".

(2) Section 396(k)(9)(D) of the Communications Act of 1934 (47 U.S.C. 396(k)(9)(D)) is amended by inserting "(other than any station which is owned and operated by a State, a political or special purpose

subdivision of a State, or a public agency)" after "public broadcast station".

(3) Section 396(k)(9)(E) of the Communications Act of 1934 (47 U.S.C. 396(k)(9)(E)) is amended by inserting "(other than any station which is owned and operated by a State, a political or special purpose subdivision of a State, or a public agency)" after "public broadcast station".

RECORDS AND AUDIT

SEC. 1228. (a) Section 396(l)(1)(A) of the Communications Act of 1934 (47 U.S.C. 396(l)(1)(A)) is amended by inserting ", except that such requirement shall not preclude shared auditing arrangements between any public telecommunications entity and its licensee where such licensee is a public or private institution" after "United States".

(b) Section 396(l)(3)(B) of the Communications Act of 1934 (47 U.S.C. 396(l)(3)(B)) is amended—

(1) in clause (ii) thereof, by striking out "an annual" and inserting in lieu thereof "a biannual"; and

(2) in clause (iii) thereof, by striking out "annually" and inserting in lieu thereof "biannually".

EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED

SEC. 1229. Section 399 of the Communications Act of 1934 (47 U.S.C. 399) is amended to read as follows:

"EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED

47 USC 396.

"SEC. 399. No noncommercial educational broadcasting station which receives a grant from the Corporation under subpart C of this part may engage in editorializing. No noncommercial educational broadcasting station may support or oppose any candidate for political office.".

USE OF BUSINESS OR INSTITUTIONAL LOGOGRAMS

SEC. 1230. Subpart D of part IV of title III of the Communications Act of 1934 (47 U.S.C. 397) is amended by adding at the end thereof the following new section:

"USE OF BUSINESS OR INSTITUTIONAL LOGOGRAMS

"Business or institutional logogram."
47 USC 399A.

"SEC. 399A. (a) For purposes of this section, the term 'business or institutional logogram' means any aural or visual letters or words, or any symbol or sign, which is used for the exclusive purpose of identifying any corporation, company, or other organization, and which is not used for the purpose of promoting the products, services, or facilities of such corporation, company, or other organization.

"(b) Each public television station and each public radio station shall be authorized to broadcast announcements which include the use of any business or institutional logogram and which include a reference to the location of the corporation, company, or other organization involved, except that such announcements may not interrupt regular programming.

"(c) The provisions of this section shall not be construed to limit the authority of the Commission to prescribe regulations relating to the manner in which logograms may be used to identify corporations, companies, or other organizations.".

OFFERING OF CERTAIN SERVICES, FACILITIES, OR PRODUCTS BY PUBLIC BROADCAST STATIONS

SEC. 1231. Subpart D of part IV of title III of the Communications Act of 1934, as amended in section 1230, is further amended by adding at the end thereof the following new section:

"OFFERING OF CERTAIN SERVICES, FACILITIES, OR PRODUCTS BY PUBLIC BROADCAST STATIONS

"SEC. 399B. (a) For purposes of this section, the term 'advertisement' means any message or other programming material which is broadcast or otherwise transmitted in exchange for any remuneration, and which is intended— "Advertisement." 47 USC 399B.

"(1) to promote any service, facility, or product offered by any person who is engaged in such offering for profit;

"(2) to express the views of any person with respect to any matter of public importance or interest; or

"(3) to support or oppose any candidate for political office.

"(b)(1) Except as provided in paragraph (2), each public broadcast station shall be authorized to engage in the offering of services, facilities, or products in exchange for remuneration.

"(2) No public broadcast station may make its facilities available to any person for the broadcasting of any advertisement.

"(c) Any public broadcast station which engages in any offering specified in subsection (b)(1) may not use any funds distributed by the Corporation under section 396(k) to defray any costs associated with such offering. Any such offering by a public broadcast station shall not interfere with the provision of public telecommunications services by such station. 47 USC 396.

"(d) Each public broadcast station which engages in the activity specified in subsection (b)(1) shall, in consultation with the Corporation, develop an accounting system which is designed to identify any amounts received as remuneration for, or costs related to, such activities under this section, and to account for such amounts separately from any other amounts received by such station from any source.".

STUDY ON ALTERNATIVE FINANCING FOR PUBLIC TELECOMMUNICATIONS

SEC. 1232. (a)(1) A study shall be conducted in accordance with the provisions of this section regarding options which may be available to public telecommunications entities, the Public Broadcasting Service, and National Public Radio with respect to the development of sources of revenue in addition to the sources of revenue available to such entities and organizations on the date of the enactment of this Act. Such study shall be completed not later than July 1, 1982, and a report shall be submitted to the Congress in accordance with subsection (i). 47 USC 396 note. Report to Congress.

(2) The study required in paragraph (1) shall seek to identify funding options which also will ensure that public telecommunications as a source of alternative and diverse programming will be maintained and enhanced, and that public telecommunications services will continue to expand and be available to increasing numbers of citizens throughout the Nation.

(3) The study required in paragraph (1), in examining funding alternatives, also shall seek to determine appropriate means for ensuring that the use of such funding alternatives does not interfere

with the content and quality of programming appearing on public television and radio.

Temporary Commission on Alternative Financing for Public Telecommunications.

(b)(1) The study required in subsection (a)(1) shall be conducted by a commission to be known as the Temporary Commission on Alternative Financing for Public Telecommunications (hereinafter in this section referred to as the "Commission").

(2) The Commission shall consist of the Chairman of the Federal Communications Commission (or a member of the Commission designated by the Chairman); the Assistant Secretary of Commerce for Communications and Information (or his delegate); the heads of the Corporation for Public Broadcasting, National Public Radio, and the National Association of Public Television Stations (or their delegates); the Chairman and the ranking minority member of the Committee on Commerce, Science, and Transportation of the Senate (or any members of such committee designated by them); and the Chairman and ranking minority member of the Committee on Energy and Commerce of the House of Representatives (or any members of such committee designated by them).

(3) In addition to the members of the Commission specified in paragraph (2), an officer or employee of a public television station and an officer or employee of a public radio station shall serve as members of the Commission. Such members shall be selected by the members of the Commission specified in paragraph (2). Such selection shall be made at the first meeting conducted by the Commission.

Definitions.

(4) For purposes of this subsection, the terms "public television station" and "public radio station" have the same meaning as the term "public broadcast station" in section 397(6) of the Communications Act of 1934 (47 U.S.C. 397(6)).

(c) The members of the Commission shall serve without compensation, but the Federal Communications Commission shall make funds available to reimburse such members for travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.

(d) The Chairman of the Federal Communications Commission (or the person designated by the Chairman under subsection (b)(2)) shall serve as Chairman of the Commission.

(e) The Commission shall meet at the call of the Chairman or a majority of the members of the Commission. Six members of the Commission shall constitute a quorum.

(f)(1) Upon request of the Commission, the Federal Communications Commission shall furnish the Commission with such personnel and support services as may be necessary to assist the Commission in carrying out its duties and functions under this section. The Commission shall not be required to pay or reimburse the Federal Communications Commission for such personnel and support services.

(2) The Assistant Secretary of Commerce for Communications and Information, and the heads of the Corporation for Public Broadcasting, the Public Broadcasting Service, National Public Radio, and the National Association of Public Television Stations, each are authorized to furnish the Commission with such personnel and support services as each such organization considers necessary or appropriate to assist the Commission in carrying out its duties and functions under this section.

(g) The Commission shall have authority to hold such hearings, sit and act at such times and places, and take such testimony as the Commission considers advisable. The Commission shall seek to obtain the testimony and advice of business representatives, persons repre-

senting public interest groups, and other persons and organizations which have an interest in public broadcasting.

(h) The Commission shall be exempt from section 10(e), section 10(f), and section 14 of the Federal Advisory Committee Act (5 U.S.C. Appendix).

(i) The Commission shall submit a report to the Congress containing the results of the study required in subsection (a)(1) not later than July 1, 1982. Such report shall include an evaluation of each option with respect to the development of additional sources of revenue, and shall include recommendations for such legislative or other action as the Commission considers necessary or appropriate. Report to Congress.

(j)(1) Except as provided in paragraph (2), the Commission shall terminate at the end of the 90-day period following the date of the submission of the report required in subsection (i). Termination.

(2) If the Commission decides to establish the demonstration program specified in section 1233, then the Commission shall reconvene after the termination of the demonstration program conducted under section 1233 for the purpose of carrying out the functions of the Commission specified in section 1233(e). The Commission shall terminate at the end of the 90-day period following the date of the submission of the report required in section 1233(e).

DEMONSTRATION PROGRAM REGARDING ADVERTISING

SEC. 1233. (a) The Temporary Commission on Alternative Financing for Public Telecommunications established in section 1232 may establish a demonstration program in accordance with this section for the purpose of determining the feasibility of permitting public television station licensees and public radio station licensees to broadcast advertising announcements. If the Commission decides to establish such demonstration program, then the Commission shall establish and carry out such demonstration program in accordance with the provisions of subsection (b) through subsection (f). 47 USC 396 note.

(b)(1)(A) The Commission shall establish the demonstration program as soon as practicable after the date of the enactment of this Act. The Commission shall permit public broadcast station licensees to begin the broadcasting of qualifying advertising not later than January 1, 1982, except that such licensees may begin such advertising before such date if the Commission completes the establishment of the demonstration program before such date.

(B) Such broadcasting of qualifying advertising shall be carried out during the 18-month period beginning January 1, 1982 (or beginning on such earlier date as may be authorized by the Commission under subparagraph (A)), except that such broadcasting of qualifying advertising shall terminate not later than June 30, 1983. The demonstration program shall terminate at the end of such period. Termination.

(2)(A) The Corporation for Public Broadcasting, in consultation with the Commission, shall select not more than 10 public television station licensees and not more than 10 public radio station licensees to participate in the demonstration program.

(B) Such selection shall be made from among licensees which have expressed to the Corporation a desire to participate in the demonstration program, except that any public television station licensee or public radio station licensee which is represented on the Commission under section 1232(b)(3) shall not be eligible to participate in the demonstration program.

(C) If a licensee elects not to participate in the demonstration program, after receiving notice of its selection from the Corporation, then the Corporation shall select an alternate licensee.

26 USC 501.

(D) The exemption from income tax of any public broadcast station licensee under section 501(a) of the Internal Revenue Code of 1954, relating to exemption from taxation, shall not be affected by the participation of such licensee in the demonstration program.

(3) The Corporation shall make selections under paragraph (2), to the extent practicable, in a manner which ensures that—

(A) a representative geographical distribution of public broadcast station licensees will be achieved;

(B) licensees serving audiences and markets of various sizes will participate in the demonstration program;

(C) licensees with operating budgets of various sizes will participate in the demonstration program;

(D) different types of licensees will participate in the demonstration program; and

(E) in the case of public radio station licensees, licensees with different types of programming formats will participate in the demonstration program.

(c) Each public television station licensee or public radio station licensee which is selected by the Corporation for Public Broadcasting under subsection (b) shall be authorized to broadcast qualifying advertising in accordance with subsection (d).

(d)(1)(A) Except as provided in subparagraph (B), any qualifying advertising announcement which is broadcast by any public television station licensee or any public radio station licensee may be broadcast only at the beginning or at the end of regular programs, and may not interrupt regular programs.

(B) In the case of any regular program which is 2 or more hours in duration, any public radio station licensee may broadcast (subject to paragraph (2)) a qualifying advertising announcement during the program, but only (i) during a break in the program scheduled for station identification; or (ii) at other times which will not unduly disrupt the program.

(2) Any qualifying advertising announcements which are broadcast consecutively by any public television station licensee or any public radio station licensee may not exceed 2 minutes in duration. Such licensees may not engage in any such consecutive broadcasts of qualifying advertising announcements more than once during any 30-minute period.

Regulations.

(3)(A) The Commission shall prescribe regulations which specify the types of advertisements which may be broadcast by licensees during the demonstration program. The Commission may authorize licensees participating in the demonstration program to broadcast institutional advertisements and advertisements relating to specific products, services, or facilities. Licensees shall not be authorized or required to broadcast any advertisement which—

(i) is intended to promote any opinion or point-of-view regarding any matter of public importance or interest, any political issue, or any matter relating to religion; or

(ii) is intended to support or oppose any candidate for political office.

(B) The Federal Communications Commission shall have authority to determine in disputed cases whether any advertising announcement shall be considered to be qualifying advertising for purposes of this section.

(4) The Commission shall prescribe regulations which establish requirements relating to the sale of broadcast time for advertisements during the demonstration program. Such regulations may authorize— Regulations.

(A) the assignment of broadcast time for advertisements through a system of random selection;

(B) the sale of broadcast time for advertisements which will be broadcast at the beginning or at the end of particular programs, or during particular portions of the broadcast day; or

(C) any other method for the sale of broadcast time which the Commission considers appropriate.

(5) The Commission shall have authority to prescribe regulations under paragraph (3) and paragraph (4) which establish different criteria and requirements applicable to the various licensees participating in the demonstration program, to the extent the Commission considers the establishment of such different criteria and requirements to be necessary to assist the Commission in preparing the report, and making the recommendations, required in subsection (e).

(6) Any issue regarding compliance with the provisions of this subsection shall be resolved by the Federal Communications Commission in accordance with its authority under the Communications Act of 1934 (47 U.S.C. 151 et seq.).

(e)(1) The Commission, as soon as practicable after the termination of the demonstration program under subsection (b)(1)(A), shall analyze the results of the demonstration program and shall submit a report to each House of the Congress regarding the demonstration program. Such report shall be submitted not later than October 1, 1983, and shall include— Report to Congress.

(A) an examination of whether qualifying advertising had any influence or effect upon programming broadcast by the public broadcast station licensees involved;

(B) an analysis of the reaction of audiences to the broadcasting of such qualifying advertising;

(C) an examination of the extent to which businesses and other organizations engaged in the purchase of broadcast time for the broadcast of qualifying advertising;

(D) an analysis of whether the broadcasting of qualifying advertising had any impact upon the underwriting of programs; and

(E) any other findings or information which the Commission considers appropriate.

(2) Such report also shall include such recommendations for legislative or other action as the Commission considers appropriate, including a recommendation regarding whether public broadcast stations should be permitted to broadcast qualifying advertising on a permanent basis.

(f) For purposes of this section: Definitions.

(1) The term "Commission" means the Temporary Commission on Alternative Financing for Public Telecommunications established in section 1232.

(2) The term "demonstration program" means the demonstration program which the Commission is authorized to establish in accordance with this section.

(3) The terms "public broadcast station", "public television station", and "public radio station" have the same meaning as the term "public broadcast station" in section 397(6) of the Communications Act of 1934 (47 U.S.C. 397(6)).

(4) The term "qualifying advertising" means any type of advertising specified by the Commission under subsection (d)(3)(A).

TECHNICAL AMENDMENTS

SEC. 1234. (a) Section 396(g) of the Communications Act of 1934 (47 U.S.C. 396(g)) is amended by striking out paragraph (5) thereof, and by redesignating paragraph (6) as paragraph (5).

(b) Section 397(15) of the Communications Act of 1934 (47 U.S.C. 397(15)) is amended by striking out ", Education, and Welfare" and inserting in lieu thereof "Human Services".

CHAPTER 2—TELEVISION AND RADIO BROADCASTING

TELEVISION AND RADIO LICENSE TERMS

SEC. 1241. (a) Section 307(d) of the Communications Act of 1934 (47 U.S.C. 307(d)) is amended—

(1) by inserting "television" after "operation of a";

(2) by striking out "three years" each place it appears therein and inserting in lieu thereof "five years";

(3) by inserting "(other than a radio broadcasting station)" after "class of station";

(4) by inserting after the first sentence thereof the following new sentence: "Each license granted for the operation of a radio broadcasting station shall be for a term of not to exceed seven years.";

(5) by inserting "television" after "in the case of" the first place it appears therein;

(6) by inserting "for a term of not to exceed seven years in the case of radio broadcasting station licenses," after "licenses," the first place it appears therein; and

(7) by inserting "for a term of" after "and" the third place it appears therein.

Effective date.
47 USC 307 note.

(b) The amendments made in subsection (a) shall apply to television and radio broadcasting licenses granted or renewed by the Federal Communications Commission after the date of the enactment of this Act.

GRANTING OF CERTAIN INITIAL LICENSES AND PERMITS BASED ON SYSTEM OF RANDOM SELECTION

SEC. 1242. (a) Section 309 of the Communications Act of 1934 (47 U.S.C. 309) is amended by adding at the end thereof the following new subsection:

"(i)(1) If there is more than one applicant for any initial license or construction permit which will involve any use of the electromagnetic spectrum, then the Commission, after determining the qualifications of each such applicant under section 308(b), shall have authority to grant such license or permit to a qualified applicant through the use of a system of random selection.

47 USC 308.

"(2) The determination of the Commission under paragraph (1) with respect to the qualifications of applicants for an initial license or construction permit shall be made after notice and opportunity for a hearing, except that the provisions of section 409(c)(2) shall not apply in the case of any such determination.

47 USC 409.

Rules.

"(3)(A) The Commission shall establish rules and procedures to ensure that, in the administration of any system of random selection

under this subsection, groups or organizations, or members of groups or organizations, which are underrepresented in the ownership of telecommunications facilities or properties will be granted significant preferences.

"(B) The Commission shall have authority to require each qualified applicant seeking a significant preference under subparagraph (A) to submit to the Commission such information as may be necessary to enable the Commission to make a determination regarding whether such applicant shall be granted such preference. Such information shall be submitted in such form, at such times, and in accordance with such procedures, as the Commission may require.

"(4)(A) The Commission, not later than 180 days after the effective date of this subsection, shall, after notice and opportunity for hearing, prescribe rules establishing a system of random selection for use by the Commission under this subsection in any instance in which the Commission, in its discretion, determines that such use is appropriate for the granting of any license or permit in accordance with paragraph (1). Rules on random selection.

"(B) The Commission shall have authority to amend such rules from time to time to the extent necessary to carry out the provisions of this subsection. Any such amendment shall be made after notice and opportunity for hearing.".

(b) The Commission shall have authority to use the system of random selection established by the Commission under section 309(i) of the Communications Act of 1934, as added in subsection (a), with respect to any application for an initial license or construction permit which will involve any use of the electromagnetic spectrum and which— 47 USC 309 note.

(1) is filed with the Commission after the date of the enactment of this Act; or

(2) is pending before the Commission on such date of enactment but has not been designated for hearing on or before such date of enactment.

SPECIAL REQUIREMENTS RELATING TO BROADCASTING STATION LICENSE APPLICATIONS

SEC. 1243. Section 311 of the Communications Act of 1934 (47 U.S.C. 311) is amended by adding at the end thereof the following new subsection:

"(d)(1) If there are pending before the Commission two or more applications for a license granted for the operation of a broadcasting station, only one of which can be granted, it shall be unlawful, without approval of the Commission, for the applicants or any of them to effectuate an agreement whereby one or more of such applicants withdraws his or their application or applications in exchange for the payment of money, or the transfer of assets or any other thing of value by the remaining applicant or applicants.

"(2) The request for Commission approval in any such case shall be made in writing jointly by all the parties to the agreement. Such request shall contain or be accompanied by full information with respect to the agreement, set forth in such detail, form, and manner as the Commission shall require.

"(3) The Commission shall approve the agreement only if it determines that (A) the agreement is consistent with the public interest, convenience, or necessity; and (B) no party to the agreement filed its license application for the purpose of reaching or carrying out such agreement.

"(4) For purposes of this subsection, an application shall be deemed to be pending before the Commission from the time such application is filed with the Commission until an order of the Commission granting or denying it is no longer subject to rehearing by the Commission or to review by any court.".

CHAPTER 3—REGULATORY AGENCIES

Subchapter A—Federal Communications Commission

AUTHORIZATION OF APPROPRIATIONS

SEC. 1251. (a) The Communications Act of 1934 (47 U.S.C. 151 et seq.) is amended by inserting after section 5 the following new section:

"AUTHORIZATION OF APPROPRIATIONS

47 USC 156.

"SEC. 6. There is authorized to be appropriated for the administration of this Act by the Commission $76,900,000, 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 of the fiscal years 1982 and 1983.".

(b) Section 4(g) of the Communications Act of 1934 (47 U.S.C. 154(g)) is amended by striking out "from time to time may be appropriated for by Congress" and inserting in lieu thereof "may be appropriated for by the Congress in accordance with the authorizations of appropriations established in section 6".

MANAGING DIRECTOR OF COMMISSION; ANNUAL REPORT

SEC. 1252. Section 5 of the Communications Act of 1934 (47 U.S.C. 155) is amended by adding at the end thereof the following new subsections:

"(f) The Commission shall have a Managing Director who shall be appointed by the Chairman subject to the approval of the Commission. The Managing Director, under the supervision and direction of the Chairman, shall perform such administrative and executive functions as the Chairman shall delegate. The Managing Director shall be paid at a rate equal to the rate then payable for level V of the Executive Schedule.

Report to Congress.

"(g) The Commission shall submit an annual report to the Congress not later than January 31 of each year. Such report shall—

"(1) list the specific goals, objectives, and priorities of the Commission which shall be projected over 12-month, 24-month, and 36-month periods;

"(2) describe in detail the programs which are, or shall be, established to meet or carry out such goals, objectives, and priorities;

"(3) provide an evaluation of actions taken during the preceding year with regard to fulfilling the functions of the Commission; and

"(4) contain recommendations for legislative action required to enable the Commission to meet its objectives.".

UNIFORM SYSTEM OF ACCOUNTS

SEC. 1253. (a)(1) The Federal Communications Commission (hereinafter in this section referred to as the "Commission") shall complete

the rulemaking proceeding relating to the revision of the uniform system of accounts used by telephone companies (Common Carrier Docket 78-196; notice of proposed rulemaking adopted June 28, 1978, 43 Federal Register 33560) as soon as practicable after the date of the enactment of this Act.

(2) Such uniform system shall require that each common carrier shall maintain a system of accounting methods, procedures, and techniques (including accounts and supporting records and memoranda) which shall ensure a proper allocation of all costs to and among telecommunications services, facilities, and products (and to and among classes of such services, facilities, and products) which are developed, manufactured, or offered by such common carrier.

(b) The Commission shall submit a report to each House of the Congress not later than one year after the date of the enactment of this Act. Such report shall include a summary of actions taken by the Commission in connection with the rulemaking proceeding specified in subsection (a), together with such other information as the Commission considers appropriate. Report to Congress.

Subchapter B—National Telecommunications and Information Administration

AUTHORIZATION OF APPROPRIATIONS

SEC. 1255. There is authorized to be appropriated for the administration of the National Telecommunications and Information Administration $16,483,500, 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 fiscal year 1982.

Subtitle C—Department of Commerce

AUTHORIZATION OF APPROPRIATIONS

SEC. 1261. There are authorized to be appropriated to the Secretary of Commerce for expenses necessary for the general administration of the Department of Commerce not to exceed $33,472,300 for fiscal year 1982, $33,472,300 for fiscal year 1983, and $33,472,300 for fiscal year 1984.

TITLE XIII—INTERNATIONAL AFFAIRS

Subtitle A—Public Law 480

APPROPRIATION LIMITS

SEC. 1301. Notwithstanding any other provision of law, programs shall not be undertaken under title I (including title III) and title II of the Agricultural Trade Development and Assistance Act of 1954 during any calendar year which call for an appropriation of more than $1,304,836,000 for the fiscal year 1982, $1,320,292,000 for the fiscal year 1983, and $1,402,278,000 for the fiscal year 1984. 7 USC 1733 note. 7 USC 1701, 1727, 1721.

Subtitle B—International Development Banks

PART 1—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCREASE IN SUBSCRIPTION OF STOCK

SEC. 1311. The Bretton Woods Agreements Act (22 U.S.C. 286 et seq.) is amended by adding at the end thereof the following new section:

22 USC 286e-1h.

"SEC. 39. (a) The United States Governor of the Bank is authorized—

"(1) to vote to increase by three hundred and sixty-five thousand shares the authorized capital stock of the Bank; and

"(2) to subscribe on behalf of the United States to not more than seventy-three thousand and ten shares of the capital stock of the Bank: *Provided, however,* That not more than seven and one-half percent ($658,305,195) of the price of the shares subscribed may be paid in to the Bank on subscription, with the remainder of that price ($8,149,256,155) being subject to call only when a call on unpaid subscriptions is required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it and not for use by the Bank in its lending activities or for administrative expenses: *Provided further,* That any subscription to such additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

Appropriation authorization.

"(b) In order to pay for the paid-in portion of the United States subscription to the Bank provided for in this section, there is authorized to be appropriated, without fiscal year limitation, $658,305,195 for payment by the Secretary of the Treasury: *Provided, however,* That not more than $109,720,549 of such sum may be made available for each of the fiscal years 1982, 1983, and 1984.".

FUTURE SUBSCRIPTIONS OF STOCK

SEC. 1312. Section 27(a)(2) of the Bretton Woods Agreements Act (22 U.S.C. 286e-1f(a)(2)) is amended by striking out "That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated" and inserting in lieu thereof "That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts".

PART 2—INTERNATIONAL DEVELOPMENT ASSOCIATION

SIXTH REPLENISHMENT

SEC. 1321. The International Development Association Act (22 U.S.C. 284 et seq.) is amended by adding at the end thereof the following new section:

22 USC 284o.

"SEC. 17. (a) The United States Governor is authorized to agree on behalf of the United States to pay to the Association $3,240,000,000 as the United States contribution to the sixth replenishment of the resources of the Association: *Provided, however,* That any commitment to make such contributions shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contributions provided for in this section, there is authorized to be appropriated, without fiscal year limitation, $3,240,000,000 for payment by the Secretary of the Treasury: *Provided, however,* That not more than $850,000,000 of such sum may be made available for the fiscal year 1982 and not more than $945,000,000 of such sum may be made available for the fiscal year 1983.". Appropriation authorization.

PART 3—AFRICAN DEVELOPMENT BANK

African Development Bank Act.

SHORT TITLE

SEC. 1331. This part may be cited as the "African Development Bank Act". 22 USC 290i note.

ACCEPTANCE OF MEMBERSHIP

SEC. 1332. The President is hereby authorized to accept membership for the United States in the African Development Bank (hereinafter in this part referred to as the "Bank") provided for by the agreement establishing the Bank (hereinafter in this part referred to as the "agreement") deposited in the archives of the United Nations. 22 USC 290i.

GOVERNOR AND ALTERNATE GOVERNOR

SEC. 1333. (a) The President, by and with the advice and consent of the Senate, shall appoint a Governor and an Alternate Governor of the Bank. The term of office for the Governor and the Alternate Governor shall be five years, subject at any time to termination of appointment or to reappointment. The Governor and Alternate Governor shall remain in office until a successor has been appointed. Appointment. 22 USC 290i-1.

(b) No person shall be entitled to receive any salary or other compensation from the United States for services as a Governor or Alternate Governor, except for reasonable expenses to attend meetings of the Board of Governors.

(c) The Governor, or in the Governor's absence the Alternate Governor, on the instructions of the President, shall cast the votes of the United States for the Director to represent the United States in the Bank.

DIRECTOR OR ALTERNATE DIRECTOR; ALLOWANCES

SEC. 1334. The Director or Alternate Director representing the United States, if citizens of the United States, may, in the discretion of the President, receive such compensation, allowances, and other benefits as, together with those received from the Bank and from the African Development Fund, may not exceed those authorized for a chief of mission under the Foreign Service Act of 1980. 22 USC 290i-2. 22 USC 3901 note.

APPLICABILITY OF BRETTON WOODS AGREEMENTS ACT

SEC. 1335. The provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Bank under paragraphs (5) and (6) of section 4 of that Act shall be included in the first and subsequent reports made thereunder after the United States accepts membership in the Bank. 22 USC 290i-3.

RESTRICTIONS

22 USC 290i-4.

SEC. 1336. (a) Unless authorized by law, neither the President, nor any person or agency, shall, on behalf of the United States—

(1) subscribe to additional shares of stock of the Bank;

(2) vote for or agree to any amendment of the agreement which increases the obligations of the United States, or which changes the purpose or functions of the Bank; or

(3) make a loan or provide other financing to the Bank, except that funds for technical assistance may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to provide funds to international organizations.

FEDERAL RESERVE BANKS AS DEPOSITORIES

22 USC 290i-5.

SEC. 1337. Any Federal Reserve bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

SUBSCRIPTION OF STOCK

22 USC 290i-6.

SEC. 1338. (a) The President is authorized to agree to subscribe on behalf of the United States to twenty-nine thousand eight hundred and twenty shares of the capital stock of the Bank: *Provided, however,* That the subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

Appropriation authorization.

(b) There is authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury of the initial United States subscription to twenty-nine thousand eight hundred and twenty shares of the capital stock of the Bank, $359,733,570: *Provided, however,* That not more than $17,986,679 of such sum may be made available for paid in subscriptions to the Bank for each of the fiscal years 1982, 1983, and 1984.

(c) Any payment or distributions of moneys from the Bank to the United States shall be covered into the Treasury as a miscellaneous receipt.

JURISDICTION OF UNITED STATES COURTS

22 USC 290i-7.

SEC. 1339. For the purposes of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office within the United States or its agent appointed for the purpose of accepting service or notice of service is located, and any such action to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have original jurisdiction of any such action. When the Bank is defendant in any action in a State court, it may at any time before the trial thereof remove the action into the appropriate district court of the United States by following the procedure for removal provided in section 1446 of title 28, United States Code.

EFFECTIVENESS OF AGREEMENT

SEC. 1340. Paragraph 5 of article 49, articles 50 through 59, and the other provisions of the agreement shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in the Bank. The President, at the time of deposit of the instrument of acceptance of membership by the United States in the Bank, shall also deposit a declaration as provided in article 64, paragraph 3, of the agreement that the United States retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to United States citizens or nationals. 22 USC 290i-8.

SECURITIES ISSUED BY THE BANK

SEC. 1341. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with the raising of funds for inclusion in the Bank's ordinary capital resources as defined in article 9 of the agreement and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article 7, paragraph 4(a), of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c) and section 3(a)(12) of the Securities Exchange Act of 1934 (15 U.S.C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations as necessary in the public interest or for the protection of investors. 22 USC 290i-9.

(b) The Securities and Exchange Commission, acting in consultation with such agency or officer as the President shall designate, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection therewith shall include any views submitted for such purpose by any association of dealers registered with the Commission.

TECHNICAL AMENDMENTS

SEC. 1342. (a) The seventh sentence of paragraph 7 of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended by striking out "or" after "the Inter-American Development Bank" and inserting in lieu thereof a comma, and by inserting "or the African Development Bank" after "the Asian Development Bank".

(b) Section 701(a) of Public Law 95-118 (22 U.S.C. 262d(a)) is amended by striking out "and" after "the African Development Fund," and inserting "and the African Development Bank," after "the Asian Development Bank,".

(c) Section 801(a) of Public Law 95-118 (22 U.S.C. 262f(a)) is amended by striking out "and" after "the African Development Fund," and inserting "and the African Development Bank," after "the Asian Development Bank,".

(d) Section 51 of Public Law 91-599 (22 U.S.C. 276c-2) is amended by striking out "and" after "the Asian Development Bank," and inserting "and the African Development Bank," after "the African Development Fund,".

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PART 4—INTER-AMERICAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT BANK

CONTRIBUTIONS TO THE INTER-AMERICAN DEVELOPMENT BANK

SEC. 1351. (a) The Inter-American Development Bank Act (22 U.S.C. 283 et seq.) is amended by adding at the end thereof the following new section:

22 USC 283z-2.

"SEC. 30. (a) The United States Governor of the Bank is authorized on behalf of the United States to contribute to the Fund for Special Operations $70,000,000: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

Appropriation authorization.

"(b) In order to pay for a portion of the increase in the United States subscription to the capital stock of the Bank provided for in section 29(a) and for the United States contribution to the Fund for Special Operations provided for in this section, there are authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury, (1) $274,920,799 for the United States subscription, and (2) $70,000,000 for the United States contribution to the Fund for Special Operations: *Provided, however,* That no funds may be made available for such contribution to the Fund for Special Operations for the fiscal year 1982.".

22 USC 283z-1.

(b) Section 29(b) of the Inter-American Development Bank Act (22 U.S.C. 283z-1(b)) is amended by striking out the period and inserting in lieu thereof the following: ": *Provided, however,* That for contributions to the Fund for Special Operations, not more than $175,000,000 may be made available for the fiscal year 1982, and not more than $105,000,000 may be made available for the fiscal year 1983.".

(c) Section 26(b) of the Inter-American Development Bank Act (22 U.S.C 283w(b)) is amended by striking out the period and inserting in lieu thereof the following: ": *Provided, however,* That not more than $15,677,000 may be made available to the Fund for Special Operations for the fiscal year 1982.".

CONTRIBUTIONS TO THE ASIAN DEVELOPMENT FUND

SEC. 1352. (a) The Asian Development Bank Act (22 U.S.C. 285 et seq.) is amended by adding at the end thereof the following new section:

22 USC 285w.

"SEC. 26. (a) The United States Governor of the Bank is authorized to contribute on behalf of the United States $66,750,000 to the Asian Development Fund, a special fund of the Bank: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

Appropriation authorization.

"(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there is authorized to be appropriated, without fiscal year limitation, $66,750,000 for payment by the Secretary of the Treasury: *Provided, however,* That no funds may be made available for such contribution for the fiscal year 1982.".

(b) Section 24(b) of the Asian Development Bank Act (22 U.S.C. 285u(b)) is amended by striking out the period and inserting in lieu thereof the following: ": *Provided, however,* That not more than $111,250,000 of such sum may be made available for the fiscal year 1982, and not more than $44,500,000 of such sum may be made available for the fiscal year 1983.".

(c) Section 23(b) of the Asian Development Bank Act (22 U.S.C. 285t(b)) is amended by striking out the period and inserting in lieu thereof the following: ": *Provided, however,* That not more than $14,116,177 may be made available for such contribution for the fiscal year 1982.".

FUTURE SUBSCRIPTIONS OF STOCK TO THE ASIAN DEVELOPMENT BANK

SEC. 1353. Section 22(a) of the Asian Development Bank Act (22 U.S.C. 285s(a)) is amended by striking out "That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated" and inserting in lieu thereof "That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts".

PART 5—TARGETING ASSISTANCE TO THE NEEDY; CONGRESSIONAL CONSULTATIONS

AMENDMENTS TO PUBLIC LAW 95-118

SEC. 1361. (a) Public Law 95-118 (22 U.S.C. 262c et seq.) is amended by inserting immediately after the enacting clause the following:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'International Financial Institutions Act' ". 22 USC 262c note.

(b) Public Law 95-118 is further amended by adding at the end thereof the following new titles:

"TITLE XI—TARGETING ASSISTANCE TO THE NEEDY

"SEC. 1101. (a) The Congress finds that there is a need for concerted international efforts to deal with the problems of malnutrition, low life expectancy, childhood disease, underemployment, and low productivity in developing countries. 22 USC 262g-1.

"(b) The Congress notes with approval that the Inter-American Development Bank, under the terms of its Fifth Replenishment, has adopted the target that 50 percent of its lending benefit the poorest groups and has developed a usable methodology for determining the proportion of its lending which benefits such groups.

"SEC. 1102. (a) The Secretary of the Treasury shall consult with representatives of other member countries of the International Bank for Reconstruction and Development, the International Development Association, the Asian Development Bank, the African Development Fund, and the African Development Bank (if the United States becomes a member of that Bank), for the purpose of establishing guidelines within each of those institutions which specify that, in a manner consistent with the purposes and charters of those institutions, a specified proportion of the annual lending by each institution shall be designed to benefit needy people, primarily by financing sound, efficient, productive, self-sustaining projects designed to benefit needy people in developing countries, thus helping poor people improve their conditions of life. 22 USC 262g-2.

"(b) The Congress finds that projects to construct basic infrastructure, to expand productive capacity (including private enterprise), and to address social problems can all meet the objectives of this

"Needy people."

section if they are designed and implemented properly. For the purposes of this title, 'needy people' means those people living in 'absolute' or 'relative' poverty as determined under the standards employed by the International Bank for Reconstruction and Development and the International Development Association.

Report to Congress.
22 USC 262g-2 note.

"SEC. 1103. The Secretary of the Treasury shall, not later than May 1 of 1982, 1983, and 1984, report to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate on the progress being made toward achieving the goals of section 1102, and shall include in each such report, for each of the institutions referred to in sections 1101 and 1102, as accurate an estimate as is practicable of the proportion of the lending by that institution which benefits needy people in its borrower countries.

"TITLE XII—CONGRESSIONAL CONSULTATIONS

22 USC 262g-3.

"SEC. 1201. The Secretary of the Treasury or his designee shall consult with the Chairman and the Ranking Minority Member of—

"(1) the Committee on Banking, Finance and Urban Affairs of the House of Representatives, the Committee on Appropriations of the House of Representatives, and the appropriate subcommittee of each such committee, and

"(2) the Committee on Foreign Relations of the Senate, the Committee on Appropriations of the Senate, and the appropriate subcommittee of each such committee,

for the purpose of discussing the position of the executive branch and the views of the Congress with respect to any international negotiations being held to consider future replenishments or capital expansions of any multilateral development bank which may involve an increased contribution or subscription by the United States. Such consultation shall be made (A) not later than 30 days before the initiation of such international negotiations, (B) during the period in which such negotiations are being held, in a frequent and timely manner, and (C) before a session of such negotiations is held at which the United States representatives may agree to such a replenishment or capital expansion.".

PART 6—MISCELLANEOUS PROVISIONS

ELIMINATION OF CERTAIN REPORTS

Repeal.

SEC. 1371. (a)(1) Section 31 of the Bretton Woods Agreements Act (22 U.S.C. 286e-10) is repealed.

(2) Section 35 of that Act (22 U.S.C. 286u) is amended by striking out ", and shall report" and all that follows through "goal".

(b)(1) Section 801 of Public Law 95-118 (22 U.S.C. 262f) is amended—

(A) by striking out "(a)"; and

(B) by repealing subsection (b).

(2) Section 901 of that Act (22 U.S.C. 262g) is amended—

(A) by striking out "(a)"; and

(B) by repealing subsection (b).

EFFECTIVE DATE AND AVAILABILITY OF FUNDS

22 USC 290i note.

SEC. 1372. This subtitle shall take effect upon its enactment, except that funds authorized to be appropriated by any provision contained

in part 1 or part 4 shall not be available for use or obligation prior to October 1, 1981.

Subtitle C—Foreign Assistance and Foreign Affairs Agencies

AUTHORIZATION CEILINGS

SEC. 1381. The following ceilings are hereby established:

(1) AMERICAN SCHOOLS AND HOSPITALS ABROAD: The amount authorized to be appropriated for the fiscal year 1982 to carry out section 214 of the Foreign Assistance Act of 1961 shall not exceed $20,000,000. 22 USC 2174 note. 22 USC 2174.

(2) INTERNATIONAL ORGANIZATIONS AND PROGRAMS: The amount authorized to be appropriated for the fiscal year 1982 under section 302(a)(1) of the Foreign Assistance Act of 1961 shall not exceed $255,650,000. 22 USC 2222 note. 22 USC 2222.

(3) INTERNATIONAL NARCOTICS CONTROL: The amount authorized to be appropriated for the fiscal year 1982 to carry out section 481 of the Foreign Assistance Act of 1961 shall not exceed $37,700,000. 22 USC 2291a note. 22 USC 2291.

(4) INTERNATIONAL DISASTER ASSISTANCE: The amount authorized to be appropriated for the fiscal year 1982 under section 492 of the Foreign Assistance Act of 1961 to carry out section 491 of that Act shall not exceed $27,000,000. 22 USC 2292a note. 22 USC 2292a. 22 USC 2292.

(5) INTER-AMERICAN FOUNDATION: The amount authorized to be appropriated for the fiscal year 1982 to carry out section 401 of the Foreign Assistance Act of 1969 shall not exceed $12,000,000. 22 USC 290f note. 22 USC 290f.

(6) PEACE CORPS: The amount authorized to be appropriated for the fiscal year 1982 under section 3(b) of the Peace Corps Act to carry out that Act shall not exceed $105,000,000. 22 USC 2502 note. 22 USC 2502.

(7) INTERNATIONAL ORGANIZATIONS AND CONFERENCES—ASSESSED CONTRIBUTIONS: The amount authorized to be appropriated for the fiscal year 1982 for assessed contributions to international organizations under "International Organizations and Conferences" shall not exceed $454,591,000.

(8) BOARD FOR INTERNATIONAL BROADCASTING: The amount authorized to be appropriated for the fiscal year 1982 under section 8(a)(1)(A) of the Board for International Broadcasting Act of 1973 to carry out that Act shall not exceed $98,317,000. 22 USC 2877 note. 22 USC 2877.

(9) INTERNATIONAL COMMUNICATION AGENCY—SALARIES AND EXPENSES: The amount authorized to be appropriated for the fiscal year 1982 for salaries and expenses for the International Communication Agency, excluding amounts authorized by section 704 of the United States Information and Educational Exchange Act of 1948 (relating to nondiscretionary personnel costs and currency fluctuations), shall not exceed $452,187,000. 22 USC 1477b note. 22 USC 1477b.

(10) ARMS CONTROL AND DISARMAMENT AGENCY: The amount authorized to be appropriated for the fiscal year 1982 under section 49(a)(1) of the Arms Control and Disarmament Act to carry out the purposes of that Act (other than the amounts necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs, and to offset adverse fluctuations in foreign currency exchange rates) shall not exceed $18,268,000. 22 USC 2589 note. 22 USC 2589.

TITLE XIV—DEPARTMENT OF INTERIOR AND RELATED PROGRAMS

Appropriation limitations.
43 USC 1457a.

SEC. 1401. (a) Notwithstanding any other provision of law, there shall not be appropriated to the Secretary of the Interior for Department of the Interior programs as defined in subsection (e) in excess of $4,095,404,000 for the fiscal year ending on September 30, 1981; in excess of $3,970,267,000 for the fiscal year ending on September 30, 1982; $4,680,223,000 for the fiscal year ending on September 30, 1983; and $4,797,281,000 for the fiscal year ending on September 30, 1984.

(b) It is the sense of the Congress that the appropriation targets for such fiscal years should be: not less than $275,000,000 to be appropriated annually pursuant to the provisions of the Land and Water Conservation Fund Act of 1965 (78 Stat. 897; 16 U.S.C. 460z); not less than $30,000,000 to be appropriated annually pursuant to the provisions of the National Historic Preservation Act of 1966 (80 Stat. 915; 16 U.S.C. 470); not less than $10,000,000 to be appropriated annually pursuant to the provisions of the Urban Park and Recreation Recovery Act of 1978 (92 Stat. 3538; 16 U.S.C. 2501, et seq.); not less than $105,000,000 to be appropriated annually to be used for the restoration and rehabilitation of units of the National Park System, as authorized by law; not less than $239,000,000 to be appropriated annually for the Office of Territorial and International Affairs (including amounts for the Trust Territory of the Pacific Islands); not less than $6,200,000 to be appropriated annually to carry out the provisions of title III of the Surface Mining Control and Reclamation Act of 1977 (91 Stat. 445); and not less than $100,000,000 to be appropriated annually pursuant to the Act of October 20, 1976 (90 Stat. 2662; 31 U.S.C. 1601, et seq.) including not less than $5,000,000 annually to carry out the purposes of section 3 of said Act.

30 USC 1221.

(c) Notwithstanding the limitation otherwise imposed by subsection (a) of this section—

(1) the authorization for obligation and appropriations for the Department of the Interior may exceed the amount specified in subsection (a) by such amount as permanent and annual indefinite appropriations exceed the estimates for such appropriations as contained in "The Budget of the United States Government, Fiscal Year 1982," as revised by the March 1981, publication of the Office of Management and Budget entitled "Fiscal Year 1982 Budget Revisions", when receipts available to be appropriated equal or exceed such appropriations, and

(2) the authorization for obligation and appropriations for the Department of the Interior may exceed the amount specified in subsection (a) by such amounts as may be required for emergency firefighting and for increased pay costs authorized by law.

Noncompetitive oil and gas leases, application filing fees.
43 USC 1734 note.
31 USC 483a.
43 USC 1734.

(d)(1) Notwithstanding any other provision of law, effective October 1, 1981, all applications for noncompetitive oil and gas leases shall be accompanied by a filing fee of not less than $25 for each such application: *Provided,* That any increase in the filing fee above $25 shall be established by regulation and subject to the provisions of the Act of August 31, 1951 (65 Stat. 290), the Act of October 20, 1976 (90 Stat. 2765) but not limited to actual costs. Such fees shall be retained as a service charge even though the application or offer may be rejected or withdrawn in whole or in part.

Study.
Report to Congress.

(2) The Secretary of the Interior is hereby directed to conduct a study and report to Congress within one year of the date of enactment of this Act, regarding the current annual rental charges on all

noncompetitive oil and gas leases to investigate the feasibility and effect of raising such rentals.

(e) For the purposes of this section, the term "Department of the Interior programs" means— "Department of the Interior programs." 43 USC 1457a.

(1) Alaska Native Fund amounts included in Bureau of Indian Affairs programs funded from Miscellaneous Trust Funds and Miscellaneous Permanent Appropriations accounts;

(2) Bureau of Land Management programs;

(3) Bureau of Mines programs;

(4) National Park Service programs other than the John F. Kennedy Center for the Performing Arts (including those programs formerly administered by the Heritage Conservation and Recreation Service as of October 1, 1980);

(5) Offices of the Solicitor and the Secretary;

(6) Office of Surface Mining Reclamation and Enforcement programs;

(7) Office of Territorial Affairs programs;

(8) United States Geological Survey programs; and

(9) Bureau of Reclamation (including those programs formerly administered by the Water and Power Resources Service).

ADVISORY COUNCIL ON HISTORIC PRESERVATION

SEC. 1402. Notwithstanding any other provision of law, there shall not be appropriated for programs of the Advisory Council on Historic Preservation in excess of $1,590,000 for the fiscal year ending September 30, 1981; in excess of $1,865,000 for the fiscal year ending on September 30, 1982; in excess of $1,920,000 for the fiscal year ending on September 30, 1983; and in excess of $2,000,000 for the fiscal year ending on September 30, 1984. 16 USC 470t note.

OFFICE OF FEDERAL INSPECTOR FOR THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

SEC. 1403. Notwithstanding any other provision of law, there shall not be appropriated for programs of the Office of Federal Inspector for the Alaska Natural Gas Transportation System in excess of $21,038,000 for the fiscal year ending September 30, 1981; $36,568,000 for the fiscal year ending September 30, 1982; in excess of $45,532,000 for the fiscal year ending on September 30, 1983, or $46,908,000 for the fiscal year ending on September 30, 1984. 15 USC 719e note.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

SEC. 1404. Notwithstanding any other provision of law, there shall not be appropriated for programs of the Pennsylvania Avenue Development Corporation in excess of $31,612,000 for the fiscal year ending September 30, 1981; in excess of $19,040,000 for the fiscal year ending on September 30, 1982; in excess of $19,500,000 for the fiscal year ending on September 30, 1983; or in excess of $19,300,000 for the fiscal year ending September 30, 1984. 40 USC 885 note.

UNITED STATES HOLOCAUST MEMORIAL COUNCIL

SEC. 1405. Notwithstanding any other provision of law, there shall not be appropriated for programs of the United States Holocaust Memorial Council in excess of $900,000 for the fiscal year ending on September 30, 1982, in excess of $950,000 for the fiscal year ending on 36 USC 1408 note.

September 30, 1983, or in excess of $1,000,000 for the fiscal year ending on September 30, 1984.

CORPS OF ENGINEERS

16 USC 460*l*-6a note.

SEC. 1406. Notwithstanding any other provision of law, there shall not be appropriated to the Secretary of Defense for special recreational user fees programs of the corps of Engineers in excess of $5,000,000 for the fiscal year ending September 30, 1981; in excess of $5,200,000 for the fiscal year ending September 30, 1982; in excess of $6,000,000 for the fiscal year ending September 30, 1983; or in excess of $6,000,000 for the fiscal year ending September 30, 1984.

YOUTH CONSERVATION CORPS ACT OF 1970

16 USC 1706 note.
16 USC 1701.

SEC. 1407. No funds may be appropriated to carry out the Act of August 13, 1970, commonly referred to as the Youth Conservation Corps Act of 1970, for fiscal year 1982, 1983, or 1984.

TITLE XV—DEPARTMENT OF JUSTICE AND RELATED PROVISIONS

AUTHORIZATION OF APPROPRIATIONS FOR SALARIES AND EXPENSES OF PATENT AND TRADEMARK OFFICE FOR FISCAL YEAR 1982

35 USC 3 note.

SEC. 1501. Notwithstanding any other provision of law, there are authorized to be appropriated for the payment of salaries and expenses of the Patent and Trademark Office $118,961,000 for the fiscal year ending September 30, 1982, and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

LIMITATION ON APPROPRIATIONS FOR REFUGEE ASSISTANCE FOR FISCAL YEAR 1982

8 USC 1524 note.
8 USC 1521.
8 USC 1522.
8 USC 1522 note.

SEC. 1502. The total amount of appropriations to carry out—

(1) chapter 2 of title IV of the Immigration and Nationality Act (relating to refugee assistance), other than section 412(b) thereof (relating to initial resettlement assistance), and

(2) sections 313(c) and 401 of the Refugee Act of 1980 (Public Law 96-212),

shall not exceed $583,705,000 for fiscal year 1982, and none of the amounts appropriated for fiscal year 1982 to carry out such provisions shall be available to carry out any of the provisions of Public Law 96-422.

8 USC 1522 note.

JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974

42 USC 5671 note.
42 USC 5611.

SEC. 1503. The total amount of appropriations to carry out title II of the Juvenile Justice and Delinquency Prevention Act of 1974 shall not exceed $77,000,000 for fiscal year 1982; $77,500,000 for fiscal year 1983; and $74,900,000 for fiscal year 1984.

TITLE XVI—MARITIME AND RELATED PROGRAMS

Appropriation authorization.

SEC. 1601. Funds are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce of fiscal year 1982, as follows:

(1) for payment of obligations incurred for operating differential subsidy, $417,148,000;

(2) for research and development, $10,491,000;

(3) for operations and training, $74,898,000 including—

(A) $8,005,000 for reserve fleet expenses;

(B) $33,684,000 for maritime education and training expenses, including $19,205,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $12,599,000 for financial assistance to State maritime academies and $1,880,000 for expenses necessary for additional training; and

(C) $33,209,000 for other operating and training expenses.

Appropriation authorization.

SEC. 1602. There are authorized to be appropriated for the fiscal year 1982, in addition to the amounts authorized by section 1601, such supplemental amounts for the activities for which appropriations are authorized under section 1601, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

SEC. 1603. The Merchant Marine Act, 1936, as amended (46 U.S.C. 1101-1294), is further amended by adding a new section 614 to read as follows:

Operating differential subsidy contract. 46 USC 1184.

"SEC. 614. (a) Any operator receiving operating differential subsidy funds may elect, for all or a portion of its ships, to suspend its operating differential subsidy contract with all attendant statutory and contractual restrictions, except as to those pertaining to the domestic intercoastal or coastwise service, including any agreement providing for the replacement of vessels, if—

"(1) the vessel is less than ten years of age;

"(2) the suspension period is not less than twelve months;

"(3) the operator's financial condition is maintained at a level acceptable to the Secretary of Commerce; and

"(4) the owner agrees to pay to the Secretary, upon such terms and conditions as he may prescribe, an amount which bears the same proportion to the construction differential subsidy paid by the Secretary as the portion of the suspension period during which the vessel is operated in any preference trade from which a subsidized vessel would otherwise be excluded by law or contract bears to the entire economic life of the vessel.

"(b) Any operator making an election under this section is entitled to full reinstatement of the suspended contract on request. The Secretary of Commerce may prescribe rules and regulations consistent with the purpose of this section.".

46 USC 1121.

SEC. 1604. Section 809(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1213(a)) is amended by inserting after the second sentence the following: "For the purposes of this section and section 211(a), the Secretary shall establish trade routes, services, or lines that take into account the seasonal closure of the Saint Lawrence Seaway and provide for alternate routing of ships via a diffferent range of ports during that closure so as to maintain continuity of service on a year-round basis. For the purposes of section 605(c), such an alternate routing via a different range of ports shall be deemed to be service from Great Lakes ports, provided such alternative routing is based

46 USC 1175.

upon receipt or delivery of cargo at Great Lakes-Saint Lawrence Seaway ports under through intermodal bills of lading.

SEC. 1605. The Merchant Marine Act, 1936 is amended by adding a new section 909 to read as follows:

46 USC 1248.

"SEC. 909. No vessel may receive construction differential subsidy or operating differential subsidy if it is not offered for enrollment in a sealift readiness program approved by the Secretary of Defense.".

46 USC 1273 and note.

SEC. 1606. (a) Section 203(b) of Public Law 96-320 (94 Stat. 994) is repealed.

Limitation.

(b) Section 1103(f) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1273), is amended to read as follows:

"(f) The aggregate unpaid principal amount of the obligations guaranteed under this section and outstanding at any one time shall not exceed $12,000,000,000, of which $1,650,000,000 shall be limited to obligations pertaining to commerical demonstration ocean thermal energy conversion facilities or plantships guaranteed under section 1110 of this title, and of which $850,000,000 shall be limited to obligations pertaining to guarantees of obligations for fishing vessels and fishery facilities made under this title."

(c) Section 1104(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1274(d)), as amended—

(1) in paragraph (1), by striking "Except as provided in paragraph (2), no" an inserting in lieu thereof "No";

(2) by striking paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(d) Section 1104(g) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1274(g)) is amended—

(1) by striking "(1)" immediately after "(g)"; and

(2) by striking paragraph (2).

(e) The first sentence of section 1105(d) of the Merchant Marine Act, as amended (46 U.S.C. 1275(d)), is amended by striking ", and shall be paid from the appropriate subfund required to be established under section 1104(g)(2)".

(f) The last sentence of section 1110(c) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1279(c)), is amended by striking "$2,000,000,000" and inserting in lieu thereof "$1,650,000,000".

46 USC 1279c.

SEC. 1607. Section 1303(h)(2)(D) of the Merchant Marine Act, 1936 (46 U.S.C. 1295b(h)(2)(D)), is amended by striking "1 Member" and inserting in lieu thereof "2 Members".

"Independent ocean freight forwarder."

SEC. 1608. (a) Section 1 of the Shipping Act, 1916 (39 Stat. 728), as amended (46 U.S.C. 801), is amended by striking at the end thereof the paragraph defining an independent ocean freight forwarder and inserting in lieu thereof the following: "The term 'independent ocean freight forwarder' means a person that is carrying on the business of forwarding for a consideration who is not a shipper, consignee, seller, or purchaser of shipments to foreign countries.".

46 USC 841b.

(b) Section 44 of the Shipping Act, 1916 (75 Stat. 552; 46 U.S.C. 841(b)), is amended by adding at the end thereof the following new subsection:

"(f) A forwarder may not receive compensation from a common carrier with respect to any shipment in which the forwarder has a beneficial interest or with respect to any shipment in which any holding company, subsidiary, affiliate, officer, director, agent, or executive of such forwarder has a beneficial interest.".

"Independent ocean freight forwarder."

46 USC 801 and note.

(c) This section shall remain in effect until December 31, 1983, after which time the definition in section 1, Shipping Act, 1916, of 'independent ocean freight forwarder' shall read: "An 'independent ocean freight forwarder' is a person carrying on the business of forwarding

for a consideration who is not a shipper or consignee or a seller or purchaser of shipments to foreign countries, nor has any beneficial interest therein, nor directly or indirectly controls or is controlled by such shipper or consignee or by any person having such a beneficial interest." By June 1, 1983, the Federal Maritime Commission shall submit a report to Congress evaluating the enforceability of this section and describing any reasons why this section should not be made permanent law.

Report to Congress.

SEC. 1609. The Secretary of Commerce shall conduct a study comparing the relative costs of repairing and outfitting the training vessel Bay State with the costs of reactivating and converting the steamship Tulare of the United States Naval Reserve Fleet, in order to aid in the determination of the appropriate vessel for use as the training ship of the Massachusetts Maritime Academy. This study shall be completed and submitted to the Congress within ninety days of enactment of this Act.

Study, submittal to Congress.

SEC. 1610. The Merchant Marine Act, 1936 (46 U.S.C. 1101 et seq.) is amended by adding a new section 615 to read as follows:

"SEC. 615. (a) The Secretary of Commerce may, until September 30, 1983, authorize an operator receiving or applying for operating differential subsidy under this title to construct, reconstruct, or acquire its vessels of over five thousand deadweight tons in a foreign shipyard if the Secretary finds and certifies in writing that such operator's application for construction differential subsidy cannot be approved due to the unavailability of funds in the construction differential subsidy account. Vessels constructed, reconstructed, or modified pursuant to this section shall be deemed to have been United States built for the purposes of this title, section 901(b) of this Act, and section 5(7) of the Port and Tanker Safety Act of 1978 (46 U.S.C. 391(a)(7)): *Provided,* That the provisions of section 607 of this Act shall not apply to vessels constructed, reconstructed, modified, or acquired pursuant to this section.

46 USC 1185.

46 USC 1241.
46 USC 391a.

"(b) The provisions of this section shall be effective for fiscal year 1983 only if the President in his annual budget message for that year requests at least $100,000,000 in construction differential subsidy or proposes an alternate program that would create equivalent merchant shipbuilding activity in privately owned United States shipyards and the Secretary reports to Congress on the effect such action will have on the shipyard mobilization base at least thirty days prior to making the certification referred to in subsection (a).".

TITLE XVII—CIVIL SERVICE AND POSTAL SERVICE PROGRAMS; GOVERNMENTAL AFFAIRS GENERALLY

Subtitle A—Civil Service Programs

4.8 PERCENT PAY CAP ON FEDERAL EMPLOYEES

SEC. 1701. (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.

5 USC 5305 note.

5 USC 5343 note.

(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

5 USC 5343 note.

(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 with regard to the limitation contained in section 114(a)(2) of Public Law 96-369).

5 USC 5341.

(2) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or section 704(b) of the Civil Service Reform Act of 1978, the provisions of paragraph (1) shall apply (in such manner as the Office of Personnel Management shall prescribe) to prevailing rate employees to whom such section 9(b) applies, except that the provisions of paragraph (1) shall not apply to any increase in a wage schedule or rate which is required by the terms of a contract entered into before the date of the enactment of this Act.

5 USC 5343 note.

ANNUALIZATION OF COST-OF-LIVING ADJUSTMENT FOR FEDERAL EMPLOYEES

SEC. 1702. (a) Section 8340(b) of title 5, United States Code, is amended to read as follows:

"(b) Except as provided in subsection (c) of this section, effective March 1 of each year each annuity payable from the Fund having a commencing date not later than such March 1 shall be increased by the percent change in the price index published for December of the preceding year over the price index published for December of the year prior to the preceding year, adjusted to the nearest 1/10 of 1 percent.".

(b) Section 8340(c)(1) of title 5, United States Code, is amended to read as follows:

"(1) The first increase (if any) made under subsection (b) of this section to an annuity which is payable from the Fund to an employee or Member who retires, to the widow or widower of a deceased employee or Member, or to the widow or widower of a deceased annuitant whose annuity has not been increased under this subsection or subsection (b) of this section, shall be equal to the product (adjusted to the nearest 1/10 of 1 percent) of—

"(A) 1/12 of the applicable percent change computer under subsection (b) of this section, multiplied by

"(B) the number of months (counting any portion of a month as a month)—

"(i) for which the annuity was payable from the Fund before the effective date of the increase, or

"(ii) in the case of a widow or widower of a deceased annuitant whose annuity has not been so increased, since the annuity was first payable to the deceased annuitant.".

Effective date. 5 USC 8340 note.

(c) The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to annuities which commence before, on, or after such date.

AWARDS FOR THE DISCLOSURE OF WASTE, FRAUD, AND MISMANAGEMENT

SEC. 1703. (a) Chapter 45 of title 5, United States Code, is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER II—AWARDS FOR COST SAVINGS DISCLOSURES

"§ 4511. Definition and general provisions 5 USC 4511.

"(a) For purposes of this subchapter, the term 'agency' means any Executive agency. "Agency."

"(b) A cash award under this subchapter is in addition to the regular pay of the recipient. Acceptance of a cash award under this subchapter constitutes an agreement that the use by the Government of an idea, method, or device for which the award is made does not form the basis of a further claim of any nature against the Government by the employee, his heirs, or assigns.

"§ 4512. Agency awards for cost savings disclosures 5 USC 4512.

"(a) The Inspector General of an agency, or any other agency employee designated under subsection (b), may pay a cash award to any employee of such agency whose disclosure of fraud, waste, or mismanagement to the Inspector General of the agency, or to such other designated agency employee, has resulted in cost savings for the agency. The amount of an award under this section may not exceed the lesser of—

"(1) $10,000; or

"(2) an amount equal to 1 percent of the agency's cost savings which the Inspector General, or other employee designated under subsection (b), determines to be the total savings attributable to the employee's disclosure.

For purposes of paragraph (2), the Inspector General or other designated employee may take into account agency cost savings projected for subsequent fiscal years which will be attributable to such disclosure.

"(b) In the case of an agency for which there is no Inspector General, the head of the agency shall designate an agency employee who shall have the authority to make the determinations and grant the awards permitted under this section.

"(c)(1) The Inspector General, or other employee designated under subsection (b), shall submit to the Comptroller General documentation substantiating any award made under this section.

"(2) The Comptroller General shall, from time to time, review awards made under this section and procedures used in making such awards to verify the cost savings for which the awards were made.

"§ 4513. Presidential awards for cost savings disclosures 5 USC 4513.

"The President may pay a cash award in the amount of $20,000 to any employee whose disclosure of fraud, waste, or mismanagement has resulted in substantial cost savings for the Government. In evaluating the significance of a cost savings disclosure made by an employee for purposes of determining whether to make an award to such employee under this section, the President may take into account cost savings projected for subsequent fiscal years which will be attributable to the disclosure. During any fiscal year, the President may not make more than 50 awards under this section.

5 USC 4514.

"§ 4514. Expiration of authority

"No award may be made under this title after September 30, 1984.".

(b)(1) Chapter 45 of title 5, United States Code, is amended by inserting immediately before section 4501 the following new subchapter heading:

"Subchapter I—Awards for Superior Accomplishments".

(2) Chapter 45 of title 5, United States Code, is amended in sections 4501, 4502, 4505, and 4506, by striking out "chapter" each place it appears and inserting in lieu thereof "subchapter".

(3) The analysis for chapter 45 of title 5, United States Code, is amended—

(A) by inserting immediately after the chapter heading the following new item:

"Subchapter I—Awards for Superior Accomplishments";

and

(B) by inserting after the item relating to section 4507 the following:

"Subchapter II—Awards for Cost Savings Disclosures

"4511. Definition and general provisions.
"4512. Agency awards for cost savings disclosures.
"4513. Presidential awards for cost savings disclosures.
"4514. Expiration of authority.".

Effective date.
5 USC 4501 note.

(c) The amendments made by this section shall take effect on October 1, 1981.

REDUCTIONS IN FORCE OF CAREER SENIOR EXECUTIVES

SEC. 1704. (a)(1) Chapter 35 of title 5, United States Code, relating to retention preference, restoration, and reemployment, is amended by redesignating section 3595 as section 3596 and by inserting after section 3594 the following new section:

5 USC 3595.

"§ 3595. Reduction in force in the Senior Executive Service

"(a) An agency shall establish competitive procedures for determining who shall be removed from the Senior Executive Service in any reduction in force of career appointees within that agency. The competitive procedures shall be designed to assure that such determinations are primarily on the basis of performance, as determined under subchapter II of chapter 43 of this title.

5 USC 4311.

"(b)(1) This subsection applies to any career appointee who has successfully completed the probationary period prescribed under section 3393(d) of this title.

"(2) Except as provided in paragraphs (4) and (5), a career appointee may not be removed from the Senior Executive Service due to a reduction in force within an agency.

"(3) A career appointee who, but for this subsection, would be removed from the Senior Executive Service due to a reduction in force within an agency—

"(A) is entitled to be assigned by the head of that agency to a vacant Senior Executive Service position for which the career appointee is qualified; or

"(B) if the agency head certifies, in writing, to the Office of Personnel Management that no such position is available in the agency, is entitled to be placed by the Office in any agency in any vacant Senior Executive Service position unless the head of that agency determines that the career appointee is not qualified for that position.

The Office of Personnel Management shall take all reasonable steps to place a career appointee under subparagraph (B) and may require any agency to take any action which the Office considers necessary to carry out any such placement.

"(4) A career appointee who is not assigned under paragraph (3)(A) may be removed from the Senior Executive Service and the civil service due to a reduction in force if—

"(A) the career appointee declines a reasonable offer for placement in a Senior Executive Service position under paragraph (3)(B); or

"(B) subject to paragraph (5), the career appointee is not placed in another Senior Executive Service position under paragraph (3)(B) within 120 days after the Office receives certification regarding that appointee under paragraph (3)(B).

"(5) An individual who was a career appointee on May 31, 1981, may be removed from the Senior Executive Service and the civil service due to a reduction in force after the 120-day period specified in paragraph (4)(B) only if the Director of the Office of Personnel Management certifies to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Governmental Affairs of the Senate, no later than 30 days prior to the effective date of such removal, that—

"(A) the Office has taken all reasonable steps to place the career appointee in accordance with paragraph (3) of this subsection, and

"(B) due to the highly specialized skills and experience of the career appointee, the Office has been unable to place the career appointee.

"(c) A career appointee is entitled to appeal to the Merit Systems Protection Board under section 7701 of this title—

"(1) whether the reduction in force complies with the competitive procedures required under subsection (a),

"(2) any removal under subsection (b)(4)(A), and

"(3) in the event the career appointee is not placed under subsection (b)(3) of this section whether the Office of Personnel Management took all reasonable steps to achieve such placement.

"(d) For purposes of this section, 'reduction in force' includes the elimination or modification of a position due to a reorganization, due to a lack of funds or curtailment of work, or due to any other factor.". "Reduction in force."

(2) The table of sections for chapter 35 of title 5, United States Code, is amended by striking out the item relating to section 3595 and inserting in lieu thereof the following:

"3595. Reduction in force in the Senior Executive Service.
"3596. Regulations.".

(b) Section 3593 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(c)(1) A former career appointee shall be reinstated, without regard to section 3393(b) and (c) of this title, to any vacant Senior Executive Service position in an agency for which the appointee is qualified if—

"(A) the individual was a career appointee on May 31, 1981;

"(B) the appointee was removed from the Senior Executive Service under section 3595 of this title due to a reduction in force in that agency;

"(C) before the removal occurred, the appointee successfully completed the probationary period established under section 3393(d) of this title; and

"(D) the appointee applies for that vacant position within one year after the Office receives certification regarding that appointee pursuant to section 3595 (b)(3)(B) of this title.

"(2) A career appointee is entitled to appeal to the Merit Systems Protection Board under section 7701 of this title any determination by the agency that the appointee is not qualified for a position for which the appointee applies under paragraph (1) of this subsection.".

(c) Section 3393 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(g) A career appointee may not be removed from the Senior Executive Service or civil service except in accordance with the applicable provisions of sections 1207, 3592, 3595, 7532, or 7543 of this title.".

(d)(1) Section 7542 of title 5, United States Code, is amended by inserting "or 3595" after "3592".

(2) Section 7543(a) of title 5, United States Code, is amended by striking out "such cause" and all that follows down through the period and inserting in lieu thereof "misconduct, neglect of duty, or malfeasance.".

Effective date.
5 USC 3595 note.

(e)(1) Subject to paragraph (2), the amendments made by this section shall be effective as of June 1, 1981.

(2)(A) Except as provided in subparagraph (B), the amendments made by this section shall apply to any career appointee removed from the civil service after May 31, 1981, and before the date of the enactment of this section if, not later than 14 days after such date of enactment, application therefor is made to the Office of Personnel Management and to the head of the agency in which the appointee was employed.

(B) The provisions of section 3595(a), as added by subsection (a)(1), shall take effect on the date of the enactment of this Act.

(3) The effectiveness of the amendments made by this section shall be subject to section 415(b) of the Civil Service Reform Act of 1978 (5 U.S.C. 3131 note) to the same extent and manner as the amendments made by title IV of that Act.

5 USC 2101a.

VOLUNTARY STATE INCOME TAX WITHHOLDING FOR ANNUITANTS

SEC. 1705. (a) Section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(k)(1) The Office shall, in accordance with this subsection, enter into an agreement with any State within 120 days of a request for agreement from the proper State official. The agreement shall provide that the Office shall withhold State income tax in the case of the monthly annuity of any annuitant who voluntarily requests, in writing, such withholding. The amounts withheld during any calendar quarter shall be held in the Fund and disbursed to the States during the month following that calendar quarter.

"(2) An annuitant may have in effect at any time only one request for withholding under this subsection, and an annuitant may not have more than two such requests in effect during any one calendar year.

"(3) Subject to paragraph (2) of this subsection, an annuitant may change the State designated by that annuitant for purposes of having withholdings made, and may request that the withholdings be remitted in accordance with such change. An annuitant also may revoke any request of that annuitant for withholding. Any change in the State designated or revocation is effective on the first day of the month after the month in which the request or the revocation is processed by the Office, but in no event later than on the first day of the second month beginning after the day on which such request or revocation is received by the Office.

"(4) This subsection does not give the consent of the United States to the application of a statute which imposes more burdensome requirements on the United States than on employers generally, or which subjects the United States or any annuitant to a penalty or liability because of this subsection. The Office may not accept pay from a State for services performed in withholding State income taxes from annuities. Any amount erroneously withheld from an annuity and paid to a State by the Office shall be repaid by the State in accordance with regulations issued by the Office.

"(5) For the purpose of this subsection, 'State' means a State, the District of Columbia, or any territory or possession of the United States.". "State."

(b) The amendment made by subsection (a) shall take effect October 1, 1981. Effective date. 5 USC 8345 note.

(c) The Civil Service Retirement and Disability Fund is available for expenses incurred by the Office of Personnel Management in the initial implementation of the amendments made by this section. 5 USC 8345 note.

Subtitle B—Savings Under the Postal Service Program

AUTHORIZATIONS FOR PUBLIC SERVICE APPROPRIATIONS

SEC. 1721. Section 2401(b)(1) of title 39, United States Code, is amended—

(1) in subparagraph (D), by striking out "an amount equal to 7 percent of such sum for fiscal year 1971" and inserting in lieu thereof "$250,000,000";

(2) in subparagraph (E), by striking out "an amount equal to 6 percent of such sum for fiscal year 1971" and inserting in lieu thereof "$100,000,000"; and

(3) in subparagraph (F), by striking out "an amount equal to 5 percent of such sum for fiscal year 1971" and inserting in lieu thereof "no funds are authorized to be appropriated".

CONTINUATION OF SIX-DAY MAIL DELIVERY

SEC. 1722. During fiscal years 1982 through 1984, the Postal Service shall take no action to reduce or to plan to reduce the number of days each week for regular mail delivery. 39 USC 403 note.

REDUCTION OF AUTHORIZATION FOR REVENUE FOREGONE

SEC. 1723. (a) Notwithstanding section 2401(c) of title 39, United States Code, the amount authorized to be appropriated under such section shall not exceed— 39 USC 2401 note.

(1) $696,000,000 for fiscal year 1982;

(2) $708,000,000 for fiscal year 1983; or

(3) $760,000,000 for fiscal year 1984.

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(b)(1) If during any of the fiscal years 1982 through 1984, the amount which would have been authorized to be appropriated under section 2401(c) of title 39, United States Code, if this section were not enacted exceeds the amount authorized to be appropriated by subsection (a) of this section for that fiscal year, the rates for the class of mail under former sections 4452(b) and 4452(c) of such title shall be adjusted (in the same manner as rates are adjusted under section 3627 of such title) so that the increased revenues received from the users of such class of mail will equal the amount of such difference. During such fiscal years, adjustments in rates under such section 3627 as a result of a failure of appropriations (as described by that section) may be made under section 3627 only to the extent permitted under paragraph (2) of this subsection.

(2) If during any of the fiscal years 1982 through 1984 the Congress fails to appropriate the maximum amount authorized by subsection (a) of this section for purposes of section 2401(c) of title 39, United States Code, then rates for any class of mail sent at a free or reduced rate under section 3217 or section 3626 of such title 39, under the Federal Voting Assistance Act of 1955, or under the Overseas Citizens Voting Rights Act of 1975, may be adjusted during such fiscal year in accordance with section 3627 of title 39, United States Code, in order to provide for additional revenues equal to the difference between (A) the maximum amount authorized to be appropriated for such fiscal year by subsection (a) of this section, and (B) any lesser amount actually appropriated for such fiscal year for purposes of section 2401(c) of title 39, United States Code.

50 USC 1451 note.
42 USC 1973dd note.

REDUCTION OF TRANSITIONAL APPROPRIATIONS

39 USC 2004 note.

SEC. 1724. (a) Notwithstanding the authorization contained in section 2004 of title 39, United States Code, no sums are authorized to be appropriated to the Fund for the purposes of such section during fiscal years 1982 through 1984. During fiscal year 1985, there are authorized to be appropriated to the Fund such amounts as may be necessary to carry out such section during such fiscal year, together with such amounts as would have been available to the Fund for fiscal years 1982 through 1984 were this section not enacted.

(b) From amounts available to the Postal Service from the Fund, during fiscal years 1982 through 1984 the Postal Service shall meet the transitional expenses referred to under section 2004 of title 39, United States Code, to the same extent as the Postal Service would have met such expenses were subsection (a) of this section not enacted.

QUARTERLY PAYMENTS OF APPROPRIATIONS TO THE POSTAL SERVICE FUND

SEC. 1725. Section 2003(e) of title 39, United States Code, is amended—

(1) by inserting "(1)" after "(e)"; and

(2) by adding at the end thereof the following:

"(2) Funds appropriated to the Postal Service under sections 2401 and 2004 of this title shall be apportioned as provided in this paragraph. From the total amounts appropriated to the Postal Service for any fiscal year under the authorizations contained in sections 2401 and 2004 of this title, the Secretary of the Treasury shall make available to the Postal Service 25 percent of such amount at the beginning of each quarter of such fiscal year.".

PROHIBITION OF 9-DIGIT ZIP CODE

SEC. 1726. (a) The Postal Service shall not implement any ZIP code system using more than 5 digits before October 1, 1983. This subsection shall not be construed as precluding the Postal Service or the Postal Rate Commission from taking such actions as may be required before October 1, 1983, to prepare for the implementation of such a ZIP code system. 39 USC 403 note.

(b) During the period beginning on the date of the enactment of this Act and ending December 31, 1982, no Executive agency shall take any action to conform its mailing procedures to those appropriate for use under any ZIP code system using more than 5 digits. As used in this subsection, the term "Executive agency" has the same meaning given such term by section 105 of title 5, United States Code. "Executive agency."

EFFECTIVE DATE

SEC. 1727. The provisions of this subtitle (other than section 1726 and this section) shall take effect on October 1, 1981. The provisions of sections 1726 and this section shall take effect on the date of the enactment of this Act. 39 USC 2003 note.

Subtitle C—Governmental Affairs Generally

CHAPTER 1—CONSULTANTS AND TRAVEL

REDUCTION IN EXPENDITURES FOR CONSULTANTS

SEC. 1731. (a) The President shall submit with the Budget of the United States Government transmitted by the President under section 201(a) of the Budget and Accounting Act, 1921, in January, 1982, a rescission bill (as that term is defined in section 1011(3) of the Impoundment Control Act of 1974) to reduce by the amount described in subsection (b) the total amount of funds appropriated for the fiscal year 1982 which may be obligated for consultant services, management and professional services, and special studies and analyses for all departments, agencies, and instrumentalities of the executive branch of the Government. Such bill shall be accompanied by a special message specifying the matters required by paragraphs (1) through (5) of section 1012(a) of the Impoundment Control Act of 1974 with respect to the rescission proposal and shall specifically allocate the reduction in such total amount required by the preceding sentence among the departments, agencies, and instrumentalities of the executive branch. 31 USC 11. 31 USC 1401. 31 USC 1402.

(b) The amount of the reduction referred to in subsection (a) shall be $500,000,000 less the difference between—

(1) the amounts which can be identified for the consultant services, management and professional services, and special studies and analyses referred to in subsection (a) in the Budget of the United States Government for the fiscal year 1982 which was transmitted by the President on January 15, 1981, under section 201(a) of the Budget and Accounting Act, 1921, and

(2) the amounts appropriated for the fiscal year 1982 for such purposes,

to the extent that the amounts described in paragraph (1) exceed the amounts described in paragraph (2). The special message required by subsection (a) shall identify the amounts in appropriations Acts and

the amounts in the Budget of the United States Government on the basis of which the reduction described in this subsection is calculated.

REDUCTION IN EXPENDITURES FOR TRAVEL BY FEDERAL EMPLOYEES

SEC. 1732. (a) The President shall submit with the Budget of the United States Government transmitted by the President under section 201(a) of the Budget and Accounting Act, 1921, in January, 1982, a rescission bill (as that term is defined in section 1011(3) of the Impoundment Control Act of 1974) to reduce by the amount described in subsection (b) the total amount of funds appropriated for the fiscal year 1982 which may be obligated for direct administrative travel for all departments, agencies, and instrumentalities of the executive branch of the Government. Such bill shall be accompanied by a special message specifying the matters required by paragraphs (1) through (5) of section 1012(a) of the Impoundment Control Act of 1974 with respect to the rescission proposal and shall specifically allocate the reduction in such total amount required by the preceding sentence among the departments, agencies, and instrumentalities of the executive branch. In making such allocation, the President shall not—

31 USC 11.
31 USC 1401.
31 USC 1402.

(1) propose the reduction of any amounts to be obligated for debt collection, supervision of loans, necessary and essential law enforcement activities, or emergency national defense activities of the Federal Government; or

(2) propose the reduction of the total amount which may be obligated by any department, agency, or instrumentality for direct administrative travel for officers and employees of such department, agency, or instrumentality by more than 15 percent of the amount proposed thereof in such budget.

(b) The amount of the reduction referred to in subsection (a) shall be $100,000,000 less the difference between—

(1) the amounts which can be identified for the direct administrative travel referred to in subsection (a) in the Budget of the United States Government for the fiscal year 1982 which was transmitted by the President on January 15, 1981, under section 201(a) of the Budget and Accounting Act, 1921, and

(2) the amounts appropriated for the fiscal year 1982 for such purposes,

to the extent that the amounts described in paragraph (1) exceed the amounts described in paragraph (2). The special message required by subsection (a) shall identify the amounts in the appropriations Acts and the amounts in the Budget of the United States Government on the basis of which the reduction described in this subsection is calculated.

CHAPTER 2—BLOCK GRANT FUNDS

DISTRIBUTION OF BLOCK GRANT FUNDS

31 USC 1243 note.

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

(b) For purposes of this chapter—

(1) block grant funds are funds which are received for a program—

(A) which provides for the direct allocation of funds to States only, except for the allocation of funds for use by the Federal agency administering the program; and

(B) which provides funds that may be used at the discretion of the State, in whole or in part, for the purpose of continuing to support activities funded, immediately before the date of the enactment of this Act, under programs the authorizations of which are discontinued by this Act and which were funded, immediately before such date of the enactment, by Federal Government allocations to units of local government or other eligible entities, or both; and

(2) "State" includes the District of Columbia and any territory or possession of the United States. "State."

REPORTS ON PROPOSED USE OF FUNDS; PUBLIC HEARINGS

SEC. 1742. (a) Each State shall prepare a report on the proposed use of block grant funds received by that State, including (1) a statement of goals and objectives, (2) information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served, and (3) the criteria and method established for the distribution of the funds, including details on how the distribution of funds will be targeted on the basis of need to achieve the purposes of the block grant funds. Beginning in the fiscal year 1983, the report required by this subsection shall include a description of how the State has met the goals, objectives, and needs in the use of funds for the previous fiscal year as identified in the report prepared pursuant to this subsection for that previous fiscal year. 31 USC 1243 note.

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

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

TRANSITION PROVISION

SEC. 1743. (a) In the fiscal year 1982 only, each State shall certify to the responsible Federal agency that it is in compliance with section 1742 and that it is prepared to use all or part of available block grant funds. Such certifications shall be submitted to the responsible Federal agency prior to the beginning of the first quarter of the fiscal year 1982 or at least 30 days before the beginning of any other quarter of that fiscal year. For purposes of this section, the quarters for the fiscal year 1982 shall commence on October 1, January 1, April 1, and July 1 of the fiscal year 1982. 31 USC 1243 note.

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

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

ACCESS TO RECORDS BY COMPTROLLER GENERAL

31 USC 1243 note.

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

STATE AUDITING REQUIREMENTS

31 USC 1243 note.

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

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

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

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

TITLE XVIII—WATER RESOURCE DEVELOPMENT AND ECONOMIC DEVELOPMENT PROGRAMS

Subtitle A—Water Projects

PART 1—WATER POLLUTION CONTROL

33 USC 1287.

SEC. 1801. (a) Section 207 of the Federal Water Pollution Control Act is amended by striking out "September 30, 1981, and September 30, 1982, not to exceed $5,000,000,000 per fiscal year." and inserting in lieu thereof "not to exceed $5,000,000,000; for the fiscal year ending September 30, 1981, not to exceed $2,548,837,000; and for the fiscal year ending September 30, 1982, not to exceed $0, unless there is enacted legislation establishing an allotment formula for fiscal year 1982 construction grant funds and otherwise reforming the municipal sewage treatment construction grant program under this title, in which case the authorization for fiscal year 1982 shall be an amount not to exceed $2,400,000,000.".

Appropriation authorization.
33 USC 1285 note.
33 USC 1285.

(b) There is authorized to be appropriated to the Administrator of the Environmental Protection Agency for the fiscal year ending September 30, 1982, not to exceed $40,000,000 to carry out section 205(g) of the Federal Water Pollution Control Act. The Administrator shall make such authorization available to the States in accordance with such section 205(g) in the same manner and to the same extent

as would be the case if $2,000,000,000 had been authorized under section 207 of such Act, using the same allotment table as was applicable to the fiscal year ending September 30, 1981. 33 USC 1287.

PART 2—RIVER AND HARBOR, FLOOD CONTROL, AND RELATED PROJECTS

Appropriation authorization. 33 USC 540 note.

SEC. 1805. Notwithstanding any other provision of law, the total amount authorized to be appropriated to the Secretary of the Army, acting through the Chief of Engineers, for construction of river and harbor, flood control, shore protection, and related authorized projects (other than the project for the Mississippi River and tributaries) and detailed studies, and plans and specifications, of projects authorized or made eligible for selection by law, shall not exceed $1,546,755,000 for the fiscal year ending September 30, 1982; $1,688,948,000 for the fiscal year ending September 30, 1983; and $1,575,750,000 for the fiscal year ending September 30, 1984.

16 USC 460*l*–6a note.

SEC. 1806. Notwithstanding any other provision of law, there shall not be appropriated to the Secretary of Defense for special recreational user fees programs of the Corps of Engineers in excess of $5,000,000 for the fiscal year ending September 30, 1981; in excess of $5,200,000 for the fiscal year ending September 30, 1982; in excess of $6,000,000 for the fiscal year ending September 30, 1983; or in excess of $6,000,000 for the fiscal year ending September 30, 1984.

SEC. 1807. (a) Subject to enactment of legislation establishing a National Board on Water Resources Policy, there is hereby authorized to be appropriated to such Board for the purposes of coordination of water resources policy and water resources planning grants to the States the sum of $12,500,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984. Upon establishment of a National Board on Water Resources Policy, all unobligated funds of the Water Resources Council, established by the Water Resources Planning Act, are transferred to such National Board. Funds, transfer.

Limitation. 42 USC 7874 note.

(b) No funds are authorized to be appropriated to the Secretary of the Interior for the purposes of water resources research and development, saline water research, development and demonstration, and associated activities in excess of $23,650,000 per fiscal year for each of the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984.

PART 3—TVA PROJECT

North Alabama Coal Gasification Project.

SEC. 1811. No amount shall be authorized to be appropriated for the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, to the Tennessee Valley Authority to carry out the North Alabama Coal Gasification Project at Murphy Hill, Alabama. The Tennessee Valley Authority shall provide for the repayment out of its proceeds from the project with interest at the rate established in accordance with section 15d(e) of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831n–4(e)) of all Federal funds invested in the North Alabama Coal Gasification Project at Murphy Hill, Alabama.

Subtitle B—Economic Development Programs

PART 1—PUBLIC WORKS AND ECONOMIC DEVELOPMENT

Appropriation authorization.

SEC. 1821. (a) The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is amended as follows:

42 USC 3135. (1) Section 105 is amended by striking out "September 30, 1981, and September 30, 1982." at the end of the first sentence and inserting in lieu thereof "and September 30, 1981, and not to exceed $150,000,000 for the fiscal year ending September 30, 1982.".

42 USC 3141. (2) Section 201(c) is amended by striking out "September 30, 1981, and September 30, 1982." at the end thereof and inserting in lieu thereof "and September 30, 1981, and not to exceed $46,500,000 for the fiscal year ending September 30, 1982.".

42 USC 3144. (3) Section 204(c) is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981.".

42 USC 3152. (4) Section 303(a) is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981, and not to exceed $35,500,000 for the fiscal year ending September 30, 1982.".

42 USC 3153. (5) The first sentence of section 304(a) is amended by striking out "September 30, 1981, and September 30, 1982," and inserting in lieu thereof "and September 30, 1981,".

42 USC 3171. (6) Section 403(g) is amended by striking out "September 30, 1981, and September 30, 1982," and inserting in lieu thereof "and September 30, 1981,".

42 USC 3172. (7) Section 404 is amended by striking out "September 30, 1981, and September 30, 1982," and inserting in lieu thereof "and September 30, 1981,".

42 USC 3181. (8) Effective September 30, 1981, title V is repealed.

42 USC 3219. (9) Section 709 is amended by inserting ", except that there are hereby authorized to be appropriated to carry out those provisions of the Act for which specific authority for appropriations is not otherwise provided in this Act not to exceed $25,000,000 for the fiscal year ending September 30, 1982" before the period at the end of the first sentence.

42 USC 3236. (10) Title VIII is amended by striking out section 806.

42 USC 3245. (11) Section 905 is amended by striking out "September 30, 1981, and September 30, 1982." and inserting in lieu thereof "and September 30, 1981, and not to exceed $33,000,000 for the fiscal year ending September 30, 1982.".

42 USC 3246g. (12) Section 1007 is amended by striking out "September 30, 1982." and inserting in lieu thereof "September 30, 1981.".

42 USC 3219 note. (b) The total of all authorizations to carry out the Public Works and Economic Development Act of 1965 for the fiscal year 1982 shall not exceed $290,000,000 and in the obligation of such sum the Secretary shall approve projects in accordance with such Act as follows: (1) highest priority to those projects for which applications have been authorized to be filed as of the date of enactment of this section; (2) next priority to those projects for which preapplications or project profiles have been authorized to be filed as of the date of enactment of this section; and (3) thereafter other projects. The Secretary shall ensure that only technically approvable projects under these priorities will be funded, and that no new projects are approved which cannot be completed with funds obligated in fiscal year 1982.

PART 2—APPALACHIAN REGIONAL DEVELOPMENT

SEC. 1822. (a) The Appalachian Regional Development Act of 1965 is amended as follows:

(1) Section 105(b) is amended by striking out "$3,350,000 for the fiscal year ending September 30, 1982 (of such amount not to exceed $550,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff)." and inserting in lieu thereof "$2,900,000 for the fiscal year ending September 30, 1982 (of such amount not to exceed $400,000 shall be available for expenses of the Federal cochairman, his alternate, and his staff).". 40 USC app. 105.

(2) Section 201(g) is amended by striking out "and $215,000,000 for fiscal year 1982" and inserting in lieu thereof "and $165,000,000 for fiscal year 1982". 40 USC app. 201.

(3) Section 401 is amended by striking out "$140,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof "$50,000,000 for the fiscal year ending September 30, 1982.". 40 USC app. 401.

(4) Section 401 is amended by adding at the end thereof the following: "No part of the sums authorized in this section for the fiscal year ending September 30, 1982, shall be obligated for any project unless such project was undertaken with funds obligated in a previous fiscal year or is a capital project which was originally approved for funding in fiscal year 1981 and can be started and completed with funds authorized for fiscal year 1982."

TITLE XIX—SMALL BUSINESS

Small Business Budget Reconciliation and Loan Consolidation/ Improvement Act of 1981.

SEC. 1901. This title may be cited as the "Small Business Budget Reconciliation and Loan Consolidation/Improvement Act of 1981".

SEC. 1902. Subsection (a) of section 7 of the Small Business Act is amended to read as follows: 15 USC 631 note.

"(a) The Administration is empowered to the extent and in such amounts as provided in advance in appropriation Acts to make loans for plant acquisition, construction, conversion, or expansion, including the acquisition of land, material, supplies, equipment, and working capital, and to make loans to any qualified small business concern, including those owned by qualified Indian tribes, for purposes of this Act. Such financings may be made either directly or in cooperation with banks or other financial institutions through agreements to participate on an immediate or deferred (guaranteed) basis. These powers shall be subject, however, to the following restrictions, limitations, and provisions: 15 USC 636. Loan authority limitations.

"(1) No financial assistance shall be extended pursuant to this subsection if the applicant can obtain credit elsewhere. No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no direct financing may be made unless it is shown that a participation is not available.

"(2) In agreements to participate in loans on a deferred basis under this subsection, such participation by the Administration, except as provided in paragraph (6), shall be:

"(A) not less than 90 per centum of the balance of the financing outstanding at the time of disbursement if such financing does not exceed $100,000; and

"(B) subject to the limitation in paragraph (3)—

"(i) not less than 70 per centum nor more than 90 per centum of the financing outstanding at the time of disbursement if such financing exceeds $100,000 but is less than $714,285, and

"(ii) less than 70 per centum of the financing outstanding at the time of disbursement if such financing exceeds $714,285;

Provided, That the Administration shall not use the per centum of guarantee requested as a criterion to establish priorities in approving guarantee requests nor shall the Administration reduce the per centum guaranteed to less than 90 per centum pursuant to subparagraph (B) other than by a determination made on each application.

"(3) No loan under this subsection shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed $500,000: *Provided,* That no such loan made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis shall exceed $350,000.

"(4) The rate of interest on financings made on a deferred basis shall be legal and reasonable but shall not exceed a rate prescribed by the Administration, and the rate of interest for the Administration's share of any direct or immediate participation loan shall not exceed 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 and adjusted to the nearest one-eighth of 1 per centum, and an additional amount as determined by the Administration, but not to exceed 1 per centum per annum: *Provided,* That for those loans to assist any public or private organization for the handicapped or to assist any handicapped individual as provided in paragraph (10) of this subsection, the interest rate shall be 3 per centum per annum.

"(5) No such loans including renewals and extensions thereof may be made for a period or periods exceeding twenty-five years, except that such portion of a loan made for the purpose of acquiring real property or constructing, converting, or expanding facilities may have a maturity of twenty-five years plus such additional period as is estimated may be required to complete such construction, conversion, or expansion.

"(6) All loans made under this subsection shall be of such sound value or so secured as reasonably to assure repayment: *Provided, however,* That—

"(A) for loans to assist any public or private organization or to assist any handicapped individual as provided in paragraph (10) of this subsection any reasonable doubt shall be resolved in favor of the applicant;

"(B) recognizing that greater risk may be associated with loans for energy measures as provided in paragraph (12) of this subsection, factors in determining 'sound value' shall include, but not be limited to, quality of the product or service; technical qualifications of the applicant or his employees; sales projections; and the financial status of the business concern: *Provided further,* That such status need

not be as sound as that required for general loans under this subsection; and

"(C) the Administration shall not decline to participate in a loan on a deferred basis under this subsection solely because such loan will be used to refinance all or any part of the existing indebtedness of a small business concern, unless the Administration determines that—

"(i) the holder of such existing indebtedness is in a position likely to sustain a loss if such refinancing is not provided, and

"(ii) if the Administration provides such refinancing through an agreement to participate on a deferred basis, it will be in a position likely to sustain part or all of any loss which would have otherwise been sustained by the holder of the original indebtedness: *Provided further,* That the Administration may decline to approve such refinancing if it determines that the loan will not benefit the small business concern.

On that portion of the loan used to refinance existing indebtedness held by a bank or other lending institution, the Administration shall limit the amount of deferred participation to 80 per centum of the amount of the loan at the time of disbursement: *Provided further,* That any authority conferred by this subparagraph on the Administration shall be exercised solely by the Administration and shall not be delegated to other than Administration personnel.

"(7) The Administration may defer payments on the principal of such loans for a grace period and use such other methods as it deems necessary and appropriate to assure the successful establishment and operation of such concern.

"(8)(A) Any loan made under the authority of this subsection by the Administration in cooperation with a bank or other lending institution through an agreement to participate on a deferred basis, may, upon the concurrence of the Administration, borrower and such bank or institution, have the term of such loan extended or such loan refinanced with an extension of its term: *Provided,* That the aggregate term of such extended or refinanced loan does not exceed the term permitted pursuant to paragraph (5): *And provided further,* That such extended loans, or refinancings shall be repaid in equal installments of principal and interest.

"(B) An additional service fee not exceeding 1 per centum of the outstanding amount of the principal may be paid by the borrower to the lender in consideration for such lender extending the term or refinancing of such borrower's indebtedness if such extension or refinancing results in the term of such indebtedness exceeding ten years.

"(C) The authority provided in this paragraph shall not be construed to otherwise limit the authority of the Administration to set terms and conditions of the loan.

"(9) The Administration may provide loans under this subsection to finance residential or commerical construction or rehabilitation for sale: *Provided, however,* That such loans shall not be used primarily for the acquisition of land.

"(10) The Administration may provide loans under this subsection to assist any public or private organization for the handicapped or to assist any handicapped individual in establishing, acquiring, or operating a small business concern.

"(11) The Administration may provide loans under this subsection to any small business concern, or to any qualified person seeking to establish such a concern when it determines that such loan will further the policies established in section 2(c) of this Act, with particular emphasis on the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals.

15 USC 631.

"(12) The Administration may provide loans under this subsection to assist any small business concern, including start up, to enable such concern to design architecturally or engineer, manufacture, distribute, market, install, or service energy measures: *Provided, however,* That such loan proceeds shall not be used primarily for research and development.

"(13) The Administration may provide financings under this subsection to State and local development companies for the purposes of, and subject to the restrictions in, title V of the Small Business Investment Act of 1958.

15 USC 695.

"(14) The Administration under this subsection may provide extensions and revolving lines of credit for export purposes to enable small business concerns to develop foreign markets and for preexport financing: *Provided, however,* That no such extension or revolving line of credit may be made for a period or periods exceeding eighteen months. A bank or participating lending institution may establish the rate of interest on extensions and revolving lines of credit as may be legal and reasonable.

"(15)(A) The Administration may guarantee loans under this subsection to qualified employee trusts with respect to a small business concern for the purpose of purchasing stock of the concern under a plan approved by the Administrator which, when carried out, results in the qualified employee trust owning at least 51 per centum of the stock of the concern.

"(B) The plan requiring the Administrator's approval under subparagraph (A) shall be submitted to the Administration by the trustee of such trust with its application for the guarantee. Such plan shall include an agreement with the Administrator which is binding on such trust and on the small business concern and which provides that—

"(i) not later than the date the loan guaranteed under subparagraph (A) is repaid (or as soon thereafter as is consistent with the requirements of section 401(a) of the Internal Revenue Code of 1954), at least 51 per centum of the total stock of such concern shall be allocated to the accounts of at least 51 per centum of the employees of such concern who are entitled to share in such allocation,

26 USC 401.

"(ii) there will be periodic reviews of the role in the management of such concern of employees to whose accounts stock is allocated, and

"(iii) there will be adequate management to assure management expertise and continuity.

"(C) In determining whether to guarantee any loan under this paragraph, the individual business experience or personal assets of employee-owners shall not be used as criteria, except inasmuch as certain employee-owners may assume managerial responsibilities, in which case business experience may be considered.

"(D) For purposes of this paragraph, a corporation which is controlled by any other person shall be treated as a small business concern if such corporation would, after the plan described in subparagraph (B) is carried out, be treated as a small business concern.

"(E) The Administration shall compile a separate list of applications for assistance under this paragraph, indicating which applications were accepted and which were denied, and shall report periodically to the Congress on the status of employee-owned firms assisted by the Administration.". Report to Congress.

SEC. 1903. Section 3 of the Small Business Act is amended by adding thereto the following subsections: Definitions. 15 USC 632.

"(d) For purposes of section 7 of this Act, the term 'qualified Indian tribe' means an Indian tribe as defined in section 4(a) of the Indian Self-Determination and Education Assistance Act, which owns and controls 100 per centum of a small business concern. 15 USC 636. 25 USC 450b.

"(e) For purposes of section 7 of this Act, the term 'public or private organization for the handicapped' means one—

"(1) which is organized under the laws of the United States or of any State, operated in the interest of handicapped individuals, the net income of which does not inure in whole or in part to the benefit of any shareholder or other individual;

"(2) which complies with any applicable occupational health and safety standard prescribed by the Secretary of Labor; and

"(3) which, in the production of commodities and in the provision of services during any fiscal year in which it received financial assistance under this subsection, employs handicapped individuals for not less than 75 per centum of the man-hours required for the production or provision of the commodities or services.

"(f) For purposes of section 7 of this Act, the term 'handicapped individual' means a person who has a physical, mental, or emotional impairment, defect, ailment, disease, or disability of a permanent nature which in any way limits the selection of any type of employment for which the person would otherwise be qualified or qualifiable.

"(g) For purposes of section 7 of this Act, the term 'energy measures' includes—

"(1) solar thermal energy equipment which is either of the active type based upon mechanically forced energy transfer or of the passive type based on convective, conductive, or radiant energy transfer or some combination of these types;

"(2) photovoltaic cells and related equipment;

"(3) a product or service the primary purpose of which is conservation of energy through devices or techniques which increase the energy efficiency of existing equipment, methods of operation, or systems which use fossil fuels, and which is on the Energy Conservation Measures list of the Secretary of Energy or which the Administrator determines to be consistent with the intent of this subsection;

"(4) equipment the primary purpose of which is production of energy from wood, biological waste, grain, or other biomass source of energy;

"(5) equipment the primary purpose of which is industrial cogeneration of energy, district heating, or production of energy from industrial waste;

"(6) hydroelectric power equipment;

"(7) wind energy conversion equipment; and

"(8) engineering, architectural, consulting, or other professional services which are necessary or appropriate to aid citizens in using any of the measures described in paragraph (1) through (7).

"(h) For purposes of this Act, the term 'credit elsewhere' means the availability of credit from non-Federal sources on reasonable terms and conditions taking into consideration the prevailing rates and terms in the community in or near where the concern transacts business, or the homeowner resides, for similar purposes and periods of time.

15 USC 636. "(i) For purposes of section 7 of this Act, the term 'homeowners' includes owners and lessees of residential property and also includes personal property.".

Report to congressional committees. 15 USC 639. SEC. 1904. Section 10(b) of the Small Business Act is amended by striking out "subsection" and all that follows and by inserting in lieu thereof, "this Act. Such report shall provide such information separately on each type of loan made under paragraphs (10) through (15) of section 7(a) and separately for all other loan programs. In addition, the information on loans shall be supplied on a monthly basis to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives.".

15 USC 631 note. SEC. 1905. Section 20 of the Small Business Act is amended by striking out all after subsection (j) and inserting the following:

Loan program expenditure levels. "(k) The following program levels are authorized for fiscal year 1982:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $195,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $10,000,000 in loans as provided in paragraph (12).

15 USC 697. "(2) For the programs authorized by 7(a) of this Act, and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $3,140,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $17,000,000 in loans as provided in paragraph (12), and $250,000,000 in loans as provided in paragraph (13) and guarantees of debentures as proivded in section 503.

15 USC 681. "(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $35,000,000 in direct purchase of debentures and preferred securities and to make $160,000,000 in guarantees of debentures.

15 USC 694a. "(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,400,000,000.

15 USC 636. "(5) For the program authorized by section 7(b)(3) of this Act, the Administration shall not enter into any loans, guarantees, or other obligations or commitments.

15 USC 694-1, 694-2. "(6) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $250,000,000.

"(7) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7 (b)(2) of this Act; and there are authorized to

be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(l) There are authorized to be appropriated to the Administration for fiscal year 1982, $623,000,000. Of such sum, $362,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (k), paragraphs (1) through (3); $30,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; $4,000,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958; and $227,000,000 shall be available for salaries and expenses of the Administration of which amount— Appropriation authorization. 15 USC 694c. 15 USC 694.

"(1) $12,526,000 shall be available for procurement and technical assistance; of which amount not less than $2,318,000 shall be available for technical assistance, and of this amount not less than $903,000 shall be used to pay for the continued development of a procurement automated source system, and not less than $175,000 shall be used to develop and maintain technology assistance centers which shall have direct or indirect access to a minimum of thirty technology data banks to define the technology problems or needs of small businesses by searching technology data banks or other sources to locate, obtain and interpret the appropriate technology for such small business.

"(2) $26,638,000 shall be available for management assistance of which amount not less than $1,214,000 shall be used to sustain the small business export development program and to employ not less than seventeen staff people for the Office of International Trade, ten of whom shall serve as export development specialists with each of the Administration's regional offices being assigned one such specialist.

"(3) $8,000,000 shall be available for economic research and analysis and advocacy, of which amount not less than $2,420,000 shall be used to employ at least sixty-nine staff people for the office of the Chief Counsel for Advocacy to carry out research and those functions prescribed by Public Law 94-305; not less than $1,400,000 shall be used to develop an external small business data bank and small business index; not less than $1,350,000 shall be used for research; and not less than $1,000,000 shall be used to pay for development and maintenance of an indicative small business data base comprised of names and addresses and related information. 15 USC 634a.

"(4) $30,250,000 shall be available for the Office of Minority Small Business and Capital Ownership Development, $13,655,000 of which shall be used to carry out those functions, including administrative expenses, prescribed by section 7(j) of this Act. 15 USC 636.

"(5) $10,546,000 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, and to the installation of terminals in Administration field offices.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for carrying out the provisions and purposes of the small business development center program in section 21. 15 USC 648.

Funds, transfer.

"(m) 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 (5) of section 20(l) of this Act: *Provided, however,* That no level authorized in such paragraphs may be increased more than 20 per centum by any such transfers.

Ante, p. 772.

Program expenditure levels.

"(n) The following program levels are authorized for fiscal year 1983:

Ante, p. 767.

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $195,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $10,000,000 in loans as provided in paragraph (12).

15 USC 697.

"(2) For the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $3,140,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $17,000,000 in loans as provided in paragraph (12), and $350,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503.

15 USC 681.

"(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $35,000,000 in direct purchases of debentures and preferred securities and to make $160,000,000 in guarantees of debentures.

15 USC 694a.

"(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,400,000,000.

"(5) For the program authorized by section 7(b)(3) of this Act, the Administration shall not enter into any loans, guarantees, or other obligations or commitments.

15 USC 694-1, 694-2.

"(6) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $250,000,000.

"(7) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

Appropriation authorization.

"(o) There are authorized to be appropriated to the Administration for fiscal year 1983, $675,000,000. Of such sum, $408,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (n), paragraphs (1) through (3); $30,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; $4,000,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958; and $233,000,000 shall be available for salaries and expenses of the Administration of which amount—

15 USC 694c.

15 USC 694.

"(1) $12,526,000 shall be available for procurement and technical assistance; of which amount not less than $2,318,000 shall be available for technical assistance, and of this amount not less than $903,000 shall be used to pay for the continued development

of a procurement automated source system, and not less than $175,000 shall be used to develop and maintain technology assistance centers which shall have direct or indirect access to a minimum of thirty technology data banks to define the technology problems or needs of small businesses by searching technology data banks or other sources to locate, obtain and interpret the appropriate technology for such small business.

"(2) $29,638,000 shall be available for management assistance of which amount not less than $1,214,000 shall be used to sustain the small business export development program and to employ not less than seventeen staff people for the Office of International Trade, ten of whom shall serve as export development specialists with each of the Administration's regional offices being assigned one such specialist.

"(3) $8,000,000 shall be available for economic research and analysis and advocacy, of which amount not less than $2,420,000 shall be used to employ at least sixty-nine staff people for the office of the Chief Counsel for Advocacy to carry out research and those functions prescribed by Public Law 94-305; not less than $1,400,000 shall be used to develop an external small business data bank and small business index; not less than $1,350,000 shall be used for research; and not less than $1,000,000 shall be used to pay for development and maintenance of an indicative small business data base comprised of names and addresses and related information. 15 USC 634a.

"(4) $30,250,000 shall be available for the Office of Minority Small Business and Capital Ownership Development, $13,655,000 of which shall be used to carry out those functions, including administrative expenses, prescribed by section 7(j) of this Act. 15 USC 636.

"(5) $10,546,000 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, and to the installation of terminals in Administration field offices.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for carrying out the provisions and purposes of the Small business development center program in section 21. 15 USC 648.

"(p) 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 (5) of section 20(o) of this Act: *Provided, however,* That no level authorized in such paragraphs may be increased more than 20 per centum by any such transfers. Funds, transfer. *Ante,* p. 772.

"(q) The following program levels are authorized for fiscal year 1984: Loan program expenditure levels. *Ante,* p. 767.

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $195,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $10,000,000 in loans as provided in paragraph (12).

"(2) For the programs authorized by 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $3,140,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as 15 USC 697.

provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $17,000,000 in loans as provided in paragraph (12), and $350,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503.

15 USC 697.

"(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $35,000,000 in direct purchases of debentures and preferred securities and to make $160,000,000 in guarantees of debentures.

15 USC 681.

"(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,400,000,000.

15 USC 694a.

"(5) For the program authorized by section 7(b)(3) of this Act, the Administration shall not enter into any loans, guarantees, or other obligations or commitments.

15 USC 636.

"(6) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $250,000,000.

15 USC 694-1, 694-2.

"(7) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

Appropriation authorization.

"(r) There are authorized to be appropriated to the Administration for fiscal year 1984, $804,000,000. Of such sum, $531,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (q), paragraphs (1) through (3); $30,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; $4,000,000 shall be available for the purpose of carrying out the provisions of section 403 of the Small Business Investment Act of 1958; and $239,000,000 shall be available for salaries and expenses of the Administration of which amount—

15 USC 694c.

15 USC 694.

"(1) $12,526,000 shall be available for procurement and technical assistance; of which amount not less than $2,318,000 shall be available for technical assistance, and of this amount not less than $903,000 shall be used to pay for the continued development of a procurement automated source system, and not less than $175,000 shall be used to develop and maintain technology assistance centers which shall have direct or indirect access to a minimum of thirty technology data banks to define the technology problems or needs of small businesses by searching technology data banks or other sources to locate, obtain and interpret the appropriate technology for such small business.

"(2) $32,138,000 shall be available for management assistance of which amount not less than $1,214,000 shall be used to sustain the small business export development program and to employ not less than seventeen staff people for the Office of International Trade, ten of whom shall serve as export development specialists with each of the Administration's regional offices being assigned one such specialist.

"(3) $8,000,000 shall be available for economic research and analysis and advocacy, of which amount not less than $2,420,000 shall be used to employ at least sixty-nine staff people for the office of the Chief Counsel for Advocacy to carry out research and those functions prescribed by Public Law 94-305; not less than

15 USC 634a.

$1,400,000 shall be used to develop an external small business data bank and small business index; not less than $1,350,000 shall be used for research; and not less than $1,000,000 shall be used to pay for development and maintenance of an indicative small business data base comprised of names and addresses and related information.

"(4) $30,250,000 shall be available for the Office of Minority Small Business and Capital Ownership Development, $13,655,000 of which shall be used to carry out those functions, including administrative expenses, prescribed by section 7(j) of this Act.

"(5) $10,546,000 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, and to the installation of terminals in Administration field offices.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for carrying out the provisions and purposes of the small business development center program in section 21.

15 USC 648.

"(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 (5) 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.".

Funds, transfer.

Ante, p. 772.

15 USC 631 note.

SEC. 1906. Section 20(h) of the Small Business Act is hereby amended by striking from paragraph (9) the figure "$110,000,000" and by inserting "$180,000,000".

15 USC 631 note.

SEC. 1907. Not later than February 28, 1984, and February 28, 1985, the Small Business Administration shall submit to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, a report which shall contain—

Report to congressional committees.

15 USC 636 note.

(1) with respect to section 7(a)(5) of the Small Business Act—

Ante, p. 767.

(A) the aggregate number, dollar value, and default rate of all loans (other than for the acquisition of real property or for construction) having a maturity not in excess of ten years, and the aggregate number, dollar value, and default rate of all loans made for the purpose of acquiring real property or for construction having a maturity of between ten years and twenty years plus such additional period as is estimated may be required to complete such construction; and

(B) the aggregate number, dollar value, and default rate of all loans (other than for the acquisition of real property or for construction) made since the effective date of this section, having a maturity in excess of ten years, and the aggregate number, dollar value, and default rate of all loans made for the purpose of acquiring real property or for construction made since the effective date of this section, having a maturity in excess of twenty years plus such additional period as is estimated may be required to complete such construction;

(2) with respect to section 7(a)(8)(A) of the Small Business Act—

(A) the aggregate number, dollar value, and default rate of loans extended or refinanced pursuant to such section; and

(B) the average term of loans before such extension or refinancing and the average term of such loans after such extension or refinancing; and

Ante, p. 767. (3) with respect to section 7(a)(6)(C) of the Small Business Act, the aggregate number, dollar value, and default rate of all loans refinanced pursuant to such provision.

15 USC 633. SEC. 1908. Section 4(c)(1)(B) of the Small Business Act is amended by deleting "7(e), 7(h), 7(i), 7(l),".

15 USC 696. SEC. 1909. Section 502 of the Small Business Investment Act of 1958 is amended by striking paragraphs (1) and (5) and by renumbering paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

Ante, p. 767. SEC. 1910. Sections 7(a)(6)(C) and 7(a)(8) of the Small Business Act as enacted herein are repealed October 1, 1985.

Disaster loans. 15 USC 636. SEC. 1911. Sections 7(b)(1) and 7(b)(2) of the Small Business Act are amended to read as follows:

"(b) The Administration also is empowered to the extent and in such amounts as provided in advance in appropriation Acts—

"(1)(A) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis) as the Administration may determine to be necessary or appropriate to repair, rehabilitate or replace property, real or personal, damaged or destroyed by or as a result of floods, riots or civil disorders, or other catastrophes: *Provided*, That such damage or destruction is not compensated for by insurance or otherwise;

"(B) to refinance any mortgage or other lien against a totally destroyed or substantially damaged home or business concern: *Provided*, That no loan or guarantee shall be extended unless the Administration finds that (i) the applicant is not able to obtain credit elsewhere; (ii) such property is to be repaired, rehabilitated, or replaced; (iii) the amount refinanced shall not exceed the amount of physical loss sustained; and (iv) such amount shall be reduced to the extent such mortgage or lien is satisfied by insurance or otherwise;

"(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis) as the Administration may determine to be necessary or appropriate to any small business concern located in an area affected by a disaster, if the Administration determines that the concern has suffered a substantial economic injury as a result of such disaster and if such disaster constitutes—

"(A) a major disaster, as determined by the President under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U.S.C. 1855–1855g); or

"(B) a natural disaster, as determined by the Secretary of Agriculture pursuant to the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961); or

"(C) a disaster, as determined by the Administrator of the Small Business Administration; or

"(D) if no disaster declaration has been issued pursuant to subparagraph (A), (B), or (C), the Governor of a State in which a disaster has occurred may certify to the Small Business Administration that small business concerns (1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance which is not

available on reasonable terms in the disaster stricken area. Upon receipt of such certification, the Administration may then make such loans as would have been available under this paragraph if a disaster declaration had been issued. *Provided,* That no loan or guarantee shall be extended pursuant to this paragraph (2) unless the Administration finds that the applicant is not able to obtain credit elsewhere.

Interest rates on Federal loans. 15 USC 636.

SEC. 1912. Section 7(c) of the Small Business Act is amended by adding the following:

"(4) Notwithstanding the provisions of any other law, the interest rate on the Federal share of any loan made under subsection (b) shall be—

"(A) in the case of a homeowner unable to secure credit elsewhere, the rate prescribed by the Administration but not more than one-half the 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 but not to exceed 8 per centum per annum;

"(B) in the case of a homeowner able to secure credit elsewhere, the rate prescribed by the Administration but not more than the 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;

"(C) in the case of a business concern unable to obtain credit elsewhere, not to exceed 8 per centum per annum;

"(D) in the case of a business concern able to obtain credit elsewhere, the rate prescribed by the Administration but not in excess of the rate prevailing in private market for similar loans and not more than the rate prescribed by the Administration as the maximum interest rate for deferred participation (guaranteed) loans under section 7(a) of this Act. Loans under this subparagraph shall be limited to a maximum term of three years.

Such loans, subject to the reductions required by subparagraphs (A) and (B) of paragraph (1), shall be in amounts equal to 100 percent of loss if the applicant is a homeowner and 85 percent of loss if the applicant is a business or otherwise. The interest rates for loans made under paragraphs (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.".

Disaster loans.
15 USC 636.

SEC. 1913. (a) Section 7(b) of the Small Business Act is amended by striking out paragraphs (3) through (9) and inserting in lieu thereof the following:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in effecting additions to, alterations in, or reestablishment in the same or a new location of its plant, facilities, or methods of operation made necessary by direct action of the Federal Government or as a consequence of Federal Government action or to meet requirements or restrictions imposed on such concern under any Federal law heretofore or hereafter enacted or any State law enacted in conformity therewith, or any regulation or order of a duly authorized Federal, State, regional, or local agency issued in conformity with such Federal law, if the Administration determines that such concern is likely to suffer substantial economic injury or be unable to market a product without assistance under this paragraph: *Provided,* That the maximum loan made to any small business concern under this paragraph shall not exceed $500,000 and the amount thereof shall be based solely on a determination made on each application: *Provided further,* That no loan or guarantee shall be extended unless the Administration finds that the applicant is unable to obtain credit elsewhere.";

15 USC 633.

(b) Section 4(c)(1) of the Small Business Act is amended by striking all of subparagraph (A) after "7(b)(3)," and by inserting in lieu thereof "and 7(c)(2) of this Act; and".

15 USC 636.

(c) Section 7(g) of the Small Business Act is hereby repealed.

SEC. 1914. Section 7(c)(3) of the Small Business Act is amended by striking "to October 1, 1983" and by inserting "the effective date of this Act".

SEC. 1915. Section 4(c)(5)(B)(ii) of the Small Business Act is amended by striking all of the first sentence after "are made" and by inserting "from amounts appropriated for the disaster loan fund after October 1, 1980 or are made from repayments of principal of loans made from funds appropriated to the disaster loan fund, or from amounts appropriated to the business loan and investment fund on or after October 1, 1981 or are made from repayments of principal of loans made from funds appropriated to the business loan and investment fund and received on or after October 1, 1981.".

15 USC 636 note.

SEC. 1916. (a) Notwithstanding section 5(b)(6) of the Small Business Act, or any other provision of law, any business concern applicant for assistance made pursuant to paragraph (1), (2), or (4) of subsection 7(b) of the Small Business Act whose application was received but not approved by the Small Business Administration on or before March 19, 1981, shall be offered loan assistance by the Small Business Administration as provided in this section.

(b) The Small Business Administration is specifically directed to reconsider and act upon any such application and to make, remake, obligate, reobligate, commit or recommit such financing as provided herein.

(c) If the applicant was a business concern able to obtain credit elsewhere, the terms and conditions shall be those specified in section 7(b)(3) of the Small Business Act; but if the Administrator determines that imposition of these provisions would impose a

substantial hardship on the applicant, he may, in his discretion on a case-by-case basis waive these provisions and provide assistance in accord with rules and regulations in effect for the date the disaster commenced for applicants able to secure credit elsewhere. If the applicant was a business concern unable to obtain credit elsewhere, or was an applicant under sections 7(b)(2) or 7(b)(4) of the Small Business Act, the terms and conditions shall be those in effect for such applicants on the date such application was first received. As used herein, the term "credit elsewhere" shall have the meaning prescribed by the Small Business Act as amended herein.

Ante, p. 778.

SEC. 1917. Section 231 of the Disaster Relief Act is hereby repealed.

Repeal.
15 USC 636a.

SEC. 1918. Sections 1908, 1909, and 1913 of this title shall be effective October 1, 1981, and section 1910 of this title shall be effective as provided therein. All other provisions of this title shall be effective immediately but shall not affect any financing made, obligated, or committed under the Small Business Act or the Small Business Investment Act of 1958 prior to the effective date hereof.

Effective dates.
15 USC 631 note.

15 USC 631 note, 661 note.

TITLE XX—VETERANS' PROGRAMS

BURIAL BENEFITS

SEC. 2001. (a)(1) Section 902(a) of title 38, United States Code, is amended by striking out "Where a veteran dies—" and clauses (1) and (2) and inserting in lieu thereof "When a veteran dies who was in receipt of compensation (or but for the receipt of retirement pay would have been entitled to compensation) or in receipt of pension,".

(2) The amendment made by paragraph (1) shall take effect with respect to deaths occurring after September 30, 1981.

Effective date.
38 USC 902 note.

(b) Section 903(b) of such title is amended by inserting "who was discharged from the active military, naval, or air service for a disability incurred or aggravated in line of duty, or who is a veteran of any war" after "such subsection,".

OUTPATIENT DENTAL TREATMENT

SEC. 2002. (a) Section 612(b) of title 38, United States Code, is amended—

(1) in clause (2)—

(A) by striking out "and (B)" after "service" and inserting in lieu thereof a comma and the following: "(B) if the veteran had served not less than 180 days of active military, naval, or air service immediately before such discharge or release, (C)";

(B) by striking out "within one year" both places it appears and inserting in lieu thereof "within 90 days"; and

(C) by striking out the semicolon and inserting in lieu thereof a comma and the following: "and (D) if the veteran's certificate of discharge or release from active duty does not bear a certification that the veteran was provided, within the 90-day period immediately before the date of such discharge or release, a complete dental examination (including dental X-rays) and all appropriate dental services and treatment indicated by the examination to be needed;"; and

(2) by inserting before the second sentence the following: "The Secretary concerned shall at the time a member of the Armed Forces is discharged or released from a period of active military, naval, or air service of not less than 180 days provide to such member

a written explanation of the provisions of clause (2) of this subsection and enter in the service records of the member a statement signed by the member acknowledging receipt of such explanation (or, if the member refuses to sign such statement, a certification from an officer designated for such purpose by the Secretary concerned that the member was provided such explanation).".

Effective date. 38 USC 612 note.

(b)(1) The amendments made by clauses (1)(A), (1)(C), and (2) of subsection (a) shall take effect on October 1, 1981.

(2) The amendment made by clause (1)(B) of subsection (a) shall apply only to veterans discharged or released from active military, naval, or air service after September 30, 1981.

TERMINATION OF EDUCATIONAL ASSISTANCE FOR PURSUIT OF FLIGHT TRAINING

SEC. 2003. (a)(1) Section 1631(c) of title 38, United States Code, is amended by striking out "either" and "or a program of flight training".

(2) Section 1641 of such title is amended to read as follows:

"§ 1641. Requirements

"The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1683, and 1691(a)(1) of this title and the provisions of chapter 36 of this title (with the exception of sections 1777, 1780(c), and 1787) shall be applicable to the program.".

38 USC 1770 *et seq.*

38 USC 1662.

(b)(1) Section 1662(c) of such title is amended by striking out "or flight training within the provisions of section 1677 of this chapter,".

(2) Section 1673(b) of such title is amended by striking out "Except as provided in section 1677 of this title, the" and inserting in lieu thereof "The".

(3)(A) Section 1677 of such title, relating to flight training, is repealed.

(B) The table of sections at the beginning of chapter 34 of such title is amended by striking out the item relating to section 1677.

(4) Section 1681 of such title is amended—

(A) in subsection (b), by striking out "or a program of flight training"; and

(B) by striking out subsection (c) (including the center heading preceding such subsection).

(5) Section 1682(a)(1) of such title is amended by striking out "1677 or".

(c) Section 1780(a) of such title is amended by striking out "or a program of flight training".

REDUCTION IN LEVEL OF EDUCATIONAL ASSISTANCE FOR CORRESPONDENCE COURSES

SEC. 2004. (a) Section 1786(a)(1) of title 38, United States Code, is amended by striking out "70 percent" and inserting in lieu thereof "55 percent".

Effective date. 38 USC 1786 note.

(b) The amendment made by subsection (a) shall not apply to correspondence lessons completed and submitted to the educational institution concerned before October 1, 1981.

EDUCATION LOAN PROGRAM

SEC. 2005. (a) Section 1631 of title 38, United States Code, is amended by striking out subsection (d).

(b) Section 1686 of such title is amended by inserting "to whom section 1662(a)(2) of this title is applicable" after "eligible veteran". 38 USC 1686.

(c) Section 1737 of such title is amended by inserting a comma and "before October 1, 1981," after "shall be entitled".

(d) Section 1798(a) of such title is amended—

(1) by striking out "Each" and inserting in lieu thereof "(1) Subject to paragraph (2) of this subsection, each"; and

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

"(2) Except in the case of a veteran to whom section 1662(a)(2) of this title is applicable, no loan may be made under this subchapter after September 30, 1981.".

EFFECTIVE DATES WITH RESPECT TO FLIGHT TRAINING

SEC. 2006. (a) Except as provided in subsection (b), the amendments made by sections 2003 and 2005 shall take effect on October 1, 1981. 38 USC 1631 note.

(b) The amendments made by such sections shall not apply to any person receiving educational assistance under section 1677 of title 38, United States Code, as such section was in effect on August 31, 1981, for the pursuit of a program of education (as defined in section 1652(b) of such title) in which such person was enrolled on that date, for as long as such person is continuously thereafter so enrolled and meets the requirements of eligibility for such assistance for the pursuit of such program under the provisions of chapters 34 and 36 of such title, as in effect on that date. *Ante*, p. 782. 38 USC 1651 *et seq.*, 1770 *et seq.*

TITLE XXI—MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

SHORT TITLE OF SUBTITLES A, B, AND C; TABLE OF CONTENTS OF TITLE

SEC. 2100. Subtitles A, B, and C of this title may be cited as the "Medicare and Medicaid Amendments of 1981". Medicare and Medicaid Amendments of 1981. 42 USC 1305 note.

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Sec. 2164. Eliminating Federal matching for certain laboratory tests.
Sec. 2165. Study of Federal medical assistance percentage formula and of adjustments of target amounts for Federal medicaid expenditures.

CHAPTER 2—INCREASED FLEXIBILITY FOR STATES

Sec. 2171. Coverage of, and services for, the medically needy.
Sec. 2172. Flexibility in coverage of individuals aged 18–20.
Sec. 2173. Reimbursement of hospitals.
Sec. 2174. Removal of medicaid reasonable charge limitation.
Sec. 2175. Inapplicability and waiver of freedom-of-choice and other State plan requirements.
Sec. 2176. Waiver to provide home and community-based services for certain individuals.
Sec. 2177. Time limitation for action on requests for plan amendments and waivers.
Sec. 2178. Flexibility in HMO and prepaid provider participation in State plans.

CHAPTER 3—MISCELLANEOUS CHANGES

Sec. 2181. Repeal of EPSDT penalty.
Sec. 2182. Flexibility in requiring collection of third-party payments.
Sec. 2183. Permitting physician assistants and nurse practitioners to provide certain recertifications.
Sec. 2184. Repeal of obsolete authority for medical assistance.

Subtitle D—Maternal and Child Health Services Block Grant

Sec. 2191. Short title of subtitle.
Sec. 2192. Maternal and child health services block grant.
Sec. 2193. Repeals and conforming amendments.
Sec. 2194. Effective date; transition.

Subtitle A—Provisions Relating to Medicare and Medicaid

CHAPTER 1—REIMBURSEMENT CHANGES

PAYMENTS TO PROMOTE CLOSING AND CONVERSION OF UNDERUTILIZED HOSPITAL FACILITIES

SEC. 2101. (a) Part C of title XVIII of the Social Security Act is amended by adding at the end the following new section:

"PAYMENTS TO PROMOTE CLOSING AND CONVERSION OF UNDERUTILIZED HOSPITAL FACILITIES

"SEC. 1884. (a) Any hospital may file an application with the Secretary (in such form and including such data and information as the Secretary may require) for establishment of a transitional allowance under this title with respect to the closing or conversion of an underutilized hospital facility. The Secretary also may establish procedures, consistent with this section, by which a hospital, before undergoing an actual closure or conversion of a hospital facility, can have a determination made as to whether or not it will be eligible for a transitional allowance under this section with respect to such closure or conversion. 42 USC 1395uu.

"(b) If the Secretary finds, after consideration of an application under subsection (a), that—

"(1) the hospital's closure or conversion—

"(A) is formally initiated after September 30, 1981,

"(B) is expected to benefit the program under this title by (i) eliminating excess bed capacity, (ii) discontinuing an underutilized service for which there are adequate alternative sources, or (iii) substituting for the underutilized service some other service which is needed in the area, and

"(C) is consistent with the findings of an appropriate health planning agency and with any applicable State program for reduction in the number of hospital beds in the State, and

"(2) in the case of a complete closure of a hospital—

"(A) the hospital is a private nonprofit hospital or a local governmental hospital, and

"(B) the closure is not for replacement of the hospital,

the Secretary may include as an allowable cost in the hospital's reasonable cost (for the purpose of making payments to the hospital under this title) an amount (in this section referred to as a 'transitional allowance'), as provided in subsection (c).

"(c)(1) Each transitional allowance established shall be reasonably related to the prior or prospective use of the facility involved under this title and shall recognize—

"(A) in the case of a facility conversion or closure (other than a complete closure of a hospital)—

"(i) in the case of a private nonprofit or local governmental hospital, that portion of the hospital's costs attributable to capital assets of the facility which have been taken into account in determining reasonable cost for purposes of determining the amount of payment to the hospital under this title, and

"(ii) in the case of any hospital, transitional operating cost increases related to the conversion or closure to the extent that such operating costs exceed amounts ordinarily reimbursable under this title; and

"(B) in the case of complete closure of a hospital, the outstanding portion of actual debt obligations previously recognized as reasonable for purposes of reimbursement under this title, less any salvage value of the hospital.

"(2) A transitional allowance shall be for a period (not to exceed 20 years) specified by the Secretary, except that, in the case of a complete closure described in paragraph (1)(B), the Secretary may provide for a lump-sum allowance where the Secretary determines that such a one-time allowance is more efficient and economical.

"(3) A transitional allowance shall take effect on a date established by the Secretary, but not earlier than the date of completion of the closure or conversion concerned.

"(4) A transitional allowance shall not be considered in applying the limits to costs recognized as reasonable pursuant to the third sentence of subparagraph (A) and subparagraph (L)(i) of section 1861(v)(1) of this Act, or in determining whether the reasonable cost exceeds the customary charges for a service for purposes of determining the amount to be paid to a provider pursuant to sections 1814(b) and 1833(a)(2) of this Act.

"(c) A hospital dissatisfied with a determination of the Secretary on its application under this section may obtain an informal or formal hearing, at the discretion of the Secretary, by filing (in such form and within such time period as the Secretary establishes) a request for such a hearing. The Secretary shall make a final determination on such application within 30 days after the last day of such hearing.".

42 USC 1396b.

(2) Section 1903 of such Act is amended by inserting after subsection (d) the following new subsection:

"(e) A State plan approved under this title may include, as a cost with respect to hospital services under the plan under this title, periodic expenditures made to reflect transitional allowances established with respect to a hospital closure or conversion under section 1884.".

Ante, p. 785.

42 USC 1395uu note.

(b)(1) Notwithstanding section 1884(a) of the Social Security Act, the Secretary of Health and Human Services may not establish under such section transitional allowances with respect to more than 50 hospitals prior to January 1, 1984.

Report to Congress.

(2) The Secretary of Health and Human Services shall evaluate the effectiveness of the program of transitional allowances established under section 1884 of the Social Security Act and shall, not later than January 1, 1983, report to the Congress on such evaluation and include in such report such recommendations for such legislative changes as he deems appropriate.

(c) The amendment made by subsection (a) shall apply only to services furnished by a hospital during any accounting year beginning on or after October 1, 1981. Effective date. 42 USC 1395uu note.

ADJUSTMENT IN PAYMENT FOR INAPPROPRIATE HOSPITAL SERVICES

SEC. 2102. (a)(1) Section 1861(v)(1)(G)(i) of the Social Security Act is amended by striking out "the hospital had (during the immediately preceding calendar year) an average daily occupancy rate of 80 percent or more" and inserting in lieu thereof "there is not an excess of hospital beds in such hospital and (subject to clause (iv)) there is not an excess of hospital beds in the area of such hospital". 42 USC 1395x.

(2) Clause (iv) of section 1861(v)(1)(G) of such Act is amended to read as follows:

"(iv) In determining under clause (i), in the case of a public hospital, whether or not there is an excess of hospital beds in the area of such hospital, such determination shall be made on the basis of only the public hospitals (including the hospital) which are in the area of the hospital and which are under common ownership with that hospital.".

(b)(1) The amendments made by subsection (a) shall apply to services provided on or after the first day of the first month beginning after the date of the enactment of this Act. Effective date. 42 USC 1395x note.

(2) For amendments respecting reimbursement for inappropriate hospital services under medicaid, see section 2173 of this subtitle.

LIMITATION ON MEDICARE AND MEDICAID PAYMENTS FOR CERTAIN DRUGS

SEC. 2103. (a)(1) Section 1862 of the Social Security Act is amended by inserting after subsection (b) the following new subsection: 42 USC 1395y.

"(c) No payment may be made under part B for any expenses incurred for—

"(1) a drug product—

"(A) which is described in section 107(c)(3) of the Drug Amendments of 1962, 21 USC 321 note.

"(B) which may be dispensed only upon prescription,

"(C) for which the Secretary has issued a notice of an opportunity for a hearing under subsection (e) of section 505 of the Federal Food, Drug, and Cosmetic Act on a proposed order of the Secretary to withdraw approval of an application for such drug product under such section because the Secretary has determined that the drug is less than effective for all conditions of use prescribed, recommended, or suggested in its labeling, and 21 USC 355.

"(D) for which the Secretary has not determined there is a compelling justification for its medical need; and

"(2) any other drug product—

"(A) which is identical, related, or similar (as determined in accordance with section 310.6 of title 21 of the Code of Federal Regulations) to a drug product described in paragraph (1), and

"(B) for which the Secretary has not determined there is a compelling justification for its medical need,

until such time as the Secretary withdraws such proposed order.".

(2) The amendment made by paragraph (1) shall apply with respect to expenses incurred on or after October 1, 1981. Effective date. 42 USC 1395y note.

42 USC 1396b.

(b)(1) Section 1903(i) of such Act is amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or" and by adding after such paragraph the following new paragraph:

"(5) with respect to any amount expended for any drug product for which payment may not be made under part B of title XVIII because of section 1862(c).".

Ante, p. 787.

Effective date.
42 USC 1396b note.

(2) The amendment made by paragraph (1) shall apply to amounts expended on or after October 1, 1981.

WITHHOLDING OF PAYMENTS FOR CERTAIN MEDICAID PROVIDERS

SEC. 2104. Part C of title XVIII of the Social Security Act is amended by adding after section 1884 (added by section 2101 of this subtitle) the following new section:

"WITHHOLDING OF PAYMENTS FOR CERTAIN MEDICAID PROVIDERS

42 USC 1395vv.

"SEC. 1885. (a) The Secretary may adjust, in accordance with this section, payments under parts A and B to any institution which has in effect an agreement with the Secretary under section 1866, and any person who has accepted payment on the basis of an assignment under section 1842(b)(3)(B)(ii), where such institution or person—

42 USC 1395u.

"(1) has (or previously had) in effect an agreement with a State agency to furnish medical care and services under a State plan approved under title XIX, and

42 USC 1396.

"(2) from which (or from whom) such State agency (A) has been unable to recover overpayments made under the State plan, or (B) has been unable to collect the information necessary to enable it to determine the amount (if any) of the overpayments made to such institution or person under the State plan.

"(b) The Secretary shall by regulation provide procedures for implementation of this section, which procedures shall—

"(1) assure that the authority under this section is exercised only on behalf of a State agency which demonstrates to the Secretary's satisfaction that it has provided adequate notice of a determination or of a need for information, and an opportunity to appeal such determination or to provide such information,

"(2) determine the amount of the payment to which the institution or person would otherwise be entitled under this title which shall be treated as a setoff against overpayments under title XIX, and

"(3) assure the restoration to the institution or person of amounts withheld under this section which are ultimately determined to be in excess of overpayments under title XIX and to which the institution or person would otherwise be entitled under this title.

"(c) Notwithstanding any other provision of this Act, from the trust funds established under sections 1817 and 1841, as appropriate, the Secretary shall pay to the appropriate State agency amounts recovered under this section to offset the State agency's overpayment under title XIX. Such payments shall be accounted for by the State agency as recoveries of overpayments under the State plan.".

42 USC 1395i, 1395t.

CHAPTER 2—OTHER ADMINISTRATIVE CHANGES

CIVIL MONETARY PENALTIES

SEC. 2105. (a) Part A of title XI of the Social Security Act is amended by inserting after section 1128 the following new section:

"CIVIL MONETARY PENALTIES

"SEC. 1128A. (a) Any person (including an organization, agency, or other entity) that presents or causes to be presented to an officer, employee, or agent of the United States, or of any department or agency thereof, or of any State agency (as defined in subsection (h)(1)), a claim (as defined in subsection (h)(2)) that the Secretary determines— 42 USC 1320a-7a.

"(1) is for a medical or other item or service—

"(A) that the person knows or has reason to know was not provided as claimed, or

"(B) payment for which may not be made under the program under which such claim was made, pursuant to a determination by the Secretary under section 1128, 1160(b), 1862(d), or 1866(b)(2), or

"(2) is submitted in violation of an agreement between the person and the United States or a State agency,

shall be subject, in addition to any other penalties that may be prescribed by law, to a civil money penalty of not more than $2,000 for each item or service. In addition, such a person shall be subject to an assessment of not more than twice the amount claimed for each such item or service in lieu of damages sustained by the United States or a State agency because of such claim. 94 Stat. 2619. 42 USC 1320a-7, 1320c-9, 1395y, 1395cc.

"(b)(1) The Secretary may initiate a proceeding to determine whether to impose a civil money penalty or assessment under subsection (a) only as authorized by the Attorney General pursuant to procedures agreed upon by them.

"(2) The Secretary shall not make a determination adverse to any person under subsection (a) until the person has been given written notice and an opportunity for the determination to be made on the record after a hearing at which the person is entitled to be represented by counsel, to present witnesses, and to cross-examine witnesses against the person. Notice and hearing.

"(c) In determining the amount or scope of any penalty or assessment imposed pursuant to subsection (a), the Secretary shall take into account—

"(1) the nature of claims and the circumstances under which they were presented,

"(2) the degree of culpability, history of prior offenses, and financial condition of the person presenting the claims, and

"(3) such other matters as justice may require.

"(d) Any person adversely affected by a determination of the Secretary under this section may obtain a review of such determination in the United States Court of Appeals for the circuit in which the person resides, or in which the claim was presented, by filing in such court (within sixty days following the date the person is notified of the Secretary's determination) a written petition requesting that the determination be modified or set aside. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, and thereupon the Secretary shall file in the Court the record in the proceeding as provided in section 2112 of title 28, United States Code.

Upon such filing, the court shall have jurisdiction of the proceeding and of the question determined therein, and shall have the power to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, remanding for further consideration, or setting aside, in whole or in part, the determination of the Secretary and enforcing the same to the extent that such order is affirmed or modified. No objection that has not been urged before the Secretary shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The findings of the Secretary with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Secretary, the court may order such additional evidence to be taken before the Secretary and to be made a part of the record. The Secretary may modify his findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and he shall file with the court such modified or new findings, which findings with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive, and his recommendations, if any, for the modification or setting aside of his original order. Upon the filing of the record with it, the jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code.

"(e) Civil money penalties and assessments imposed under this section may be compromised by the Secretary and may be recovered in a civil action in the name of the United States brought in United States district court for the district where the claim was presented, or where the claimant resides, as determined by the Secretary. Amounts recovered under this section shall be paid to the Secretary and disposed of as follows:

42 USC 1396. "(1)(A) In the case of amounts recovered arising out of a claim under title XIX, there shall be paid to the State agency an amount equal to the State's share of the amount paid by the State agency for such claim.

42 USC 701. "(B) In the case of amounts recovered arising out of a claim under an allotment to a State under title V, there shall be paid to the State agency an amount equal to three-sevenths of the amount recovered.

"(2) Such portion of the amounts recovered as is determined to have been paid out of the trust funds under sections 1817 and 1841 shall be repaid to such trust funds.

42 USC 1395i, 1395t.

"(3) The remainder of the amounts recovered shall be deposited as miscellaneous receipts of the Treasury of the United States. The amount of such penalty or assessment, when finally determined, or the amount agreed upon in compromise, may be deducted from any sum then or later owing by the United States or a State agency to the person against whom the penalty or assessment has been assessed.

"(f) A determination by the Secretary to impose a penalty or assessment under subsection (a) shall be final upon the expiration of the sixty-day period referred to in subsection (d). Matters that were raised or that could have been raised in a hearing before the Secretary or in an appeal pursuant to subsection (d) may not be raised

as a defense to a civil action by the United States to collect a penalty or assessment assessed under this section.

"(g) Whenever the Secretary's determination to impose a penalty or assessment under subsection (a) becomes final, he shall notify the appropriate State or local medical or professional organization, and the appropriate Professional Standards Review Organization, and the appropriate State or local licensing agency or organization (including the agency specified in section 1864(a) and 1902(a)(33)) that such a penalty or assessment has become final and the reasons therefor. 42 USC 1395aa, 1396a.

"(h) For the purposes of this subsection: Definitions.

"(1) The term 'State agency' means the agency established or designated to administer or supervise the administration of the State plan under title XIX of this Act or designated to administer the State's program under title V of this Act. 42 USC 1396. 42 USC 701.

"(2) The term 'claim' means an application submitted by—

"(A) a provider of services or other person, agency, or organization that furnishes an item or service under title XVIII of this Act, or 42 USC 1395.

"(B) a person, agency, or organization that furnishes an item or service for which medical assistance is provided under title XIX of this Act, or

"(C) a person, agency, or organization that provides an item or service for which payment is made under title V of this Act or from an allotment to a State under such title, to the United States or a State agency, or agent thereof, for payment for health care services under title XVIII or XIX of this Act or for any item or service under title V of this Act.

"(3) The term 'item or service' includes (A) any particular item, device, medical supply, or service claimed to have been provided to a patient and listed in an itemized claim for payment, and (B) in the case of a claim based on costs, any entry in the cost report, books of account or other documents supporting such claim.

"(4) The term 'agency of the United States' includes any contractor acting as a fiscal intermediary, carrier, or fiscal agent or any other claims processing agent for a health insurance or medical services program under title XVIII or XIX of this Act.".

(b) Section 1128 of such Act is amended— 94 Stat. 2619. 42 USC 1320a-7.

(1) by striking out ", for such period as he may deem appropriate," in subsection (a)(1),

(2) by striking out "subsection (a)" in subsection (c) and inserting in lieu thereof "subsection (a) or (b)",

(3) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and

(4) by inserting after subsection (a) the following new subsection:

"(b) Whenever the Secretary makes a final determination to impose a civil money penalty or assessment against a person (including an organization, agency, or other entity) under section 1128A relating to a claim under title XVIII or XIX, the Secretary—

"(1) may bar the person from participation in the program under title XVIII, and

"(2)(A) shall promptly notify each appropriate State agency administering or supervising the administration of a State plan approved under title XIX of the fact and circumstances of such determination, and (except as provided in subparagraph (B)) may require each such agency to bar the person from participation in the program established by such plan for such period as he shall

specify, which in the case of an individual shall be the period established pursuant to paragraph (1), and

"(B) may waive the requirement of subparagraph (A) to bar a person from participation in such program where he receives and approves a request for such waiver with respect to that person from the State agency referred to in that subparagraph.".

42 USC 1396a. (c) Section 1902(a)(39) of such Act is amended by striking out "individual" and inserting in lieu thereof "person" each place it appears.

TECHNICAL CORRECTIONS FOR ERRORS MADE BY THE MEDICARE AND MEDICAID AMENDMENTS OF 1980

SEC. 2106. (a) Section 1833(a)(2) of the Social Security Act (as amended by section 942 of the Medicare and Medicaid Amendments of 1980, P.L. 96-499) is amended by amending subparagraphs (A) and (B) to read as follows:

94 Stat. 2641.
42 USC 1395*l*.

"(A) with respect to home health services and to items and services described in section 1861(s)(10), the lesser of—

42 USC 1395x.

"(i) the reasonable cost of such services, as determined under section 1861(v), or

"(ii) the customary charges with respect to such services, or, if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined in accordance with section 1814(b)(2);

42 USC 1395f.

"(B) with respect to other services (except those described in subparagraph (C) of this paragraph)—

"(i) the lesser of—

"(I) the reasonable cost of such services, as determined under section 1861(v), or

"(II) the customary charges with respect to such services,

less the amount a provider may charge as described in clause (ii) of section 1866(a)(2)(A), but in no case may the payment for such other services exceed 80 percent of such reasonable cost, or

42 USC 1395cc.

"(ii) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, 80 percent of the amount determined in accordance with section 1814(b)(2), or

"(iii) if (and for so long as) the conditions described in section 1814(b)(3) are met, the amounts determined under the reimbursement system described in such section; and".

42 USC 1395n. (b)(1) Section 1835(a)(2) of such Act is amended—

(A) by adding "and" at the end of subparagraph (D), and

(B) by striking out "; and" at the end of subparagraph (E) and inserting in lieu thereof a period.

42 USC 1395q. (2) The paragraph after section 1838(b) of such Act is amended by striking out "and such notice shall not be considered a disenrollment for the purposes of section 1837(b)".

42 USC 1395p.
42 USC 1396b. (3) Section 1903(n) of such Act is amended by striking out "of this section" after "section 1866".

Effective date.
42 USC 1395*l* note. (c) The amendment made by subsection (a) is effective as of December 5, 1980, and the amendment made by subsection (b)(2) is effective as of April 1, 1981.

CHAPTER 3—PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS (PSRO'S)

MAKING DELEGATED REVIEW OPTIONAL

SEC. 2111. Section 1155(e) of the Social Security Act is amended by striking out "shall utilize" and inserting in lieu thereof "may utilize". 42 USC 1320c-4.

ASSESSMENT OF PSRO PERFORMANCE

SEC. 2112. (a)(1) Section 1154 of the Social Security Act is amended by adding at the end the following new subsection: 42 USC 1320c-3.

"(g)(1) The Secretary shall, not later than September 30, 1981, identify and specify those requirements imposed by the Secretary with respect to the performance of Professional Standards Review Organizations which the Secretary will use for the assessment of the performance of such Organizations under this subsection. Such requirements shall include requirements relating to the effectiveness of such Organizations in (A) monitoring the quality of patient care, (B) reducing unnecessary utilization, and (C) managing its activities efficiently.

"(2) Based on such requirements, the Secretary shall assess and determine the relative performance of each of such Organizations designated, conditionally or otherwise, as of September 30, 1981.

"(3) If the Secretary determines that such an Organization has a relatively ineffective or inefficient performance, the Secretary may refuse to renew an agreement with the Organization under this part, except that, in exercising the Secretary's authority under this paragraph in fiscal year 1982, the sum of the number of Organizations with respect to which agreements are not renewed under this paragraph and under any other provision of this Act in the fiscal year may not exceed 30 percent of the number of such Organizations with agreements under this part on May 1, 1981.".

(2)(A) Section 1152(d) of such Act is amended— 42 USC 1320c-1.

(i) by striking out "for a term of 12 months" and inserting in lieu thereof "for a term of not longer than 12 months";

(ii) by striking out "at such time and upon such reasonable notice to the organization as may be prescribed in regulations" and inserting in lieu thereof "upon 90 days notice to the organization"; and

(iii) by striking out "(after providing such organization with an opportunity for a formal hearing on the matter)".

(B) Sections 1152(d) and 1154(d) of such Act are each amended by adding at the end the following sentence: "A termination of an agreement by the Secretary under this subsection shall not be subject to judicial review.".

(C) The amendment made by subparagraph (A)(iii) shall apply to agreements entered into on or after the date of the enactment of this Act. Effective date. 42 USC 1320c-1 note.

(D) The Secretary of Health and Human Services shall, not later than September 30, 1982, report to the Congress on his assessment (under section 1154(g) of the Social Security Act) of the relative performance of Professional Standards Review Organizations and on any determinations made not to renew agreements with such Organizations on the basis of such performance. 42 USC 1320c-3 note.

(b)(1) The first sentence of subsection (b) of section 1154 of such Act is amended— 42 USC 1320c-3.

(A) by striking out "(other than ancillary, ambulatory care, and long-term care services)" and

(B) by striking out "under subsection (f)(2) or subsection (f)(4)" and inserting in lieu thereof "under subsection (f)".

(2) Subsection (f) of such section is amended—

(A) by striking out the parenthetical phrase in paragraph (1);

(B) by striking out paragraphs (2) and (3);

(C) by redesignating paragraph (4) as paragraph (2) and amending it to read as follows:

"(2) Where the Secretary finds that the review of particular health care services is cost-effective or yields other significant benefits, the Secretary may require Professional Standards Review Organizations (either generally or under such conditions and circumstances as the Secretary may specify) to review such services under this part."; and

(D) by striking out the parenthetical phrase in paragraph (5) and redesignating such paragraph as paragraph (3).

OPTIONAL USE OF PSRO'S UNDER STATE MEDICAID PLANS

42 USC 1320c. SEC. 2113. (a) Section 1151 of the Social Security Act is amended—

(1) by striking out "under this Act" and inserting in lieu thereof "under title XVIII of this Act"; and

(2) by striking out "the Social Security Act" and inserting in lieu thereof "title XVIII of this Act".

42 USC 1320c-1. (b) Section 1152(e) of such Act is amended by inserting "title XVIII of" before "this Act" each place it appears.

(c) Section 1152 of such Act is amended by striking out subsection

42 USC 1320c-3. (h), and section 1154 of such Act is amended by striking out subsection (e).

42 USC 1320c-4. (d)(1) Section 1155(a) of such Act is amended by inserting "title XVIII of" before "this Act" each place it appears in paragraphs (1) and (2).

(2) Section 1155(a)(1) of such Act is amended by adding after and below subparagraph (C) the following new sentence:

"Each agreement with an Organization under this part shall require the Organization, if requested by a State with a plan approved under title XIX, to enter into a contract with the State, for the performance of review functions in the case of health care services and items provided under such State plan under terms and conditions similar to those contained in the agreement between the Organization and the Secretary under this part.".

(3) Section 1155(a) of such Act is amended by striking out paragraph (7).

(4) Section 1155(e)(1) of such Act is amended by striking out ", or intermediate care facility, as defined in section 1905(c)" and "or intermediate care facility".

42 USC 1320c-7. (e)(1) Section 1158(a) of such Act is amended by striking out "under any title of this Act (other than title V)" and inserting in lieu thereof "under title XVIII" and by striking out "or any program established pursuant thereto".

(2) Section 1158(c) of such Act is amended—

(A) by striking out "(subject to sections 1159, 1171(a)(1), and 1171(d)(3)) for purposes of payment under this Act" and inserting in lieu thereof "(subject to section 1159) for purposes of payment under title XVIII"; and

(B) by striking out ", or single State agencies" and all that follows through "under title XIX".

(3) Section 1158(d) of such Act is amended by striking out "or section 1902(h)". 42 USC 1320c-7.

(f) Section 1159(a) of such Act is amended by striking out "under this Act (other than title V)" and inserting in lieu thereof "under title XVIII". 42 USC 1320c-8.

(g)(1) Section 1160(a)(1) of such Act is amended by striking out "under this Act" the first place it appears and inserting in lieu thereof "under title XVIII (or under a State plan approved under title XIX, where the services furnished by the person are subject to review under a contract between the State and an Organization under section 1155(a))", and by striking out "under this Act" the second place it appears and inserting in lieu thereof "under such title (or such State plan)". 42 USC 1320c-9.

(2) Section 1160(b)(1) of such Act is amended by striking out "under this Act" and inserting in lieu thereof "under title XVIII".

(h) Section 1162(e)(1) of such Act is amended by striking out "any program established by or pursuant to this Act" and inserting in lieu thereof "title XVIII". 42 USC 1320c-11.

(i) Section 1164 of such Act is repealed. Repeal.

(j) Section 1168 of such Act is amended— 42 USC 1320c-13.

(1) by inserting "and" at the end of paragraph (a);

(2) by striking out "and" at the end of paragraph (b); 42 USC 1320c-17.

(3) by striking out paragraph (c) and redesignating paragraphs (a) and (b) as paragraphs (1) and (2), respectively;

(4) by striking out "subsections (a), (b), and (c)" and inserting in lieu thereof "paragraphs (1) and (2)";

(5) by amending the second sentence to read as follows: "The Secretary shall make such transfers of moneys between such funds as may be appropriate to settle accounts between them."; and

(6) by striking out the second parenthetical phrase in the third sentence.

(k) Section 1171 of such Act is repealed. Repeal.

(l) Section 1172(4) of such Act is amended by striking out "V, XI, XVIII, and XIX" and inserting in lieu thereof "XI and XVIII". 42 USC 1320c-20.

(m) Section 1902 of such Act is amended by inserting after subsection (c) the following new subsection: 42 USC 1320c-21. 42 USC 1396a.

"(d) If a State contracts with a Professional Standards Review Organization designated, conditionally or otherwise, under part B of title XI for the performance of medical or utilization review functions required under this title of a State plan with respect to specific services or providers (or services or providers in a geographic area of the State), such requirements shall be deemed to be met for those services or providers (or services or providers in that area) by delegation to such Organization (or Organizations) under the contract of the State's authority to conduct such review activities if the contract provides for the performance of activities not inconsistent with part B of title XI and provides for such assurances of satisfactory performance by such Organization (or Organizations) as the Secretary may prescribe.". 42 USC 1320c.

(n) Section 1903(a)(3) of such Act is amended— 42 USC 1396b.

(1) by striking out "plus" at the end of subparagraph (B) and inserting in lieu thereof "and", and

(2) by adding after subparagraph (B) the following new subparagraph:

"(C) 75 per centum of the sums expended with respect to costs incurred during such quarter (as found necessary by the Secretary for the proper and efficient administration of

the State plan) as are attributable to the performance of medical and utilization review by a Professional Standards Review Organization under a contract entered into under section 1902(d); plus"

Ante, p. 795.

Effective date.
42 USC 1320c note.

(o) The amendments made by this section apply to agreements with Professional Standards Review Organizations entered into on or after October 1, 1981.

SECRETARIAL DETERMINATION IN LIEU OF PSRO CERTIFICATION

42 USC 1395x.

SEC. 2114. Section 1861(v)(1)(G)(i) of the Social Security Act is amended by striking out "an organization or agency with review responsibility as is otherwise provided for under part A of title XI" and inserting in lieu thereof "the Secretary or such agent as the Secretary may designate".

Subtitle B—Provisions Relating to Medicare

CHAPTER 1—CHANGES IN SERVICES AND BENEFITS

ELIMINATION OF PART A COVERAGE OF ALCOHOL DETOXIFICATION FACILITY SERVICES

42 USC 1395d.

SEC. 2121. (a) Section 1812(a) of the Social Security Act is amended—

(1) by inserting "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).

42 USC 1395f.

(b) Section 1814(a)(2) of such Act is amended—

(1) by inserting "or" at the end of subparagraph (D),

(2) by striking out "or" at the end of subparagraph (E), and

(3) by striking out subparagraph (F).

42 USC 1395x.

(c) Section 1861(u) of such Act is amended by striking out "detoxification facility,".

(d) Subsection (bb) of section 1861 of such Act is repealed.

42 USC 1320c-3.

(e) The first sentence of section 1154(b) of such Act is amended by striking out "and to review of alcohol detoxification facility services".

42 USC 1320c-4.

(f) Section 1155 of such Act is amended by striking out subsection (i).

42 USC 1320c-7.

(g) Section 1158 of such Act is amended—

(1) by striking out "subsections (d) and (e)" in subsection (a) and inserting in lieu thereof "subsection (d)", and

(2) by striking out subsection (e).

42 USC 1395*ll* note.

(h) Section 931 of the Medicare and Medicaid Amendments of 1980 (P.L. 96-499; 94 Stat. 2634) is amended by striking out subsection (f) (relating to a study of medicare coverage of certain additional detoxification-related services).

Effective date.
42 USC 1320c-3 note.

(i) The amendments made by this section (other than by subsection (h)) shall apply to services furnished in detoxification facilities for inpatient stays beginning on or after the tenth day after the date of the enactment of this Act.

ELIMINATION OF OCCUPATIONAL THERAPY AS A BASIS FOR INITIAL ENTITLEMENT TO HOME HEALTH SERVICES

42 USC 1395f, 1395n.

SEC. 2122. (a)(1) Sections 1814(a)(2)(D) and 1835(a)(2)(A) of the Social Security Act are each amended by striking out "needed skilled

nursing care on an intermittent basis, or physical, occupational, or speech therapy" and inserting in lieu thereof "needs or needed skilled nursing care on an intermittent basis or physical or speech therapy or, in the case of an individual who has been furnished home health services based on such a need and who no longer has such a need for such care or therapy, continues or continued to need occupational therapy".

(b) The amendments made by this section shall apply to services furnished pursuant to plans of treatment implemented after the third month beginning after the date of the enactment of this Act.

Effective date. 42 USC 1395f note.

CHAPTER 2—CHANGES IN COINSURANCE, DEDUCTIBLES, AND COPAYMENTS

MAKING PART A COINSURANCE CURRENT WITH THE YEAR IN WHICH SERVICES FURNISHED

SEC. 2131. (a) The first sentence of section 1813(b)(2) of the Social Security Act is amended by striking out "any spell of illness beginning" and inserting in lieu thereof "any inpatient hospital services or post-hospital extended care services furnished".

42 USC 1395e.

(b) The amendment made by subsection (a) is effective for inpatient hospital services or post-hospital extended care services furnished on or after January 1, 1982.

Effective date. 42 USC 1395e note.

MAKING PART A COINSURANCE AND DEDUCTIBLE MORE CURRENT

SEC. 2132. (a) Section 1813(b)(2) of the Social Security Act is amended by striking out "$40" and inserting in lieu thereof "$45".

(b) The amendment made by subsection (a) shall apply to inpatient hospital services and post-hospital extended care services furnished in calendar years beginning with calendar year 1982.

42 USC 1395e note.

ELIMINATION OF CARRYOVER FROM PREVIOUS YEAR OF INCURRED EXPENSES FOR MEETING THE PART B DEDUCTIBLE

SEC. 2133. (a) The first sentence of section 1833(b) of the Social Security Act is amended by striking out "the amount of the deductible for such calendar year" and all that follows through "(2)", and by redesignating clauses (3) and (4) as clauses (2) and (3), respectively.

42 USC 1395*l*.

(b) The amendments made by subsection (a) first apply to the deductible for calendar year 1982 with respect to expenses incurred on or after October 1, 1981.

Effective date. 42 USC 1395*l* note.

INCREASE IN PART B DEDUCTIBLE

SEC. 2134. (a) Section 1833(b) of the Social Security Act is amended by striking out "$60" and inserting in lieu thereof "$75".

(b) The amendment made by subsection (a) shall take effect on January 1, 1982, and shall apply to the deductible for calendar years beginning with 1982.

Effective date. 42 USC 1395*l* note.

CHAPTER 3—REIMBURSEMENT CHANGES

LIMITATION ON ROUTINE NURSING DIFFERENTIAL

SEC. 2141. (a) Section 1861(v)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

42 USC 1395x.

"(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 5 percent, to be applied under the same methodology used for the nursing salary cost differential for the month of April 1981.".

Study.

(b) The Comptroller General shall conduct a study to determine the extent (if any) to which the average 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 six months after the date of the enactment of this Act.

42 USC 1395.

Effective date.
42 USC 1395x note.

(c)(1) Subject to paragraph (2), the amendment made by subsection (a) shall apply to cost reporting periods ending after September 30, 1981.

(2) In the case of a cost reporting period beginning before October 1, 1981, any reduction in payments resulting from the amendment made by subsection (a) shall be imposed only in proportion to the part of the period that occurs after September 30, 1981.

LIMITATION ON REASONABLE COST AND REASONABLE CHARGE FOR OUTPATIENT SERVICES

Regulations.
42 USC 1395x.

SEC. 2142. (a) Section 1861(v)(1) of the Social Security Act is further amended by adding after subparagraph (J) (added by section 2141 of this subtitle) the following new subparagraph:

"(K) The Secretary shall issue regulations that provide, to the extent feasible, for the establishment of limitations on the amount of any costs or charges that shall be considered reasonable with respect to services provided on an outpatient basis by hospitals (other than bona fide emergency services provided in an emergency room) or clinics (other than rural health clinics), which are reimbursed on a cost basis or on the basis of cost related charges, and by physicians utilizing such outpatient facilities. Such limitations shall be reasonably related to the charges in the same area for similar services provided in physicians' offices. Such regulations shall provide for exceptions to such limitations in cases where similar services are not generally available in physicians' offices in the area to individuals entitled to benefits under this title.".

42 USC 1395u.

(b) Section 1842(b)(3) of such Act is amended by adding at the end thereof the following new sentence: "The amount of any charges for outpatient services which shall be considered reasonable shall be subject to the limitations established by regulations issued by the Secretary pursuant to section 1861(v)(1)(K).".

LIMITS ON REIMBURSEMENT TO HOSPITALS

Supra.

SEC. 2143. (a) Section 1861(v)(1) of the Social Security Act is further amended by adding after subparagraph (K) (added by section 2142 of this subtitle) the following new subparagraph:

"(L) The Secretary, in determining the amount of the payments that may be made under this title with respect to routine operating costs for the provision of general inpatient hospital services, may not recognize as reasonable (in the efficient delivery of health services) routine operating costs for the provision of general inpatient hospital services by a hospital to the extent these costs exceed 108 percent of the mean of such routine operating costs per diem for hospitals, or, in

the judgment of the Secretary, such lower percentage or such comparable or lower limit as the Secretary may determine. The Secretary may provide for such exemptions and exceptions to such limitation as he deems appropriate.".

(b)(1) Subject to paragraph (2), the amendment made by subsection (a) shall apply to costs reporting periods ending after September 30, 1981. Effective date. 42 USC 1395x note.

(2) In the case of a cost reporting period beginning before October 1, 1981, any reduction in payments resulting from the amendment made by subsection (a) shall be imposed only in proportion to the part of the period that occurs after September 30, 1981.

LIMITS ON REIMBURSEMENT TO HOME HEALTH AGENCIES

SEC. 2144. (a) Subparagraph (L) of section 1861(v)(1) of the Social Security Act (added by section 2143 of this subtitle) is amended by inserting "(i)" after "(L)" and by adding at the end the following new clause: 42 USC 1395x.

"(ii) The Secretary, in determining the amount of the payments that may be made under this title with respect to services furnished by home health agencies, may not recognize as reasonable (in the efficient delivery of such services) costs for the provision of such services by an agency to the extent these costs exceed (on the aggregate for the agency) the 75th percentile of such costs per visit for home health agencies, or, in the judgment of the Secretary, such lower percentile or such comparable or lower limit (based on or related to the mean of the costs of such agencies or otherwise) as the Secretary may determine. The Secretary may provide for such exemptions and exceptions to such limitation as he deems appropriate.".

(b)(1) Subject to paragraph (2), the amendment made by subsection (a) shall apply to cost reporting periods ending after September 30, 1981. Effective date. 42 USC 1395x note.

(2) In the case of a cost reporting period beginning before October 1, 1981, any reduction in payments resulting from the amendment made by subsection (a) shall be imposed only in proportion to the part of the period that occurs after September 30, 1981.

INCENTIVE REIMBURSEMENT RATE FOR RENAL DIALYSIS SERVICES

SEC. 2145. (a) Section 1881(b) of the Social Security Act is amended— 42 USC 1395rr.

(1) by inserting "and consistent with any regulations promulgated under paragraph (7)" in paragraph (2)(B) after "section 1861(v))";

(2) by striking out the second sentence of paragraph (2)(B);

(3) by inserting "(which effectively encourages the efficient delivery of dialysis services and provides incentives for the increased use of home dialysis)" in paragraph (3)(B) after "or other basis";

(4) by inserting "or on the basis of a method established under paragraph (7)" before the period at the end of paragraph (4);

(5) by inserting "(except as may be provided in regulations under paragraph (7))" in the second sentence of paragraph (6) after "in no event" and by striking out "70 percent" in such sentence and inserting in lieu thereof "75 percent";

(6) by inserting "(including methods established under paragraph (7))" in the fifth sentence of paragraph (6) after "any other procedure";

(7) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(8) by inserting after paragraph (6) the following new paragraph:

"(7) The Secretary shall provide by regulation for a method (or methods) for determining prospectively the amounts of payments to be made for dialysis services furnished by providers of services and renal dialysis facilities to individuals in a facility and to such individuals at home. Such method (or methods) shall provide for the prospective determination of a rate (or rates) for each mode of care based on a single composite weighted formula (which takes into account the mix of patients who receive dialysis services at a facility or at home and the relative costs of providing such services in such settings) for hospital-based facilities and such a single composite weighted formula for other renal dialysis facilities, or based on such other method or combination of methods which differentiate between hospital-based facilities and other renal dialysis facilities and which the Secretary determines, after detailed analysis, will more effectively encourage the more efficient delivery of dialysis services and will provide greater incentives for increased use of home dialysis than through the single composite weighted formulas. The Secretary shall provide for such exceptions to such methods as may be warranted by unusual circumstances (including the special circumstances of sole facilities located in isolated, rural areas). The Secretary may provide that such method will serve in lieu of any target reimbursement rate that would otherwise be established under paragraph (6).".

Effective date. 42 USC 1395rr note.

(b) The amendments made by subsection (a) apply to services furnished on or after October 1, 1981, and the Secretary of Health and Human Services shall first promulgate regulations to carry out section 1881(b)(7) of the Social Security Act not later than October 1, 1981.

Supra.

MEDICARE PAYMENTS SECONDARY IN CASES OF END STAGE RENAL DISEASE SERVICES COVERED UNDER CERTAIN GROUP HEALTH POLICIES

42 USC 1395y.

SEC. 2146. (a) Section 1862(b) of the Social Security Act is amended by inserting "(1)" after "(b)" and by adding at the end thereof the following new paragraph:

"(2)(A) In the case of an individual who is entitled to benefits under part A or is eligible to enroll under part B solely by reason of section 226A, payment under this title may not be made, except as provided in subparagraph (B), with respect to any item or service furnished during the period described in subparagraph (C) to the extent that payment with respect to expenses for such item or service (i) has been made under any group health plan (as defined in section 162(h)(2) of the Internal Revenue Code of 1954) or (ii) the Secretary determines will be made under such a plan as promptly as would otherwise be the case if payment were made by the Secretary under this title.

Post, p. 801.

"(B) Any payment under this title with respect to any item or service to an individual described in subparagraph (A) during the period described in subparagraph (C) shall be conditioned on reimbursement to the appropriate Trust Fund established by this title when notice or other information is received that payment for such item or service has been made under a plan described in subparagraph (A). The Secretary may waive the provisions of this subpara-

graph in the case of an individual claim if he determines that the probability of recovery or amount involved in such claim does not warrant the pursuing of the claim.

"(C) The provisions of subparagraphs (A) and (B) shall apply to an individual only during the 12-month period which begins with the earlier of—

"(i) the month in which a regular course of renal dialysis is initiated, or

"(ii) in the case of an individual who receives a kidney transplant, the first month in which he would be eligible for benefits under this title (if he had filed an application for such benefits) under the provisions of section 226A(b)(1)(B).

"(D) Where payment for an item or service under such plan is less than the amount of the charge for such item or service, payment may be made under this title (without regard to deductibles and coinsurance under this title) for the remainder of such charge, but—

"(i) such payment under this title may not exceed an amount which would be payable under this title for such item or service in the absence of such group health plan; and

"(ii) such payment under this title, when combined with the amount payable under such plan, may not exceed the combined amount which would have been payable under this title and such plan if this paragraph were not in effect.".

(b) Section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection: 26 USC 162.

"(h) GROUP HEALTH PLANS.—

"(1) GENERAL RULE.—The expenses paid or incurred by an employer for a group health plan shall not be allowed as a deduction under this section if the plan differentiates in the benefits it provides between individuals having end stage renal disease and other individuals covered by such plan on the basis of the existence of end stage renal disease, the need for renal dialysis, or in any other manner.

"(2) GROUP HEALTH PLAN.—For purposes of this subsection the term 'group health plan' means any plan of, or contributed to by, an employer to provide medical care (as defined in section 213(e)) to his employees, former employees, or the families of such employees or former employees, directly or through insurance, reimbursement, or otherwise.".

(c)(1) The amendments made by subsection (a) shall become effective on October 1, 1981. Effective date. 42 USC 1395y note.

(2) The amendments made by subsection (b) shall be effective with respect to taxable years beginning on or after January 1, 1982. 26 USC 162 note.

CHAPTER 4—MISCELLANEOUS CHANGES

ELIMINATION OF UNLIMITED OPEN ENROLLMENT

SEC. 2151. (a)(1) Section 1837(e) of the Social Security Act is amended to read as follows: 42 USC 1395p.

"(e) There shall be a general enrollment period during the period beginning on January 1 and ending on March 31 of each year.".

(2) Section 1837(g)(3) of such Act is amended by striking out "the month in which the individual files an application establishing such entitlement" and inserting in lieu thereof "the earlier of the then

current or immediately succeeding general enrollment period (as defined in subsection (e) of this section)".

42 USC 1395q. (3) Section 1838(a)(2)(E) of such Act is amended by striking out "the first day of the third month" and inserting in lieu thereof "the July 1".

42 USC 1395r. (4) The second sentence of section 1839(d) of such Act is amended by striking out "the month after the month in which he reenrolled" and inserting in lieu thereof "the close of the enrollment period in which he reenrolled".

Effective date. 42 USC 1395p note. (b) The amendments made by this section shall not apply to enrollments pursuant to written requests for enrollment filed before October 1, 1981.

UTILIZATION GUIDELINES FOR PROVISION OF HOME HEALTH SERVICES

42 USC 1395y. SEC. 2152. (a) Section 1862 of the Social Security Act is amended by adding at the end the following new subsection:

"(f) The Secretary shall establish utilization guidelines for the determination of whether or not payment may be made, consistent with paragraph (1) of subsection (a), under part A or part B for expenses incurred with respect to the provision of home health services, and shall provide for the implementation of such guidelines through a process of selective postpayment coverage review by intermediaries or otherwise.".

42 USC 1395y note. (b) The Secretary of Health and Human Services shall establish, and provide for the implementation of, the guidelines described in section 1862(f) of the Social Security Act not later than October 1, 1981.

REPEAL OF STATUTORY TIME LIMITATION ON AGREEMENT WITH SKILLED NURSING FACILITIES

42 USC 1395cc. SEC. 2153. Section 1866(a)(1) of the Social Security Act is amended by striking out the second sentence.

REMOVAL OF LIMITATION ON NUMBER OF MEDICARE DEMONSTRATION PROJECTS

42 USC 1395b-1 note. SEC. 2154. Section 903 of the Medicare and Medicaid Amendments of 1980 (P.L. 96-499; 94 Stat. 2615) is amended by striking out subsection (c).

REPEAL OF TEMPORARY DELAY IN PERIODIC INTERIM PAYMENTS (PIP)

42 USC 1395g note. SEC. 2155. Section 959 of the Medicare and Medicaid Amendments of 1980 (P.L. 96-499; 94 Stat. 2650) is repealed.

STATUTORY DEADLINES FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

42 USC 632a. SEC. 2156. Section 966 of the Medicare and Medicaid Amendments of 1980 (P.L. 96-499; 94 Stat. 2652) is amended—

(1) by adding at the end of subsection (c)(2) the following new sentence: "The Secretary shall, not later than October 1, 1981, establish such guidelines and establish such regulations as may be necessary to assure that agreements are entered into under this section by not later than January 1, 1982.", and

(2) by striking out "The Secretary" in subsection (h) and inserting in lieu thereof "The Secretary shall, during January

1982, submit to the Congress a report on steps taken by January 1, 1982, to enter into agreements under this section, including a general description of each of such agreements entered into by such date and the timetable under which he anticipates other such agreements will be entered into. Thereafter, the Secretary".

Subtitle C—Provisions Relating to Medicaid

CHAPTER 1 —CHANGES IN PAYMENTS TO STATES

REDUCTION IN MEDICAID PAYMENTS TO STATES AND OFFSET FOR MEETING FEDERAL MEDICAID EXPENDITURE TARGETS

SEC. 2161. (a) Section 1903 of the Social Security Act is amended by adding at the end the following new subsection: 42 USC 1396b.

"(s)(1)(A) Notwithstanding any other provision of this section (except as otherwise provided in this subsection), the amount of payments which a State is otherwise entitled to receive under this title for any quarter in—

"(i) fiscal year 1982, shall be reduced by 3 percent,

"(ii) fiscal year 1983, shall be reduced by 4 percent, and

"(iii) fiscal year 1984, shall be reduced by 4.5 percent,

of the amount to which the State is otherwise entitled (without regard to payments under subsection (t) and without regard to payments for claims relating to expenditures made before fiscal year 1981).

"(B) No reduction may be made under subparagraph (A) for a quarter unless, as of the first day of the quarter, the Secretary has promulgated and has in effect final regulations (on an interim or other basis) implementing paragraphs (10)(C) and (13)(A) of section 1902(a) (as amended by the Medicare and Medicaid Amendments of 1981).

"(C) For purposes of this paragraph, the term 'State' only includes the fifty States and the District of Columbia and does not include any State which did not have a plan approved under this title as of July 1, 1981.

"(2) The percentage reduction imposed by paragraph (1) for a State for a quarter shall be reduced—

"(A) by one percentage point if the State has a qualified hospital cost review program (described in paragraph (3)) for the quarter,

"(B) by one percentage point if the State has a high unemployment rate (as determined under paragraph (4)) for the quarter, and

"(C) by one percentage point if the total amount of the State's third party and fraud and abuse recoveries (as defined in paragraph (5)(A)) for the previous quarter is equal to or exceeds one percent of the amount of Federal payments that the Secretary estimates are due the State under this title for that previous quarter (without regard to payments under subsection (t)).

"(3) For purposes of paragraph (2)(A), a State has a qualified hospital cost review program for a calendar quarter if such program meets the following requirements:

"(A) The program must have been established by statute and in effect on July 1, 1981, and at the beginning of the quarter.

"(B) The program must be operated directly by the State and must apply (i) to substantially all nonfederal acute care hospitals (as defined by the Secretary) in the State and (ii) to review of

42 USC 1395.

either all revenues or expenses for inpatient hospital services (other than revenues under title XVIII of this Act, unless approved by the Secretary) or at least 75 percent of all revenues or expenses for inpatient hospital services (including revenues under title XVIII of this Act).

"(C) The State must provide the Secretary with satisfactory assurances as to the equitable treatment under the program of all entities (including Federal and State programs) that pay hospitals for inpatient hospital services, of hospital employees, and of hospital patients.

"(D) The Secretary determines that the annual rate of increase in aggregate hospital inpatient costs per capita or per admission (as defined by the Secretary) in the State during the most recent calendar year ending at least nine months before such quarter (or, at the State's option, during the 2 or 3 calendar-year period ending with that calendar year) is at least two percentage points less than the annual rate of increase during that calendar year (or that period, as the case may be) in such costs per capita or per admission for hospitals located in the United States (excluding from such computation, with respect to any calendar year in any period, any State which had in existence a qualified hospital cost review program (or, in the case of periods before January 1, 1982, had a hospital cost review program which the Secretary determines met for such periods the provisions of subparagraphs (A), (B), and (C) of this paragraph) during that entire calendar year).

"(4)(A) For purposes of paragraph (2)(B), a State has a high unemployment rate with respect to a quarter if the average of the monthly unemployment rates (as determined by the Bureau of Labor Statistics) for the State for the three months immediately before such quarter is equal to or greater than 150 percent of the average of such rates for the United States for such months.

"United States."

"(B) For purposes of subparagraph (A), the term 'United States' only includes the fifty States and the District of Columbia.

Definition.

"(5)(A) For purposes of paragraph (2)(C), the term 'third party and fraud and abuse recoveries' means, for a State for a previous quarter—

"(i) the total amount that State demonstrates to the Secretary that it has recovered or diverted in the quarter on the basis of (I) third-party payments (described in section 1902(a)(25)), (II) the operation of its State medicaid fraud control unit (defined in subsection (q)), and (III) other fraud or abuse control activities, plus

"(ii) any amount carried forward from the previous quarter under subparagraph (B).

Subclause (I) of clause (i) shall only apply to quarters during fiscal year 1982.

"(B) If the total amount of the State's third party and fraud and abuse recoveries (defined in subparagraph (A)) for a quarter (beginning on or after October 1, 1981) exceeds one percent of the amount of Federal payments that the Secretary estimates are due the State under this title for that quarter (without regard to subsection (t)), the amount of such excess shall be carried forward to the following quarter for purposes of clause (ii) of subparagraph (A).".

42 USC 1396b.

(b) Section 1902 of such Act is further amended by adding after subsection (s) (added by subsection (a) of this section) the following new subsection:

"(t)(1) The Secretary shall determine for each State (as defined in subsection (s)(1)(C)) for each of fiscal years 1982, 1983, and 1984, a

target amount of Federal medicaid expenditures. Such target amount for a State for fiscal year—

"(A) 1982, is equal to 109 percent of the estimate (based upon the last such estimate for such State received by the Secretary before April 1, 1981) of the Federal share of expenditures under this title (other than interest paid under subsection (d)(5), without taking into account reductions in payment under subsection (s) or additional payments under this subsection, and without regard to payments for claims relating to expenditures made prior to October 1, 1980) in fiscal year 1981 for such State;

"(B) 1983, is equal to the target amount determined under subparagraph (A) for the State increased or decreased by a percentage equal to the percentage increase or decrease (as the case may be) in the index of the medical care expenditure category of the consumer price index for all urban consumers (published by the Bureau of Labor Statistics) between September 1982 and September 1983; and

"(C) 1984, is equal to the target amount determined under subparagraph (A) for the State increased or decreased by a percentage equal to the percentage increase or decrease (as the case may be) in the index of the medical care expenditure category of the consumer price index for all urban consumers (published by the Bureau of Labor Statistics) between September 1982 and September 1984.

"(2) Notwithstanding any other provision of this section (except as otherwise provided in this subsection), the amount of payments which a State (with a State plan approved under this title) is otherwise entitled to receive for the first quarter of any fiscal year (beginning with fiscal year 1983 and ending with fiscal year 1985) shall be supplemented by an amount equal to the lesser of—

"(A) the amount by which the Secretary determines or estimates (subject to appropriate subsequent adjustments) the Federal share of expenditures under this title (other than interest paid under subsection (d)(5), without taking into account reductions in payment under subsection (s) or payments under this subsection, without regard to payments for claims relating to expenditures made prior to October 1, 1980, and subject to paragraph (3) of this subsection) under the State's plan for the previous fiscal year was less than the target amount of Federal medicaid expenditures for that State for that fiscal year determined under paragraph (1), or

"(B) the amount of the reductions imposed with respect to the State under subsection (s) for the quarters in the previous fiscal year.

"(3) Only for the purpose of computing under this subsection the Federal share of expenditures for a State for fiscal year 1984 (in the case of the payment which may be made for the first quarter of fiscal year 1985), the Federal medical assistance percentage for fiscal year 1984 shall be the Federal medical assistance percentage for States in effect for fiscal year 1983, disregarding any change in such percentage between fiscal year 1983 and fiscal year 1984.".

(c)(1) Effective for calendar quarters beginning on or after October 1, 1984, subsection (s) of section 1902 of the Social Security Act (added by subsection (a) of this section) is repealed. *Ante*, p. 803.

(2) Effective after payments for the first quarter of fiscal year 1985, subsection (t) of section 1902 of the Social Security Act (added by subsection (b) of this section) is repealed. *Ante*, p. 804.

PAYMENTS TO TERRITORIES

42 USC 1301.

SEC. 2162. (a)(1) Section 1101(a)(1) of the Social Security Act is amended (1) by striking out "American Samoa and" in the third sentence and inserting in lieu thereof "American Samoa, the Northern Mariana Islands, and", and (2) by inserting after the third sentence the following new sentence: "Such term when used in title XIX also includes the Northern Mariana Islands.".

42 USC 1396d.

(2) Clause (2) of section 1905(b) of such Act is amended by striking out "and Guam" and inserting in lieu thereof "Guam, and the Northern Mariana Islands".

42 USC 1308.

(b)(1) Subsection (c) of section 1108 of such Act is amended to read as follows:

42 USC 1396.

"(c) The total amount certified by the Secretary under title XIX with respect to a fiscal year for payment to—

"(1) Puerto Rico shall not exceed $45,000,000,

"(2) the Virgin Islands shall not exceed $1,500,000,

"(3) Guam shall not exceed $1,400,000, and

"(4) the Northern Mariana Islands shall not exceed $350,000.".

Effective date.
42 USC 1308 note.

(2) The amendment made by paragraph (1) shall apply to fiscal years beginning with fiscal year 1982.

ELIMINATING TIME PERIOD LIMITATION ON PAYMENT OF INTEREST ON DISPUTED CLAIMS

42 USC 1396b.

SEC. 2163. Section 1903(d)(5) of the Social Security Act is amended by striking out "(but not to exceed a period of twelve months" and all that follows through "disallowances made thereafter)".

ELIMINATING FEDERAL MATCHING FOR CERTAIN LABORATORY TESTS

SEC. 2164. (a) Section 1903(i) of the Social Security Act, as amended by section 2103 of this subtitle, is further amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or" and by adding at the end the following new paragraph:

"(6) with respect to any amount expended for inpatient hospital tests (other than in emergency situations) not specifically ordered by the attending physician or other responsible practitioner.".

Effective date.
42 USC 1396b note.

(b) The amendments made by subsection (a) shall apply to tests occurring on or after October 1, 1981.

STUDY OF FEDERAL MEDICAL ASSISTANCE PERCENTAGE FORMULA AND OF ADJUSTMENTS OF TARGET AMOUNTS FOR FEDERAL MEDICAID EXPENDITURES

42 USC 1396d note.

SEC. 2165. (a) The Comptroller General, in consultation with the Advisory Committee for Intergovermental Relations, shall conduct a study of—

42 USC 1396d.

(1) the formula, under section 1905(b) of the Social Security Act, defining the Federal medical assistance percentage, as it applies to distribution of Federal funds to States (as defined for purposes of title XIX of such Act) under that Act, and

(2) the validity and equity of any adjustment to the target amount of Federal medical expenditures (under section 1903(t) of the Social Security Act, added by section 2161 of this subtitle) for all States or any particular State which ought to be made for fiscal year 1983 or fiscal year 1984 (including methodology for calculating and implementing such adjustments) to reflect eco-

Ante, p. 804.

nomic and demographic factors affecting such State which are out of the ordinary sphere of control of such State.

Specifically, pursuant to paragraph (1) the Comptroller General shall examine the feasibility and consequences of revising the medicaid matching formula so as to take into account the relative economic positions and needs of the different States, the different amounts of support and income payments made by different States under the Social Security Act, the relative cost of living and the unemployment rates in the different States, the relative taxable wealth and amount of taxes raised per capita by the different States, and other relevant factors bearing on an equitable distribution of Federal funds to States under that Act. 42 USC 1305.

(b) The Comptroller General shall report to the Congress on the study required under this section not later than October 1, 1982.

CHAPTER 2—INCREASED FLEXIBILITY FOR STATES

COVERAGE OF, AND SERVICES FOR, THE MEDICALLY NEEDY

SEC. 2171. (a) Section 1902(a)(10) of the Social Security Act is amended— 42 USC 1396a.

(1) by amending subparagraph (A) to read as follows:

"(A) for making medical assistance available, including at least the care and services listed in paragraphs (1) through (5) and (17) of section 1905(a), to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A or part E of title IV (including pregnant women deemed by the State to be receiving such aid as authorized in section 406(g) and individuals considered by the State to be receiving such aid as authorized under section 414(g)), or with respect to whom supplemental security income benefits are being paid under title XVI;"; 42 USC 1396d. 42 USC 301, 1201, 1351, 1381, 601; 94 Stat. 501. 42 USC 670.

(2) by striking out "clause" each place it appears in subparagraph (B) and inserting in lieu thereof "subparagraph" and by striking out "and" at the end of subparagraph (B); and

(3) by striking out paragraph (C) and by inserting in lieu thereof the following:

"(C) that if medical assistance is included for any group of individuals described in section 1905(a) who are not described in subparagraph (A), then—

"(i) the plan must include a description of (I) the criteria for determining eligibility of individuals in the group for such medical assistance and (II) the amount, duration, and scope of medical assistance made available to individuals in the group;

"(ii) the plan must make available medical assistance—

"(I) to individuals described in section 1905(a)(i), and

"(II) to pregnant women, during the course of their pregnancy, who (but for income and resources) would be eligible for medical assistance as an individual described in subparagraph (A);

"(iii) such medical assistance must include (I) with respect to children under 18 and individuals entitled to institutional services, ambulatory services, and (II) with respect to pregnant women, prenatal care and delivery services; and

"(iv) if such medical assistance includes services in institutions for mental diseases or intermediate care facility services for the mentally retarded (or both) for any such group, it also must include for all groups covered at least the care and services listed in paragraphs (1) through (5) and (17) of section 1905(a) or the care and services listed in any 7 of the paragraphs numbered (1) through (17) of such section; and

"(D) for the inclusion of home health services for any individual who, under the State plan, is entitled to skilled nursing facility services;".

42 USC 1396a. (b) Section 1902(a)(13) of such Act is amended by striking out subparagraphs (A), (B), and (C).

Effective date. 42 USC 1396a note. (c) The amendments made by this section shall become effective on the date of the enactment of this Act.

FLEXIBILITY IN COVERAGE OF INDIVIDUALS AGED 18–20

SEC. 2172. (a) Paragraph (2) of section 1902(b) of the Social Security Act is amended to read as follows:

"(2) any age requirement which excludes any individual who has not attained the age of 19 and is a dependent child under part A of title IV;".

42 USC 1396d. (b)(1) Clause (i) of section 1905(a) of such Act is amended to read as follows:

"(i) under the age of 21, or, at the option of the State, under the age of 20, 19, or 18 as the State may choose, or any reasonable category of such individuals,".

(2) Section 1905(a)(ii) of such Act is amended by striking out ", except for section 406(a)(2),".

Effective date. 42 USC 1396a note. (c) The amendments made by this section shall become effective on the date of the enactment of this Act.

REIMBURSEMENT OF HOSPITALS

42 USC 1396a. SEC. 2173. (a)(1) Section 1902(a)(13) of the Social Security Act is amended—

(A) by striking out subparagraph (D);

(B) in subparagraph (E)—

(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 inserting "and which, in the case of hospitals, take into account the situation of hospitals which serve a disproportionate number of low income patients with special needs and provide, in the case of hospital patients receiving services at an inappropriate level of care (under conditions similar to those described in section 1861(v)(1)(G)), for lower reimbursement rates reflecting the level of care actually received (in a manner consistent with section 1861(v)(1)(G))" after "determined in accordance with methods and standards developed by the State";

42 USC 1395x.

(iii) by inserting before the first semicolon the following: "and to assure that individuals eligible for medical assistance have reasonable access (taking into account geographic location and reasonable travel time) to inpatient hospital services of adequate quality"; and

(iv) 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

(C) by redesignating subparagraphs (E) and (F) as subparagraphs (A) and (B), respectively.

(2) Section 1902(a)(20) of such Act is amended— 42 USC 1396a.

(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)(1) Subsection (h) of section 1902 of such Act is repealed.

(2) The amendment made by paragraph (1) shall not apply with respect to services furnished before the date the Secretary of Health and Human Services first promulgates and has in effect final regulations (on an interim or other basis) to carry out section 1902(a)(13)(A) of the Social Security Act (as amended by this subtitle). 42 USC 1396a note.

(c) Part A of title XI of such Act is amended by adding after section 1134 the following new section:

"DEVELOPMENT OF MODEL PROSPECTIVE RATE METHODOLOGY

"SEC. 1135. (a) The Secretary shall develop a model system or systems for the payment of hospitals for inpatient hospital services on a prospective basis which may be applied for reimbursement of hospitals under title XVIII or under a State plan approved under title XIX. 42 USC 1320b-5. 42 USC 1395, 1396.

"(b) The Secretary shall report to the Congress on the development of such system or systems not later than July 31, 1982.".

REMOVAL OF MEDICAID REASONABLE CHARGE LIMITATION

SEC. 2174. (a) Section 1902(a)(30) of the Social Security Act is amended by striking out "(including payments" and all that follows through "reasonable charges" and inserting in lieu thereof "are". 42 USC 1396a.

(b) Section 1903(i) of such Act is amended by striking out paragraph (1). 42 USC 1396b.

(c) The amendments made by this section shall apply to services furnished on or after October 1, 1981. Effective date. 42 USC 1396a note.

INAPPLICABILITY AND WAIVER OF FREEDOM-OF-CHOICE AND OTHER STATE PLAN REQUIREMENTS

SEC. 2175. (a) Paragraph (23) of section 1902(a) of the Social Security Act is amended—

(1) by inserting "except as provided in section 1915 and" after "(23)", and

(2) by striking out all that follows the first semicolon.

(b) Title XIX of the Social Security Act is amended by adding at the end the following new section:

"PROVISIONS RESPECTING INAPPLICABILITY AND WAIVER OF CERTAIN REQUIREMENTS OF THIS TITLE

"SEC. 1915. (a) A State shall not be deemed to be out of compliance with the requirements of paragraphs (1), (10), or (23) of section 1902(a) solely by reason of the fact that the State (or any political subdivision thereof)— 42 USC 1396n.

"(1) has entered into—

"(A) a contract with an organization which has agreed to provide care and services in addition to those offered under

the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization, or by reason of the fact that the plan provides for payment for rural health clinic services only if those services are provided by a rural health clinic; or

"(B) arrangements through a competitive bidding process or otherwise for the purchase of laboratory services referred to in section 1905(a)(3) or medical devices if the Secretary has found that—

42 USC 1396d.

"(i) adequate services or devices will be available under such arrangements, and

"(ii) any such laboratory services will be provided only through laboratories—

"(I) which meet the applicable requirements of section 1861(e)(9) or paragraphs (11) and (12) of section 1861(s), and such additional requirements as the Secretary may require, and

42 USC 1395x.

"(II) no more than 75 percent of whose charges for such services are for services provided to individuals who are entitled to benefits under this title or under part A or part B of title XVIII; or

42 USC 1395c, 1395j.

"(2) restricts—

"(A) for a reasonable period of time the provider or providers from which an individual (eligible for medical assistance for items or services under the State plan) can receive such items or services, if the State has found, after notice and opportunity for a hearing (in accordance with procedures established by the State), that the individual has utilized such items or services at a frequency or amount not medically necessary (as determined in accordance with utilization guidelines established by the State), or

"(B) (through suspension or otherwise) for a reasonable period of time the participation of a provider of items or services under the State plan, if the State has found, after notice and opportunity for a hearing (in accordance with procedures established by the State), that the provider has (in a significant number or proportion of cases) provided such items or services either (i) at a frequency or amount not medically necessary (as determined in accordance with utilization guidelines established by the State), or (ii) of a quality which does not meet professionally recognized standards of health care,

if, under such restriction, individuals eligible for medical assistance for such services have reasonable access (taking into account geographic location and reasonable travel time) to such services of adequate quality.

"(b) The Secretary, to the extent he finds it to be cost-effective and efficient and not inconsistent with the purposes of this title, may waive such requirements of section 1902 and section 1903(m) as may be necessary for a State—

42 USC 1396a, 1396b.

"(1) to implement a case-management system or a specialty physician services arrangement which restricts the provider from (or through) whom an individual (eligible for medical assistance under this title) can obtain primary care services (other than in emergency circumstances), if such restriction does not substantially impair access to such services of adequate quality where medically necessary,

"(2) to allow a locality to act as a central broker in assisting individuals (eligible for medical assistance under this title) in selecting among competing health care plans, if such restriction does not substantially impair access to services of adequate quality where medically necessary,

"(3) to share (through provision of additional services) with recipients of medical assistance under the State plan cost savings resulting from use by the recipient of more cost-effective medical care, and

"(4) to restrict the provider from (or through) whom an individual (eligible for medical assistance under this title) can obtain services (other than in emergency circumstances) to providers or practitioners who undertake to provide such services and who meet, accept, and comply with the reimbursement, quality, and utilization standards under the State plan, which standards are consistent with access, quality, and efficient and economic provision of covered care and services, if such restriction does not discriminate among classes of providers on grounds unrelated to their demonstrated effectiveness and efficiency in providing those services.

"(c) No waiver under this section may extend over a period of longer than two years unless the State requests continuation of such waiver, and such request shall be deemed granted unless the Secretary denies such request in writing within 90 days after the date of its submission to the Secretary.

"(d)(1) The Secretary shall monitor the implementation of waivers granted under this section to assure that the requirements for such waiver are being met and shall, after notice and opportunity for a hearing, terminate any such waiver where he finds noncompliance has occurred.

"(2) The Secretary shall report, not later than September 30, 1984, to Congress on waivers granted under this section.". Report to Congress.

(d)(1) Section 1902(a)(9) of such Act is amended— 42 USC 1396a.

(A) by striking out "and" at the end of subparagraph (A),

(B) by striking out the semicolon at the end of subparagraph (B) and inserting in lieu thereof ", and", and

(C) by adding after subparagraph (B) the following new subparagraph:

"(C) that any laboratory services paid for under such plan must be provided by a laboratory which meets the applicable requirements of section 1861(e)(9) or paragraphs (11) and (12) of section 1861(s), or, in the case of a laboratory which is in a rural health clinic, of section 1861(aa)(2)(G);". 42 USC 1395x.

(2)(A) The amendments made by paragraph (1) shall (except as provided under subparagraph (B)) be effective with respect to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1981. Effective date. 42 USC 1396a note. 42 USC 1396.

(B) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirement imposed by the amendment made by paragraph (1)(C), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar year beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

WAIVER TO PROVIDE HOME AND COMMUNITY-BASED SERVICES FOR CERTAIN INDIVIDUALS

Ante, p. 809.

SEC. 2176. Section 1915 of the Social Security Act (added by section 2175 of this subtitle) is amended—

(1) by inserting "(other than a waiver under subsection (c))" in subsection (c) after "No waiver under this section", and

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c)(1) The Secretary may by waiver provide that a State plan approved under this part may include as 'medical assistance' under such plan home or community-based services (other than room and board) approved by the Secretary which are provided pursuant to a written plan of care to individuals with respect to whom there has been a determination that but for the provision of such services the individuals would require the level of care provided in a skilled nursing facility or intermediate care facility the cost of which could be reimbursed under the State plan.

"(2) A waiver shall not be granted under this subsection unless the State provides assurances satisfactory to the Secretary that—

"(A) necessary safeguards (including adequate standards for provider participation) have been taken to protect the health and welfare of individuals provided services under the waiver and to assure financial accountability for funds expended with respect to such services;

"(B) the State will provide, with respect to individuals who are entitled to medical assistance for skilled nursing facility or intermediate care facility services under the State plan and who may require such services, for an evaluation of the need for such services;

"(C) such individuals who are determined to be likely to require the level of care provided in a skilled nursing facility or intermediate care facility are informed of the feasible alternatives, if available under the waiver, at the choice of such individuals, to the provision of skilled nursing facility or intermediate care facility services;

"(D) under such waiver the average per capita expenditure estimated by the State in any fiscal year for medical assistance provided with respect to such individuals does not exceed the average per capita expenditure that the State reasonably estimates would have been made in that fiscal year for expenditures under the State plan for such individuals if the waiver had not been granted; and

"(E) the State will provide to the Secretary annually, consistent with a data collection plan designed by the Secretary, information on the impact of the waiver granted under this subsection on the type and amount of medical assistance provided under the State plan and on the health and welfare of recipients.

"(3) A waiver granted under this subsection may include a waiver of the requirements of subsection (a)(1) (relating to statewideness) and subsection (a)(10) of section 1902. A waiver under this subsection shall be for an initial term of three years and, upon the request of a State, shall be extended for additional three-year periods unless the Secretary determines that for the previous three-year period the assurances provided under paragraph (2) have not been met.

42 USC 1396a.

"(4) A waiver granted under this section may, consistent with paragraph (2)—

"(A) limit the individuals provided benefits under such waiver to individuals with respect to whom the State has determined that there is a reasonable expectation that the amount of medical assistance provided with respect to the individual under such waiver will not exceed the amount of such medical assistance provided for such individual if the waiver did not apply, and

"(B) provide medical assistance to individuals (to the extent consistent with written plans of care, which are subject to the approval of the State) for case management services, homemaker/home health aide services and personal care services, adult day health services, habilitation services, respite care, and such other services requested by the State as the Secretary may approve.".

TIME LIMITATION FOR ACTION ON REQUESTS FOR PLAN AMENDMENTS AND WAIVERS

SEC. 2177. (a) Section 1915 of the Social Security Act (added by section 2175 of this subtitle) is further amended by adding at the end thereof the following new subsection: *Ante*, p. 812.

"(f) A request to the Secretary from a State for a proposed State plan or plan amendment or a waiver of a requirement of this title submitted by the State pursuant to a provision of this title shall be deemed granted unless the Secretary, within 90 days after the date of its submission to the Secretary, either denies such request in writing or informs the State agency in writing with respect to any additional information which is needed in order to make a final determination with respect to the request. After the date the Secretary receives such additional information, the request shall be deemed granted unless the Secretary, within 90 days of such date, denies such request.".

(b) The amendment made by this section shall become effective 90 days after the date of the enactment of this Act. Effective date. 42 USC 1396n note.

FLEXIBILITY IN HMO AND PREPAID PROVIDER PARTICIPATION IN STATE PLANS

SEC. 2178. (a)(1) Paragraph (1)(A) of section 1903(m) of the Social Security Act is amended by striking out "means" and all that follows through the end thereof and inserting in lieu thereof the following: "means a public or private organization, organized under the laws of any State, which is a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act) or which— 42 USC 1396b. 42 USC 300e-9.

"(i) makes services it provides to individuals eligible for benefits under this title accessible to such individuals, within the area served by the organization, to the same extent as such services are made accessible to individuals (eligible for medical assistance under the State plan) not enrolled with the organization, and

"(ii) has made adequate provision against the risk of insolvency, which provision is satisfactory to the State and which assures that individuals eligible for benefits under this title are in no case held liable for debts of the organization in case of the organization's insolvency.".

(2) Paragraph (2)(A) of section 1903(m) of such Act is amended— 42 USC 1396b.

(A) by striking out "and" at the end of clause (i),

(B) by striking out "one-half of the membership of the entity" in clause (ii) and inserting in lieu thereof "75 percent of the membership of the entity which is enrolled on a prepaid basis";

(C) by striking out the period at the end of clause (ii) and inserting in lieu thereof a semicolon, and

(D) by adding at the end the following new clauses:

"(iii) such services are provided for the benefit of individuals eligible for benefits under this title in accordance with a contract between the State and the entity under which prepaid payments to the entity are made on an actuarially sound basis;

"(iv) such contract provides that the Secretary and the State (or any person or organization designated by either) shall have the right to audit and inspect any books and records of the entity (and of any subcontractor) that pertain (I) to the ability of the entity to bear the risk of potential financial losses, and (II) to services performed or determinations of amounts payable under the contract;

"(v) such contract provides that in the entity's enrollment, reenrollment, or disenrollment of individuals who are eligible for benefits under this title and eligible to enroll, reenroll, or disenroll with the entity pursuant to the contract, the entity will not discriminate among such individuals on the basis of their health status or requirements for health care services;

"(vi) such contract (I) permits individuals who have elected under the plan to enroll with the entity for provision of such benefits to terminate such enrollment without cause as of the beginning of the first calendar month following a full calendar month after the request is made for such termination, and (II) provides for notification of each such individual, at the time of the individual's enrollment, of such right to terminate such enrollment; and

"(vii) such contract provides that, in the case of medically necessary services which were provided (I) to an individual enrolled with the entity under the contract and entitled to benefits with respect to such services under the State's plan and (II) other than through the organization because the services were immediately required due to an unforseen illness, injury, or condition, either the entity or the State provides for reimbursement with respect to those services.".

(3) Paragraph (2) of such section is further amended by adding after subparagraph (C) the following new subparagraph:

"(D) In the case of a health maintenance organization that is a public entity, the Secretary may modify or waive the requirement described in subparagraph (A)(ii) but only if the Secretary determines that (i) special circumstances warrant such modification or waiver, and (ii) the organization has taken and is taking reasonable efforts to enroll individuals who are not entitled to benefits under the State plan approved under this title or under title XVIII.".

42 USC 1395.

42 USC 1396a.

(b) Section 1902(e) of such Act is amended by inserting "(1)" after "(e)" and by adding at the end the following new paragraph:

"(2)(A) In the case of an individual who is enrolled with a qualified health maintenance organization (as defined in title XIII of the Public Health Service Act) under a contract described in section 1903(m)(2)(A) and who would (but for this paragraph) lose eligibility for benefits under this title before the end of the minimum enrollment period (defined in subparagraph (B)), the State plan may provide, notwithstanding any other provision of this title, that the individual shall be deemed to continue to be eligible for such benefits

42 USC 300e.

42 USC 1396b.

until the end of such minimum period, but only with respect to such benefits provided to the individual as an enrollee of such organization.

"(B) For purposes of subparagraph (A), the term 'minimum enrollment period' means, with respect to an individual's enrollment with a health maintenance organization under a State plan, a period, established by the State, of not more than six months beginning on the date the individual's enrollment with the organization becomes effective.". "Minimum enrollment period."

(c) The amendments made by this section shall apply with respect to services furnished, under a State plan approved under title XIX of the Social Security Act, on or after October 1, 1981; except that such amendments shall not apply with respect to services furnished by a health maintenance organization under a contract with a State entered into under such title before October 1, 1981 unless the organization requests that such amendments apply and the Secretary of Health and Human Services and the single State agency (administering or supervising the administration of the State plan under such title) agree to such request. 42 USC 1396a note. 42 USC 1396.

(d) The Secretary of Health and Human Services shall conduct a study evaluating the extent of, and reasons for, the termination by medicaid beneficiaries of their memberships in health maintenance organizations. In conducting such study, the Secretary shall place special emphasis on the quantity and quality of medical care provided in health maintenance organizations and the quality of such care when provided on a fee-for-service basis. The Secretary shall submit an interim report to the Congress, within two years after the date of the enactment of this Act, and a final report within five years from such date containing, respectively, the interim and final findings and conclusions made as a result of such study. 42 USC 1396a note. Report to Congress.

CHAPTER 3—MISCELLANEOUS CHANGES

REPEAL OF EPSDT PENALTY

SEC. 2181. (a)(1) Subsection (g) of section 403 of the Social Security Act is repealed. 42 USC 603.

(2) Section 1902(a) of such Act is amended— 42 USC 1396a.

(A) by striking out "and" at the end of paragraph (42),

(B) by striking out the period at the end of paragraph (43) and inserting in lieu thereof "; and", and

(C) by inserting after paragraph (43) the following new paragraph:

"(44) provide for—

"(A) informing all persons in the State who are under the age of 21 and who have been determined to be eligible for medical assistance including services described in section 1905(a)(4)(B), of the availability of early and periodic screening, diagnostic, and treatment services as described in section 1905(a)(4)(B), 42 USC 1396d.

"(B) providing or arranging for the provision of such screening services in all cases where they are requested, and

"(C) arranging for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment the need for which is disclosed by such child health screening services.".

(b) The amendment made by subsection (a)(1) shall apply to reductions for calendar quarters beginning on or after June 30, 1974, and Effective date. 42 USC 603 note.

the amendments made by subsection (a)(2) shall take effect on October 1, 1981.

FLEXIBILITY IN REQUIRING COLLECTION OF THIRD-PARTY PAYMENTS

42 USC 1396a.

SEC. 2182. Section 1902(a)(25)(C) of the Social Security Act is amended by inserting "and where the amount of reimbursement the State can reasonably expect to recover exceeds the costs of such recovery" after "of the individual".

PERMITTING PHYSICIAN ASSISTANTS AND NURSE PRACTITIONERS TO PROVIDE CERTAIN RECERTIFICATIONS

42 USC 1396b.

SEC. 2183. (a) Section 1903(g)(1)(A) of the Social Security Act is amended—

(1) by striking out "(and recertifies" and inserting in lieu thereof "(and the physician, or a physician assistant or nurse practitioner under the supervision of a physician, recertifies", and

(2) by inserting "(or, in the case of services that are intermediate care facility services described in section 1905(d), every year)" after "every 60 days".

Effective date.
42 USC 1396b note.

(b) The amendments made by subsection (a) shall apply to payments made to States for calendar quarters beginning on or after October 1, 1981.

REPEAL OF OBSOLETE AUTHORITY FOR MEDICAL ASSISTANCE

SEC. 2184. (a)(1) The heading of title I of the Social Security Act is amended by striking out "AND MEDICAL ASSISTANCE".

42 USC 301.

(2) Section 1 of such Act is amended—

(A) by striking out "(a)" the first place it appears in the first sentence,

(B) by striking out ", (b) of enabling" and all that follows through "for self-care" in the first sentence, and

(C) by striking out ", or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged" in the second sentence.

42 USC 302.

(3) Section 2 of such Act is amended—

(A) by striking out "AND MEDICAL ASSISTANCE" in the heading;

(B) by striking out ", or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged" in subsection (a) before paragraph (1);

(C) by striking out "; and" at the end of subsection (a)(10) and inserting in lieu thereof a period; and

(D) by striking out paragraphs (11), (12), and (13) of subsection (a).

42 USC 303.

(4) Section 3 of such Act is amended—

(A) by striking out paragraphs (1) and (3) of subsection (a);

(B) by amending paragraph (2) of subsection (a) to read as follows:

"(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of any expenditure with respect to any month as exceeds $37.50 multiplied by the total number of recipients of old-age assistance for such month; plus"; and

(C) by striking out subsection (d).

(5) Section 6 of such Act is amended by striking out subsections (b) and (c). 42 USC 306.

(b)(1) Section 403 of such Act is amended— 42 USC 603.

(A) by striking out "(including expenditures for premiums" and all that follows through "the cost thereof)" in subsection (a)(1) in the matter before subparagraph (A);

(B) by striking out "plus (ii)" and all that follows through "clause (i) or (ii)" in subsection (a)(1)(A) and inserting in lieu thereof "plus (ii) the number of individuals, not counted under clause (i)"; and

(C) by striking out "(including expenditures" and all that follows through "the cost thereof)" in subsection (a)(2).

(2) Section 406 of such Act is amended— 42 USC 606.

(A) by striking out ", or (if provided" and all that follows through "under State law in behalf of," and "or medical care or any type of remedial care recognized under State law" in subsection (b) in the matter preceding subparagraph (A), and

(B) by inserting "(for which such individual is not entitled to medical assistance under the State plan under title XIX)" in subsection (e)(1)(A) after "recognized under State law".

(c)(1) Sections 1001 and 1401 of such Act are each amended by striking out "and of encouraging each State" and all that follows through "self-care". 42 USC 1201, 1351

(2) Sections 1003(a) and 1403(a) of such Act are each amended— 42 USC 1203, 1353.

(A) by striking out paragraph (1), and

(B) by striking out "(including expenditures for" and all that follows through "the cost thereof)" in paragraph (2).

(3) Sections 1006 and 1405 of such Act are each amended by striking out ", or (if provided" and all that follows through "under State law in behalf of," in the matter before paragraph (1). 42 USC 1206, 1355.

(d)(1) The amendments made by this subsection are to the title XVI of the Social Security Act which only applies in the case of Puerto Rico, Guam, and the Virgin Islands under section 303(b) of the Social Security Amendments of 1972 (Public Law 92-603). 42 USC 1381. 42 USC 301 note.

(2) The heading of such title is amended by striking out "AND MEDICAL ASSISTANCE".

(3) Section 1601 of such title is amended— 42 USC 1381 note.

(A) by striking out "(a)" the first place it appears in the first sentence,

(B) by striking out ", (b) of enabling" and all that follows through "or self-care" in the first sentence, and

(C) by striking out ", or for aid to the aged, blind, or disabled and medical assistance for the aged" in the second sentence.

(4) Section 1602 of such title is amended— 42 USC 1382 note.

(A) by striking out ", OR FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED" in the heading;

(B) by striking out ", or for aid to the aged, blind, or disabled and medical assistance for the aged" in subsection (a) in the matter before paragraph (1);

(C) by inserting "and" at the end of paragraph (13) of subsection (a);

(D) by striking out the semicolon at the end of paragraph (14) of subsection (a) and inserting in lieu thereof a period;

(E) by striking out paragraphs (15), (16), and (17) of subsection (a);

(F) by striking out "(or for aid to the aged, blind, or disabled and medical assistance for the aged)" in the second sentence of subsection (a);

(G) by striking out "(A) in the case of applicants for aid to the aged, blind, or disabled" in subsection (b)(2);

(H) by striking out "and (B)" and all that follows through "who resides in the State" in subsection (b)(2); and

(I) by striking out "(or for aid to the aged, blind, or disabled and medical assistance for the aged)" each place it appears in the third sentence of subsection (b).

42 USC 1383 note.

(5) Section 1603 of such title is amended—

(A) by striking out paragraphs (1) and (3) of subsection (a);

(B) by striking out "(including expenditures for premiums" and all that follows through "cost thereof)" in paragraph (2)(A);

(C) by striking out "the larger of the following amounts: (i)", "(I)", and ", or (II)" and all that follows before the semicolon, in paragraph (2)(B); and

(D) by striking out subsection (d).

42 USC 1385 note.

(6) Section 1605 of such title is amended—

(A) by striking out ", or (if provided" and all that follows through "under State law in behalf of," in subsection (a) in the matter before paragraph (1), and

(B) by striking out subsection (b).

Maternal and Child Health Services Block Grant Act.

Subtitle D—Maternal and Child Health Services Block Grant

SHORT TITLE OF SUBTITLE

42 USC 1305 note.

SEC. 2191. This subtitle may be cited as the "Maternal and Child Health Services Block Grant Act".

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

SEC. 2192. (a) Title V of the Social Security Act is amended to read as follows:

"TITLE V—MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT

"AUTHORIZATION OF APPROPRIATIONS

42 USC 701.

"SEC. 501. (a) For the purpose of enabling each State—

"(1) to assure mothers and children (in particular those with low income or with limited availability of health services) access to quality maternal and child health services,

"(2) to reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children, to reduce the need for inpatient and long-term care services, to increase the number of children (especially preschool children) appropriately immunized against disease and the number of low income children receiving health assessments and follow-up diagnostic and treatment services, and otherwise to promote the health of mothers and children (especially by providing preventive and primary care services for low income children, and prenatal, delivery, and postpartum care for low income mothers),

"(3) to provide rehabilitation services for blind and disabled individuals under the age of 16 receiving benefits under title XVI of this Act, and

42 USC 1381.

"(4) to provide services for locating, and for medical, surgical, corrective, and other services, and care for, and facilities for

diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling;

and for the purpose of enabling the Secretary to provide for special projects of regional and national significance, research, and training with respect to maternal and child health and crippled children, for genetic disease testing, counseling, and information development and dissemination programs, and for grants relating to hemophilia (without regard to age), there are authorized to be appropriated $373,000,000 for fiscal year 1982 and for each fiscal year thereafter.

"(b) For purposes of this title:

"(1) The term 'consolidated health programs' means the programs administered under the provisions of—

"(A) this title (relating to maternal and child health and crippled children's services),

"(B) section 1615(c) of this Act (relating to supplemental security income for disabled children), 42 USC 1382d.

"(C) sections 316 (relating to lead-based paint poisoning prevention programs), 1101 (relating to genetic disease programs), 1121 (relating to sudden infant death syndrome programs) and 1131 (relating to hemophilia treatment centers) of the Public Health Service Act, and 42 USC 247a, 1301, 1320a, 1320b-1.

"(D) title IV of the Health Services and Centers Amendments of 1978 (Public Law 95-626; relating to adolescent pregnancy grants), 42 USC 247b-1.

as such provisions were in effect before the date of the enactment of the Maternal and Child Health Services Block Grant Act.

"(2) The term 'low income' means, with respect to an individual or family, such an individual or family with an income determined to be below the nonfarm income official poverty line defined by the Office of Management and Budget and revised annually in accordance with section 624 of the Economic Opportunity Act of 1964. "Low income." 42 USC 2971d.

"ALLOTMENTS TO STATES AND FEDERAL SET-ASIDE

"SEC. 502. (a)(1) Of the amount appropriated under section 501(a), the Secretary shall retain an amount equal to 15 percent thereof in the case of fiscal year 1982, and an amount equal to not less than 10, nor more than 15, percent thereof in the case of each fiscal year thereafter, for the purpose of carrying out (through grants, contracts, or otherwise) special projects of regional and national significance, training, and research and for the funding of genetic disease testing, counseling, and information development and dissemination programs and of comprehensive hemophilia diagnostic and treatment centers. The authority of the Secretary to enter into any contracts under this title is effective for any fiscal year only to such extent or in such amounts as are provided in appropriations Acts. 42 USC 702.

"(2) For purposes of paragraph (1)—

"(A) amounts retained by the Secretary for training shall be used to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children; and

"(B) amounts retained by the Secretary for research shall be used to make grants to, contracts with, or jointly financed cooperative agreements with, public or nonprofit institutions of higher learning and public or nonprofit private agencies and organizations engaged in research or in maternal and child

health or crippled children's programs for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof.

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

"(b) From the remaining amounts appropriated under section 501(a) for any fiscal year, the Secretary shall allot to each State which has transmitted a description of intended activities and statement of assurances for the fiscal year under section 505, an amount determined as follows:

"(1) The Secretary shall determine, for each State—

"(A)(i) the amount provided or allotted by the Secretary to the State and to entities in the State under the provisions of the consolidated health programs (as defined in section 501(b)(1)), other than for any of the projects or programs described in subsection (a), from appropriations for fiscal year 1981,

"(ii) the proportion that such amount for that State bears to the total of such amounts for all the States, and

"(B)(i) the number of low income children in the State, and

"(ii) the proportion that such number of children for that State bears to the total of such numbers of children for all the States.

"(2)(A) For each of fiscal years 1982 and 1983, each such State shall be allotted for that fiscal year an amount equal to the State's proportion (determined under paragraph (1)(A)(ii)) of the amounts available for allotment to all the States under this subsection for that fiscal year.

"(B) For fiscal years beginning with fiscal year 1984, if the amount available for allotment under this subsection for that fiscal year—

"(i) does not exceed the amount available under this subsection for allotment for fiscal year 1983, each such State shall be allotted for that fiscal year an amount equal to the State's proportion (determined under paragraph (1)(A)(ii)) of the amounts available for allotment to all the States under this subsection for that fiscal year, or

"(ii) exceeds the amounts available under this subsection for allotment for fiscal year 1983, each such State shall be allotted for that fiscal year an amount equal to the sum of—

"(I) the amount of the allotment to the State under this subsection in fiscal year 1983 (without regard to paragraph (3) of this subsection), and

"(II) the State's proportion (determined under paragraph (1)(B)(ii)) of the amount by which the allotment available under this subsection for all the States for that fiscal year exceeds the amount that was available under this subsection for allotment for all the States for fiscal year 1983.

"(3)(A) To the extent that all the funds appropriated under this title for a fiscal year are not otherwise allotted to States either because all the States have not qualified for such allotments under section 505 for the fiscal year or because some States have indicated in their descriptions of activities under section 505 that they do not intend to use the full amount of such allotments, such excess shall be allotted among the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this subparagraph.

"(B) To the extent that all the funds appropriated under this title for a fiscal year are not otherwise allotted to States because some State allotments are offset under section 506(b)(2), such excess shall be allotted among the remaining States in proportion to the amount otherwise allotted to such States for the fiscal year without regard to this subparagraph.

"PAYMENTS TO STATES

"SEC. 503. (a) From the sums appropriated therefor and the allotments available under section 502(b), the Secretary shall make payments as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State provided such an allotment under section 502(b), for each quarter, of an amount equal to four-sevenths of the total of the sums expended by the State during such quarter in carrying out the provisions of this title. 42 USC 703.

"(b) Any amount payable to a State under this title from allotments for a fiscal year which remains unobligated at the end of such year shall remain available to such State for obligation during the next fiscal year. No payment may be made to a State under this title from allotments for a fiscal year for expenditures made after the following fiscal year.

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

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

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

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 505 on a temporary basis. The amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

"USE OF ALLOTMENT FUNDS

"SEC. 504. (a) Except as otherwise provided under this section, a State may use amounts paid to it under section 503 for the provision of health services and related activities (including planning, administration, education, and evaluation) consistent with its description of intended expenditures and statement of assurances transmitted under section 505. 42 USC 704.

"(b) Amounts described in subsection (a) may not be used for—

"(1) inpatient services, other than inpatient services provided to crippled children or to high-risk pregnant women and infants and such other inpatient services as the Secretary may approve;

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

"(3) the purchase or improvement of land, the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility, or the purchase of major medical equipment;

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

"(5) providing funds for research or training to any entity other than a public or nonprofit private entity.

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

"(c) A State may use a portion of the amounts described in subsection (a) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, and administering programs funded under this title.

"DESCRIPTION OF INTENDED EXPENDITURES AND STATEMENT OF ASSURANCES

42 USC 705.

"SEC. 505. In order to be entitled to payments for allotments under section 502 for a fiscal year, a State must prepare and transmit to the Secretary—

"(1) a report describing the intended use of payments the State is to receive under this title for the fiscal year, including (A) a description of those populations, areas, and localities in the State which the State has identified as needing maternal and child health services, (B) a statement of goals and objectives for meeting those needs, (C) information on the types of services to be provided and the categories or characteristics of individuals to be served, and (D) data the State intends to collect respecting activities conducted with such payments; and

"(2) a statement of assurances that represents to the Secretary that—

"(A) the State will provide a fair method (as determined by the State) for allocating funds allotted to the State under this title among such individuals, areas, and localities identified under paragraph (1)(A) as needing maternal and child health services, and the State will identify and apply guidelines for the appropriate frequency and content of, and appropriate referral and followup with respect to, health care assessments and services financially assisted by the State under this title and methods for assuring quality assessments and services;

"(B) funds allotted to the State under this title will only be used, consistent with section 508, to carry out the purposes of this title or to continue activities previously conducted under the consolidated health programs (described in section 502(b)(1));

"(C) the State will use—

"(i) a substantial proportion of the sums expended by the State for carrying out this title for the provision of health services to mothers and children, with special

consideration given (where appropriate) to the continuation of the funding of special projects in the State previously funded under this title (as in effect before the date of the enactment of the Maternal and Child Health Services Block Grant Act), and

"(ii) a reasonable proportion (based upon the State's previous use of funds under this title) of such sums to carry out the purposes described in paragraphs (1) through (3) of section 501(a);

"(D) if the State imposes any charges for the provision of health services assisted by the State under this title, such charges (i) will be pursuant to a public schedule of charges, (ii) will not be imposed with respect to services provided to low income mothers or children, and (iii) will be adjusted to reflect the income, resources, and family size of the individual provided the services; and

"(E) the State agency (or agencies) administering the State's program under this title will participate—

"(i) in the coordination of activities between such program and the early and periodic screening, diagnosis, and treatment program under title XIX, to ensure that such programs are carried out without duplication of effort,

"(ii) in the arrangement and carrying out of coordination agreements described in section 1902(a)(11) (relating to coordination of care and services available under this title and title XIX), and

"(iii) in the coordination of activities within the State with programs carried out under this title and related Federal grant programs (including supplemental food programs for mothers, infants, and children, related education programs, and other health, developmental disability, and family planning programs).

The description and statement shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and statement and after its transmittal. The description and statement shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in any element of such description or statement, and any revision shall be subject to the requirements of the preceding sentence.

"REPORTS AND AUDITS

"SEC. 506. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this title. In order properly to evaluate and to compare the performance of different States assisted under this title and to assure the proper expenditure of funds under this title, such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to secure an accurate description of those activities, (B) to secure a complete record of the purposes for which funds were spent, of the recipients of such funds, and of the progress made toward achieving the purposes of this title, and (C) to determine the extent to which funds were expended consistent with the State's description and statement transmitted under section 505. Copies of the report shall be

42 USC 706.

provided, upon request, to any interested public agency, and each such agency may provide its views on these reports to the Congress.

"(2) The Secretary shall annually report to the Congress on activities funded under section 502(a) and shall provide for transmittal of a copy of such report to each State.

"(b)(1) Each State shall, not less often than once every two years, audit its expenditures from amounts received under this title. Such State audits shall be conducted by an entity independent of the State agency administering a program funded under this title in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions and generally accepted auditing standards. Within 30 days following the completion of each audit report, the State shall submit a copy of that audit report to the Secretary.

"(2) Each State shall repay to the United States amounts found by the Secretary, after notice and opportunity for a hearing to the State, not to have been expended in accordance with this title and, if such repayment is not made, the Secretary may offset such amounts against the amount of any allotment to which the State is or may become entitled under this title or may otherwise recover such amounts.

"(3) The Secretary may, after notice and opportunity for a hearing, withhold payment of funds to any State which is not using its allotment under this title in accordance with this title. The Secretary may withhold such funds until the Secretary finds that the reason for the withholding has been removed and there is reasonable assurance that it will not recur.

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

"(d)(1) For the purpose of evaluating and reviewing the block grant established under this title, the Secretary and the Comptroller General shall have access to any books, accounts, records, correspondence, or other documents that are related to such block grant, and that are in the possession, custody, or control of States, political subdivisions thereof, or any of their grantees.

"(2) In conjunction with an evaluation or review under paragraph (1), no State or political subdivision thereof (or grantee of either) shall be required to create or prepare new records to comply with paragraph (1).

"(3) For other provisions relating to deposit, accounting, reports, and auditing with respect to Federal grants to States, see section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212).

"CRIMINAL PENALTY FOR FALSE STATEMENTS

42 USC 707.

"SEC. 507. (a) Whoever—

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

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

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

"(b) For civil monetary penalties for certain submissions of false claims, see section 1128A of this Act. *Ante*, p. 789.

"NONDISCRIMINATION

"SEC. 508. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this title are considered to be programs and activities receiving Federal financial assistance. 42 USC 708. 42 USC 6101 note. 29 USC 794. 20 USC 1681. 42 USC 2000d.

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

"(b) Whenever the Secretary finds that a State, or an entity that has received a payment from an allotment to a State under section 502(b), has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2)), he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

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

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

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

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

"ADMINISTRATION OF TITLE AND STATE PROGRAMS

"SEC. 509. (a) The Secretary shall designate an identifiable administrative unit with expertise in maternal and child health within the Department of Health and Human Services, which unit shall be responsible for— 42 USC 709.

"(1) the Federal program described in section 502(a);

"(2) promoting coordination at the Federal level of the activities authorized under this title and under title XIX of this Act, especially early and periodic screening, diagnosis and treatment, related activities funded by the Departments of Agriculture and Education, and under health block grants and categorical health programs, such as immunizations, administered by the Secretary; 42 USC 1396.

"(3) disseminating information to the States in such areas as preventive health services and advances in the care and treatment of mothers and children;

"(4) providing technical assistance, upon request, to the States in such areas as program planning, establishment of goals and objectives, standards of care, and evaluation;

"(5) in cooperation with the National Center for Health Statistics and in a manner that avoids duplication of data collection, collection, maintenance, and dissemination of information relating to the health status and health service needs of mothers and children in the United States; and

"(6) assisting in the preparation of reports to the Congress on the activities funded and accomplishments achieved under this title from the information required to be reported by the States under sections 505 and 506.

"(b) The State health agency of each State shall be responsible for the administration (or supervision of the administration) of programs carried out with allotments made to the State under this title, except that, in the case of a State which on July 1, 1967, provided for administration (or supervision thereof) of the State plan under this title (as in effect on such date) by a State agency other than the State health agency, that State shall be considered to comply the requirement of this subsection if it would otherwise comply but for the fact that such other State agency administers (or supervises the administration of) any such program providing services for crippled children.".

42 USC 706 note.

(b)(1) The Secretary of Health and Human Services shall, no later than October 1, 1984, report to the Congress on the activities of States receiving allotments under title V of the Social Security Act (as amended by this section) and include in such report any recommendations for appropriate changes in legislation.

(2) The Secretary of Health and Human Services, in consultation with the Comptroller General, shall examine alternative formulas, for the allotment of funds to States under section 502(b) of the Social Security Act (as amended by this section) which might be used as a substitute for the method of allotting funds described in such section, which provide for the equitable distribution of such funds to States (as defined for purposes of such section), and which take into account—

(A) the populations of the States,

(B) the number of live births in the States,

(C) the number of crippled children in the States,

(D) the number of low income mothers and children in the States,

(E) the financial resources of the various States, and

(F) such other factors as the Secretary deems appropriate,

and shall report to the Congress thereon not later than June 30, 1982.

REPEALS AND CONFORMING AMENDMENTS

42 USC 247a.

SEC. 2193. (a)(1)(A) Section 316(g) of the Public Health Service Act is amended by inserting ", and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $8,300,000 for the fiscal year ending September 30, 1982" before the period.

42 USC 300b.

(B) Section 1101(b) of such Act is amended by inserting "and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $9,680,000 for the fiscal year ending September 30, 1982" before the period.

Post, p. 828.

(C) Section 1121(d)(1) of such Act is amended by inserting "; and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $2,075,000 for fiscal year 1982" before the period. 42 USC 300c-11.

Post, p. 828.

(D) Section 1131(f) of such Act is amended by inserting ", and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $2,765,000 for the fiscal year ending September 30, 1982" before the period. 42 USC 300c-21.

(2) Section 607 of the Health Services and Centers Amendments of 1978 (Public Law 95-626) is amended by inserting ", and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $8,530,000 for the fiscal year ending September 30, 1982" before the period. 42 USC 300a-27.

(3) Section 501 of the Social Security Act (as in effect before the date the amendment made by section 2192(a) becomes effective) is amended by striking out "for each fiscal year thereafter" and inserting in lieu thereof "and for each of the next three fiscal years, and, subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act, $317,580,000 for the fiscal year ending September 30, 1982". 42 USC 701.

(4)(A) Section 1615(e)(1) of the Social Security Act is amended by inserting "and subject to section 2194(b)(3) of the Maternal and Child Health Services Block Grant Act" after "paragraphs (2) and (3)". 42 USC 1382d.

(B) Effective for fiscal year 1982, section 1615(e)(3) of such Act is amended by striking out "$30,000,000" and inserting in lieu thereof "$24,070,000".

(b)(1) Sections 316, 1101, 1121 and 1131 of the Public Health Service Act are repealed. 42 USC 247a, 300b, 300c-11, 300c-21.

(2) Section 1104(a) of such Act is amended by inserting "and" at the end of paragraph (3), by striking out paragraph (4), and by redesignating paragraph (5) as paragraph (4). 42 USC 300b-3.

(3) Section 1104 of such Act is further amended (A) by striking out subsections (b) and (d), (B) by striking out "or under section 1101" in subsection (c), and (C) by redesignating subsection (c) as subsection (b).

(4) Sections 1106 and 227 of such Act are repealed. 42 USC 300b-5, 236.

(5) Section 1107 of such Act is amended by striking out "appropriated under section 1101(b)" and inserting in lieu thereof "allotted for use under section 502(a) of the Social Security Act". 42 USC 300b-6.

(c)(1) Section 1108(d) of the Social Security Act is amended by striking out "section 502(a)" and all that follows through "1967" and inserting in lieu thereof "section 421". 42 USC 1308.

(2) Section 1101(a)(9)(D) of such Act is amended by striking out "V, XVIII, and XIX" and inserting in lieu thereof "XVIII and XIX". 42 USC 1301.

(3) Section 1122 of such Act is amended— 42 USC 1320a-1.

(A) by striking out "V, XVIII, and XIX" and inserting in lieu thereof "XVIII and XIX" each place it appears, and

(B) by striking out "V, XVIII, or X" in subsection (d)(2) and inserting in lieu thereof "XVIII or XIX".

(4) Section 1129 of such Act is amended— 42 USC 1320a-8.

(A) by striking out "V or" each place it appears in subsection (a), and

(B) by striking out "V, XVIII, or" in subsection (b)(2) and inserting in lieu thereof "XVIII or".

(5) Section 1132(a)(1) of such Act is amended by striking out "V,". 42 USC 1320b-2.

(6) Section 1134 of such Act is amended by striking out "V, XVIII," and inserting in lieu thereof "XVIII". 42 USC 1320b-4.

(7) Section 1172(4) of such Act is amended by striking out "V,". 42 USC 1320c-21.

42 USC 1382d.

(8)(A) Subsection (a) of section 1615 of such Act is amended by striking out "appropriate State agency administering the State plan under subsection (b) of this section, and (except in such cases" and inserting in lieu thereof "State agency administering the State program under title V, and (except for individuals who have not attained age 16 and except in such other cases".

Ante, p. 818.

(B) Subsections (b) and (e) of such section are repealed.

42 USC 1395x.

(9) Section 1861(w)(2) of such Act is amended by striking out "V or".

42 USC 1396a.

(9) Section 1902(a)(11)(B) of such Act is amended—

(A) by striking out "for part or all of the cost of plans or projects under" and inserting in lieu thereof "under (or through an allotment under)", and

(B) by striking out "such plan or project under title V" and inserting in lieu thereof "such title or allotment".

42 USC 1395b-1.

(d)(1) The second sentence of section 402(a)(1) of the Social Security Amendments of 1967 (P.L. 90-248) is amended—

(A) by striking out "title XVIII of such Act," and inserting in lieu thereof "title XVIII of such Act and", and

(B) by striking out the ", and a program established by a plan of a State approved under title V of such Act".

(2) Section 402(a)(2) of such Act is amended by striking out "titles V and XIX" and inserting in lieu thereof "title XIX" both places it occurs.

(3) Section 402(b) of such Act is amended by striking out ", XIX, and V" and inserting in lieu thereof "and XIX".

42 USC 1395b-1 note.

(e)(1) Section 222(a)(1) of the Social Security Amendments of 1972 (P.L. 92-603) is amended by striking out "titles XIX and V" and inserting in lieu thereof "title XIX".

(2) The first sentence of section 222(a)(3) of such Act is amended by striking out ", XIX, and V" and inserting in lieu thereof "and XIX".

(3) Section 222(a)(4) of such Act is amended by striking out "titles V and XIX" and inserting in lieu thereof "title XIX" both places it appears.

42 USC 300a-21, 300a-41.

(f) Titles VI and VII of the Health Services and Centers Amendments of 1978 (P.L. 95-626) are repealed.

42 USC 1320a-8 note.

(g) Section 914(d) of the Omnibus Reconciliation Act of 1980 (P.L. 96-499; 94 Stat. 2622) is amended by striking out "V, XVIII," and inserting in lieu thereof "XVIII".

EFFECTIVE DATE; TRANSITION

42 USC 701 note.

SEC. 2194. (a) Except as otherwise provided in this section, the amendments made by sections 2192 and 2193 of this subtitle do not apply to any grant made, or contract entered into, or amounts payable to States under State plans before the earlier of—

(1) October 1, 1982, or

(2)(A) in the case of such grants, contracts, or payments under consolidated State programs (as defined in subsection (c)(2)(C)) to a State (or entities in the State), the date the State is first entitled to an allotment under title V of the Social Security Act (as amended by this subtitle), or

(B) in the case of grants and contracts under consolidated Federal programs (as defined in subsection (c)(2)(B)), October 1, 1981, or such later date (before October 1, 1982) as the Secretary determines to be appropriate.

(b)(1) The Secretary of Health and Human Services (hereinafter in this section referred to as the "Secretary") may not provide for any allotment to a State under title V of the Social Security Act (as

amended by this subtitle) for a calendar quarter in fiscal year 1982 unless the State has notified the Secretary, at least 30 days (or 15 days in the case of the first calendar quarter of the fiscal year) before the beginning of the calendar quarter, that the State requests an allotment for that calendar quarter (and subsequent calendar quarters).

(2)(A) Any grants or contracts entered into under the authorities of the consolidated State programs (as defined in subsection (c)(2)(C)) after the date of the enactment of this subtitle shall permit the termination of such grant or contract upon three months notice by the State in which the grantee or contractor is located.

(B) The Secretary shall not make or renew any grants or contracts under the provisions of the consolidated State programs (as defined in subsection (c)(2)(C)) to a State (or an entity in the State) after the date the State becomes entitled to an allotment of funds under title V of the Social Security Act (as amended by this subtitle).

(3)(A) In the case of funds appropriated for fiscal year 1982 for consolidated health programs (as defined in subsection (c)(2)(A)), such funds shall (notwithstanding any other provision of law) be available for use under title V of the Social Security Act (as amended by this subtitle), subject to subparagraphs (B) and (C).

(B) Notwithstanding any other provision of law—

(i) the amount that may be made available for expenditures for the consolidated Federal programs for fiscal year 1982 and for projects and programs under section 502(a) of the Social Security Act (as amended by this subtitle) may not exceed the amount provided for projects and programs under such section 502(a) for that fiscal year, and

(ii) the amount that may be made available to a State (or entities in the State) for carrying out the consolidated State programs for fiscal year 1982 and for allotments to the State under section 502(b) of the Social Security Act (as amended by this subtitle) may not exceed the amount which is allotted to the State for that fiscal year under such section (without regard to paragraphs (3) and (4) thereof).

(C) For fiscal year 1982, the Secretary shall reduce the amount which would otherwise be available—

(i) for expenditures by the Secretary under section 502(a) of the Social Security Act (as amended by this subtitle) by the amounts which the Secretary determines or estimates are payable for consolidated Federal programs (as defined in subsection (c)(2)(B)) from funds for fiscal year 1982, and

(ii) for allotment to each of the States under section 502(b) of such Act (as so amended) by the amounts which the Secretary determines or estimates are payable to that State (or entities in the State) under the consolidated State programs (as defined in subsection (c)(2)(C)) from funds for fiscal year 1982.

(c) For purposes of this section: Definitions.

(1) The term "State" has the meaning given such term for purposes of title V of the Social Security Act.

(2)(A) The term "consolidated health programs" has the meaning given such term in section 501(b) of the Social Security Act (as amended by this subtitle).

(B) The term "consolidated Federal programs" means the consolidated health programs—

(i) of special projects grants under sections 503 and 504, and training grants under section 511, of the Social Security Act,

(ii) of grants and contracts for genetic disease projects and programs under section 1101 of the Public Health Service Act, and

42 USC 300b.

(iii) of grants or contracts for comprehensive hemophilia diagnostic and treatment centers under section 1131 of the Public Health Service Act,

42 USC 300c-21.

as such sections are in effect before the date of the enactment of this subtitle.

(C) The term "consolidated State programs" means the consolidated health programs, other than the consolidated Federal programs.

Ante, p. 762.

(d) The provisions of chapter 2 of subtitle C of title XVII of this Act shall not apply to this subtitle (or the programs under the amendments made by this title) and, specifically, section 1745 of this Act shall not apply to financial and compliance audits conducted under section 506(b) of the Social Security Act (as amended by this subtitle).

Ante, p. 764.

42 USC 706.

TITLE XXII—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

TABLE OF CONTENTS OF TITLE

Sec. 2201. Repeal of minimum benefit provisions.
Sec. 2202. Restrictions on the lump-sum death payment.
Sec. 2203. Payment of certain benefits only for months after month in which entitlement conditions are fulfilled.
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Sec. 2205. Termination of mother's and father's benefits when child attains age sixteen.
Sec. 2206. Rounding of benefits.
Sec. 2207. Requests for information; cost reimbursement.
Sec. 2208. Reduction in disability benefits on account of other related payments; extension of offset to disabled worker beneficiaries aged 62 through 64 and their families; change in month in which payments are offset.
Sec. 2209. Reimbursement of States for successful rehabilitation services.
Sec. 2210. Elimination of child's insurance benefits in the case of children aged 18 through 22 who attend postsecondary schools.

REPEAL OF MINIMUM BENEFIT PROVISIONS

42 USC 415.

SEC. 2201. (a) Section 215(a)(1)(C)(i) of the Social Security Act is amended to read as follows:

"(C)(i) No primary insurance amount computed under subparagraph (A) may be less than an amount equal to $11.50 multiplied by the individual's years of coverage in excess of 10, or the increased amount determined for purposes of this clause under subsection (i).".

(b)(1) Section 215(a)(1)(C)(ii) of such Act is amended by striking out "For purposes of clause (i)(II)" and inserting in lieu thereof "For purposes of clause (i)".

(2) Section 215(a)(3)(A) of such Act is amended by striking out "subparagraph (C)(i)(II)" and inserting in lieu thereof "subparagraph (C)(i)".

(3) Section 215(a)(4) of such Act is amended—

(A) by striking out "subparagraph (C)(i)(II)" and inserting in lieu thereof "subparagraph (C)(i)"; and

(B) in subclause (I) thereof, by striking out "but without regard to clauses (iv) and (v) thereof".

(4) Section 215(f)(8) of such Act is amended by striking out "subsection (a)(1)(C)(i)(II)" and inserting in lieu thereof "subsection (a)(1)(C)(i)". 42 USC 415.

(5) Section 215(i)(2)(A)(ii)(II) of such Act is amended by striking out "(including a primary insurance amount determined under subsection (a)(1)(C)(i)(I), but subject to the provisions of such subsection (a)(1)(C)(i) and clauses (iv) and (v) of this subparagraph)".

(6) Section 215(i)(2)(A)(ii) of such Act is amended in the matter following subclause (III) by striking out "subparagraph (C)(i)(II)" and inserting in lieu thereof "subparagraph (C)(i)".

(7) Section 215(i)(2)(A)(iii) of such Act is amended by striking out "and, with respect to a primary insurance amount determined under subsection (a)(1)(C)(i)(I), subject to the provisions of subsection (a)(1)(C)(i) and clauses (iv) and (v) of this subparagraph".

(8) Section 215(i)(2)(A) of such Act is amended by striking out clauses (iv) and (v) thereof.

(9) Section 215(i)(2)(D) of such Act is amended by striking out "subparagraph (C)(i)(II)" each place it appears and inserting in lieu thereof in each instance "subparagraph (C)(i)".

(10) Section 202(m) of such Act is repealed. 42 USC 402.

(11) Paragraphs (1) and (5) of section 202(w) of such Act are each amended by striking out "section 215(a)(1)(C)(i)(II)" and inserting in lieu thereof in each instance "section 215(a)(1)(C)(i)".

(12) Section 233(c)(2) of such Act is amended to read as follows: 42 USC 433.

"(2) Any such agreement may provide that an individual who is entitled to cash benefits under this title shall, notwithstanding the provisions of section 202(t), receive such benefits while he resides in a foreign country which is a party to such agreement.".

(c)(1) Section 215(a) of such Act is amended by adding at the end thereof the following new paragraph: 42 USC 415.

"(6)(A) The table of benefits in effect in December 1978 under this section, referred to in paragraph (4) in the matter following subparagraph (B) and in paragraph (5), revised as provided by subsection (i), as applicable, shall be extended for average monthly wages of less than $76.00 and primary insurance benefits (as determined under subsection (d)) of less than $16.20.

"(B) The Secretary shall determine and promulgate in regulations the methodology for extending the table under subparagraph (A).".

(2) Section 215(a)(4) of such Act is amended, in the matter following subparagraph (B), by inserting ", as modified by paragraph (6)," after "table of benefits in effect in December 1978".

(3) Section 215(a)(5) of such Act is amended—

(A) by inserting before the period at the end of the first sentence the following: ", and the table for determining primary insurance amounts and maximum family benefits contained in this section in December 1978 shall be modified as specified in paragraph (6)"; and

(B) in the last sentence by inserting ", modified by the application of paragraph (6)," after "December 1978".

(4) Section 215(f)(7) of such Act is amended by adding at the end thereof the following new sentence: "The recomputation shall be modified by the application of section 215(a)(6), where applicable.".

(5) Section 215(i)(4) of such Act is amended by inserting ", modified by the application of subsection (a)(6)," after "December 1978" each place it appears.

(6) Section 203(a)(8) of such Act is amended by inserting ", modified by the application of section 215(a)(6)" before ", except that". 42 USC 403.

42 USC 417.

(7) Section 217(b)(1) of such Act is amended by inserting before the period at the end of the first sentence the following: ", and as modified by the application of section 215(a)(6)".

42 USC 402.

(d)(1) Section 202(q)(4) of such Act is amended by striking out "increased" and "increase" each place they appear and inserting in lieu thereof "changed" and "change", respectively.

(2) Section 202(q)(10) of such Act is amended in the matter preceding subparagraph (A) by striking out "increased", "increase", and "increases" each place they appear and inserting in lieu thereof "changed", "change", and "changes", respectively.

Primary insurance amounts, recalculation.

(e)(1) The Secretary of Health and Human Services shall recalculate the primary insurance amounts applicable to—

42 USC 415 note.
42 USC 415.

(A) beneficiaries whose benefits are based on a primary insurance amount that was computed under section 215(a)(1)(C)(i)(I) of the Social Security Act, and

(B) beneficiaries with average monthly wages of less than $76.00 and primary insurance benefits of less than $16.20 whose benefits are based on primary insurance amounts computed under section 215(a)(4) or section 215(a)(5) of such Act.

(2) In the case of individuals to whom sections 215(a)(1) and 215(a)(4) of such Act as in effect after December 1978 do not apply, the Secretary shall recalculate the primary insurance amount computed under section 215 as in effect in December 1978 as though the individual had first become entitled in December 1978; except that—

(A) the table in, or deemed to be in, the law as the result of the amendments made by subsection (c)(1) of this section shall be used in lieu of the table in effect in December 1978;

(B) in the case of individuals who were born after January 1, 1913, the first sentence of section 215(b)(3) of the law as so in effect shall be deemed to read: "For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 (or, if later, after the year of attainment of age 21) and before 1961 or, if later, the earlier of the year in which such individual died or attained age 62.";

(C) in the case of individuals who were born prior to January 2, 1913, the first sentence of section 215(b)(3) of the law as so in effect shall be deemed to read: "For purposes of paragraph (2), the number of an individual's elapsed years is the number of calendar years after 1950 and before 1961 or, if later, the earlier of the year in which such individual died or attained, in the case of a man (except as provided by section 104(j) of Public Law 92-603) age 65, or in the case of a woman, age 62.";

42 USC 414 note.

(D) section 215(b)(4) of the law as so in effect shall be disregarded;

(E) section 215(d)(2)(C) of the law as so in effect shall be disregarded;

(F) section 215(d)(4) of the law as so in effect shall be deemed, for purposes of such recalculation, to read:

"(4) The provisions of this subsection as in effect in December 1977 (but without regard to paragraph (2)(C)) shall be applicable to individuals who became eligible for old-age or disability insurance benefits or died prior to 1978.";

(G) in the case of individuals who became disabled, died, or attained age 65 prior to 1951, the Secretary shall by regulations provide an alternative computation in lieu of the computation provided by the law as so in effect (and modified by this paragraph); and

(H) in no event may the recalculated primary insurance amount exceed the primary insurance amount that is based on an average monthly wage of $76.00 or the primary insurance amount that is based on a primary insurance benefit of $16.20.

(3) In the case of individuals to whom either section 215(a) (1) or (4) of such Act apply, the primary insurance amount shall be recalculated under section 215 as in effect after December 1978; except that the table in or deemed to be in the law as a result of the amendments made by subsection (c)(1) of this section shall be used (where appropriate) in lieu of the table in effect in December 1978. 42 USC 415.

(f) The first sentence of section 202(i) of such Act is amended by inserting after "primary insurance amount" the following: "(as determined without regard to the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981, relating to the repeal of the minimum benefit provisions)". *Post*, p. 834. *Ante*, p. 830.

(g) Part A of title XVI of the Social Security Act is amended by adding at the end thereof the following new section:

"BENEFITS FOR INDIVIDUALS FORMERLY RECEIVING MINIMUM BENEFITS UNDER TITLE II

"SEC. 1622. (a) Any individual who— 42 USC 1382k.

"(1) is 60 years of age or older but has not attained the age of 65;

"(2) would be an eligible individual or eligible spouse under section 1611 if such individual were 65 years of age; 42 USC 1382.

"(3) is not otherwise eligible for a benefit under section 1611;

"(4) for the month of February 1982 was entitled to a monthly benefit under title II of this Act for which he made application prior to March 1, 1982, as determined without regard to any deductions on account of work required by section 203, which entitlement amount (as so determined) was reduced for any month by reason of the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit provisions); and 42 USC 401. 42 USC 403.

"(5) is not entitled under title II to a monthly benefit, as determined without regard to any deductions on account of work required by section 203, in an amount equal to or greater than such entitlement amount (as so determined) for February 1982;

shall be eligible for a benefit for each month in which he meets the requirements of this subsection in an amount determined under subsection (b) or (c).

"(b) The amount of the monthly benefit payable under subsection (a) shall be the amount of the monthly benefit which would otherwise be payable to such individual under this title if he were 65 years of age; except that—

"(1) the amount of such monthly benefit shall not exceed—

"(A) in the case of an individual described in subsection (a) who does not have an eligible spouse, an amount equal to the amount by which such individual's monthly benefit entitlement under title II for such month as determined without regard to any deductions on account of work required by section 203, is less than the amount of such individual's monthly benefit entitlement under title II for February 1982 (as so determined); or

"(B) in the case of an individual and his spouse, both of whom are individuals described in subsection (a), an amount equal to the amount by which the combined amount of their monthly benefit entitlements under title II for such month

(as so determined), is less than the combined amount of their monthly benefit entitlements under title II for February 1982 (as so determined);

42 USC 401.

"(2) the benefit amount shall be determined on the basis of the dollar amounts applicable under this title for February 1982 (without regard to cost-of-living adjustments made after February 1982 under section 1617) in the case of any individuals described in paragraph (1); and

42 USC 1382f.

"(3) in the case of an individual described in subsection (a) who has a spouse eligible for benefits under this title, other than by reason of this section, the amount of such monthly benefit for such individual (described in subsection (a)) shall be determined under subsection (c), and the amount of the monthly benefit for such spouse shall be determined in the same manner as for an individual who does not have an eligible spouse.

"(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—

"(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 February 1982 (without regard to cost-of-living adjustments made after February 1982 under section 1617); exceeds

"(2) the monthly benefit amount under this title for which his spouse is eligible for such month;

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 February 1982.

42 USC 403.

"(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.".

42 USC 1382e.

Effective dates.

(h)(1) This section and the amendments made thereby shall be effective with respect to—

42 USC 1382k note.

(A) benefits payable for months after October 1981 in the case of individuals who initially become eligible for benefits under title II of the Social Security Act after October 1981; and

42 USC 401.

(B) benefits payable for months after February 1982 in the case of all other individuals.

(2) For purposes of this subsection, eligibility shall be determined in accordance with paragraphs (2)(A) and (3)(B) of section 215(a) of the Social Security Act.

42 USC 415.

RESTRICTIONS ON THE LUMP-SUM DEATH PAYMENT

42 USC 402.

SEC. 2202. (a)(1) Section 202(i) of the Social Security Act is amended—

(A) in the second sentence, by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

42 USC 416.

"(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

"(2) if no person qualifies for payment under 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

(B) in the third sentence, by striking out "(except a payment as authorized pursuant to clause (1)(A) of the preceding sentence)".

(2)(A) Section 216(c) of such Act is amended by inserting "the first sentence of" before "section 202(i)". 42 USC 416.

(B) Section 216(g) of such Act is amended by inserting "the first sentence of" before "section 202(i)".

(b) The amendments made by subsection (a) shall apply only with respect to deaths occurring after August 1981. Effective date. 42 USC 402 note.

PAYMENT OF CERTAIN BENEFITS ONLY FOR MONTHS AFTER MONTH IN WHICH ENTITLEMENT CONDITIONS ARE FULFILLED

SEC. 2203. (a) Section 202(a) of the Social Security Act is amended by striking out so much of the first sentence as follows paragraph (3) and inserting in lieu thereof the following: 42 USC 402.

"shall be entitled to an old-age insurance benefit for each month, beginning with—

"(A) in the case of an individual who has attained age 65, the first month in which such individual meets the criteria specified in paragraphs (1), (2), and (3), or

"(B) in the case of an individual who has attained age 62, but has not attained age 65, the first month throughout which such individual meets the criteria specified in paragraphs (1) and (2) (if in that month he meets the criterion specified in paragraph (3)), and ending with the month preceding the month in which he dies.".

(b)(1) Section 202(b)(1) of such Act is amended by striking out the matter that follows subparagraph (D) and precedes subparagraph (E) and inserting in lieu thereof the following:

"shall (subject to subsection (s)) be entitled to a wife's insurance benefit for each month, beginning with—

"(i) in the case of a wife or divorced wife (as so defined) of an individual entitled to old-age benefits, if such wife or divorced wife has attained age 65, the first month in which she meets the criteria specified in subparagraphs (A), (B), (C), and (D), or

"(ii) in the case of a wife or divorced wife (as so defined) of—

"(I) an individual entitled to old-age insurance benefits, if such wife or divorced wife has not attained age 65, or

"(II) an individual entitled to disability insurance benefits, the first month throughout which she is such a wife or divorced wife and meets the criteria specified in subparagraphs (B), (C), and (D) (if in such month she meets the criterion specified in subparagraph (A)),

whichever is earlier, and ending with the month preceding the month in which any of the following occurs—".

(2) Section 216(b) of such Act is amended by adding at the end thereof the following new sentences: "For purposes of clause (2), a wife shall be deemed to have been married to an individual for a period of one year throughout the month in which occurs the first anniversary of her marriage to such individual. For purposes of 42 USC 416.

42 USC 402.

subparagraph (C) of section 202(b)(1), a divorced wife shall be deemed not to be married throughout the month in which she becomes divorced.".

(c)(1) Section 202(c)(1) of such Act is amended by striking out the matter that follows subparagraph (C) and precedes the colon and inserting in lieu thereof the following:

"shall be entitled to a husband's insurance benefit for each month, beginning with—

"(i) in the case of a husband (as so defined) of an individual who is entitled to an old-age insurance benefit, if such husband has attained age 65, the first month in which he meets the criteria specified in subparagraphs (A), (B), and (C), or

"(ii) in the case of a husband (as so defined) of—

"(I) an individual entitled to old-age insurance benefits, if such husband has not attained age 65, or

"(II) an individual entitled to disability benefits,

the first month throughout which he is such a husband and meets the criteria specified in subparagraphs (B) and (C) (if in such month he meets the criterion specified in subparagraph (A)),

whichever is earlier, and ending with the month preceding the month in which any of the following occurs".

42 USC 416.

(2) Section 216(f) of such Act is amended by adding at the end thereof the following new sentence: "For purposes of clause (2), a husband shall be deemed to have been married to an individual for a period of one year throughout the month in which occurs the first anniversary of his marriage to her.".

42 USC 402.

(d)(1) Section 202(d)(1) of such Act is amended by striking out so much of the first sentence as follows subparagraph (C) and precedes subparagraph (D) and inserting in lieu thereof the following:

"shall be entitled to a child's insurance benefit for each month, beginning with—

"(i) in the case of a child (as so defined) of such an individual who has died, the first month in which such child meets the criteria specified in subparagraphs (A), (B), and (C), or

"(ii) in the case of a child (as so defined) of an individual entitled to an old-age insurance benefit or to a disability insurance benefit, the first month throughout which such child is a child (as so defined) and meets the criteria specified in paragraphs (B) and (C) (if in such month he meets the criterion specified in paragraph (A)),

whichever is earlier, and ending with the month preceding whichever of the following first occurs—".

(2) Section 202(d)(7) of such Act is amended by adding at the end of subparagraph (A) the following new sentence: "An individual who is determined to be a full-time elementary or secondary school student shall be deemed to be such a student throughout the month with respect to which such determination is made.".

42 USC 416.

(3) Section 216(e) of such Act is amended by adding at the end thereof the following new sentences: "For purposes of clause (2), a child shall be deemed to have been the stepchild of an individual for a period of one year throughout the month in which occurs the expiration of such one year. For purposes of clause (3), a person shall be deemed to have no natural or adoptive parent living (other than a parent who was under a disability) throughout the most recent month in which a natural or adoptive parent (not under a disability) dies.".

(4) Section 216(h) of such Act is amended by adding at the end of paragraph (3) the following new sentence: "For purposes of subparagraph (A)(i), an acknowledgement, court decree, or court order shall be deemed to have occurred on the first day of the month in which it actually occurred." 42 USC 416.

(e) Section 226(a)(2) of such Act is amended— 94 Stat. 2263.

(1) by striking out "or" after "section 202,"; and 42 USC 426.

(2) by inserting, immediately after "therefor)" the following: ", or would be entitled to such benefits but for the failure of another individual, who meets all the criteria of entitlement to monthly insurance benefits, to meet such criteria throughout a month,".

(f)(1) The amendments made by subsections (a), (b), and (c) of this section shall apply only to monthly insurance benefits payable to individuals who attain age 62 after August 1981. Effective dates. 42 USC 402 note.

(2) The amendments made by subsection (d) of this section shall apply to monthly insurance benefits for months after August 1981, and only in the case of individuals who were not entitled to such insurance benefits for August 1981 or any preceding month.

(3) The amendments made by subsection (e) of this section shall apply only to individuals aged 65 and over whose insured spouse attains age 62 after August 1982. 42 USC 426 note.

TEMPORARY EXTENSION OF EARNINGS LIMITATION TO INCLUDE ALL PERSONS AGED LESS THAN SEVENTY-TWO

SEC. 2204. (a) Notwithstanding subsection (e) of section 302 of the Social Security Amendments of 1977 (91 Stat. 1531; Public Law 95-216), the amendments made to section 203 of the Social Security Act by subsections (a) through (d) of such section 302 shall, except as provided in subsection (b) of this section, apply only with respect to monthly insurance benefits payable under title II of the Social Security Act for months after December 1982. 42 USC 403 note. 42 USC 403 note. 42 USC 403. 42 USC 401.

(b) In the case of any individual whose first taxable year (as in effect on the date of the enactment of this Act) ending after December 31, 1981, begins before January 1, 1982, the amendments made by section 302 of the Social Security Amendments of 1977 shall apply with respect to taxable years beginning with such taxable year.

TERMINATION OF MOTHER'S AND FATHER'S BENEFITS WHEN CHILD ATTAINS AGE SIXTEEN

SEC. 2205. (a)(1) Section 202(s)(1) of the Social Security Act is amended by striking out "the age of 18" and inserting in lieu thereof "the age of 16". 42 USC 402.

(2) The heading of section 202(s) of such Act is amended by striking out "Child Aged 18 or Over Attending School" and inserting in lieu thereof "Child Over Specified Age to be Disregarded for Certain Benefit Purposes Unless Disabled".

(b) The amendments made by subsection (a) shall apply with respect to wife's and mother's insurance benefits for months after the month in which this Act is enacted; except that, in the case of an individual who is entitled to such a benefit (on the basis of having a child in her care) for the month in which this Act is enacted, such amendments shall not take effect until the first day of the first month which begins 2 years or more after the date of the enactment of this Act. Effective date. 42 USC 402 note.

ROUNDING OF BENEFITS

42 USC 415.

SEC. 2206. (a) The text of section 215(g) of the Social Security Act is amended to read as follows:

"(g) The amount of any monthly benefit computed under section 202 or 223 which (after any reduction under sections 203(a) and 224 and any deduction under section 203(b), and after any deduction under section 1840(a)(1)) is not a multiple of $1 shall be rounded to the next lower multiple of $1.".

42 USC 402, 423, 403, 424a.

42 USC 1395s.

42 USC 402.

(b)(1) Section 202(q)(8) of such Act is amended—

(A) in the first sentence, by striking out "after application of section 215(g)" and inserting in lieu thereof "before application of section 215(g)"; and

(B) in the last sentence, by striking out "reduced to the next lower" and inserting in lieu thereof "increased to the next higher".

42 USC 403.

(2) Section 203(a)(1) of such Act is amended in the last sentence by striking out "increased to the next higher" and inserting in lieu thereof "decreased to the next lower".

(3) Section 203(a)(3)(B)(iii) of such Act is amended in the parenthetical phrase immediately preceding the semicolon at the end thereof by striking out "higher" and inserting in lieu thereof "lower".

(4) Section 203(a)(8) of such Act is amended by inserting at the end the following new sentence: "For purposes of the preceding sentence, the phrase 'rounded to the next higher multiple of $0.10', as it appeared in subsection (a)(2)(C) of this section as in effect in December 1978, shall be deemed to read 'rounded to the next lower multiple of $0.10' ".

42 USC 415.

(5) Section 215(a)(1)(A) of such Act is amended by striking out "rounded in accordance with subsection (g)," and inserting in lieu thereof "rounded, if not a multiple of $0.10, to the next lower multiple of $0.10,".

(6) Section 215(i)(2)(A)(ii) of such Act is amended in the sentence immediately following subclause (III) by striking out "increased to the next higher" and inserting in lieu thereof "decreased to the next lower".

(7) Section 215(i)(4) of such Act is amended by inserting before the period at the end of the first sentence the following: ", except that for this purpose, in applying paragraphs (2)(A)(ii), (2)(D)(iv), and (2)(D)(v) of this subsection as in effect in December 1978, the phrase 'increased to the next higher multiple of $0.10' shall be deemed to read 'decreased to the next lower multiple of $0.10' ".

Effective date.
42 USC 402 note.

(c) The amendments made by this section shall apply only with respect to initial calculations and adjustments of primary insurance amounts and benefit amounts which are attributable to periods after August 1981.

REQUESTS FOR INFORMATION; COST REIMBURSEMENT

42 USC 1306.

SEC. 2207. Section 1106 of the Social Security Act is amended—

(1) by striking out "as provided in part D of title IV of this Act" in the first sentence of subsection (a) and inserting in lieu thereof "as otherwise provided by Federal law"; and

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

"(c) Notwithstanding sections 552 and 552a of title 5, United States Code, or any other provision of law, whenever the Secretary determines that a request for information is made in order to assist a party

in interest (as defined in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002)) with respect to the administration of an employee benefit plan (as so defined), or is made for any other purpose not directly related to the administration of the program or programs under this Act to which such information relates, the Secretary may require the requester to pay the full cost, as determined by the Secretary, of providing such information.".

REDUCTION IN DISABILITY BENEFITS ON ACCOUNT OF OTHER RELATED PAYMENTS; EXTENSION OF OFFSET TO DISABLED WORKER BENEFICIARIES AGED 62 THROUGH 64 AND THEIR FAMILIES; CHANGE IN MONTH IN WHICH PAYMENTS ARE OFFSET

SEC. 2208. (a) Section 224 of the Social Security Act is amended— 42 USC 424a.

(1) in the caption, by striking out "ON ACCOUNT OF RECEIPT OF WORKMEN'S COMPENSATION";

(2) in subsection (a), in the matter preceding paragraph (1), by striking out "age of 62" and inserting in lieu thereof "age of 65";

(3) by amending subsection (a)(2) to read as follows:

"(2) such individual is entitled for such month to periodic benefits on account of such individual's total or partial disability (whether or not permanent) under—

"(A) a workmen's compensation law or plan of the United States or a State, or

"(B) any other law or plan of the United States, a State, a political subdivision (as that term is used in section 218(b)(2)), or an instrumentality of two or more States (as that term is used in section 218(k)),

42 USC 418.

other than benefits payable under title 38, United States Code, benefits payable under a program of assistance which is based on need, benefits based on service all, or substantially all, of which was included under an agreement entered into by a State and the Secretary under section 218, and benefits under a law or plan of the United States based on service all or part of which is employment as defined in section 210,";

42 USC 410.

(4) in subsection (a)(4), by striking out "the workmen's compensation law or plan" and inserting in lieu thereof "such laws or plans";

(5) in subsection (b), by striking out "under a workmen's compensation law or plan" and inserting in lieu thereof "for a total or partial disability under a law or plan described in subsection (a)(2)";

(6) in subsection (d), by—

(A) striking out "workmen's compensation law or plan" and inserting in lieu thereof "law or plan described in subsection (a)(2)", and

(B) inserting before the period at the end thereof the following: ", and such law or plan so provided on February 18, 1981";

(7) in subsection (e), by striking out "workmen's compensation"; and

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

"(h)(1) Notwithstanding any other provision of law, the head of any Federal agency shall provide such information within its possession as the Secretary may require for purposes of making a timely determination of the amount of the reduction, if any, required by this section in benefits payable under this title, or verifying other information necessary in carrying out the provisions of this section.

"(2) The Secretary is authorized to enter into agreements with States, political subdivisions, and other organizations that administer a law or plan subject to the provisions of this section, in order to obtain such information as he may require to carry out the provisions of this section.".

Effective date. 42 USC 424a note. 42 USC 423.

(b) The amendments made by subsection (a) shall be effective with respect to individuals who first become entitled to benefits under section 223(a) of the Social Security Act for months beginning after the month in which this Act is enacted, but only in the case of an individual who became disabled within the meaning of section 223(d) of such Act after the sixth month preceding the month in which this Act is enacted.

REIMBURSEMENT OF STATES FOR SUCCESSFUL REHABILITATION SERVICES

42 USC 422.

SEC. 2209. (a) Section 222(d) of the Social Security Act is amended to read as follows:

"Costs of Rehabilitation Services From Trust Funds

"(d)(1) For purposes of making vocational rehabilitation services more readily available to disabled individuals who are—

"(A) entitled to disability insurance benefits under section 223,

42 USC 402.

"(B) entitled to child's insurance benefits under section 202(d) after having attained age 18 (and are under a disability),

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60, or

"(D) entitled to widower's insurance benefits under section 202(f) prior to attaining age 60,

to the end that savings will accrue to the Trust Funds as a result of rehabilitating such individuals into substantial gainful activity, there are authorized to be transferred from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund each fiscal year such sums as may be necessary to enable the Secretary to reimburse the State for the reasonable and necessary costs of vocational rehabilitation services furnished such individuals (including services during their waiting periods), under a State plan for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), which result in their performance of substantial gainful activity which lasts for a continuous period of nine months. The determination that the vocational rehabilitation services contributed to the successful return of such individuals to substantial gainful activity and the determination of the amount of costs to be reimbursed under this subsection shall be made by the Commissioner of Social Security in accordance with criteria formulated by him.

"(2) In the case of any State which is unwilling to participate or does not have a plan which meets the requirements of paragraph (1), the Commissioner of Social Security may provide such services in such State by agreement or contract with other public or private agencies, organizations, institutions, or individuals. The provision of such services shall be subject to the same conditions as otherwise apply under paragraph (1).

Payments.

"(3) Payments under this subsection shall be made in advance or by way of reimbursement, with necessary adjustments for overpayments and underpayments.

"(4) Money paid from the Trust Funds under this subsection for the reimbursement of the costs of providing services to individuals who

are entitled to benefits under section 223 (including services during their waiting periods), or who are entitled to benefits under section 202(d) on the basis of the wages and self-employment income of such individuals, shall be charged to the Federal Disability Insurance Trust Fund, and all other money paid from the Trust Funds under this subsection shall be charged to the Federal Old-Age and Survivors Insurance Trust Fund. The Secretary shall determine according to such methods and procedures as he may deem appropriate— 42 USC 423. 42 USC 402.

"(A) the total amount to be reimbursed for the cost of services under this subsection, and

"(B) subject to the provisions of the preceding sentence, the amount which should be charged to each of the Trust Funds.

"(5) For purposes of this subsection the term 'vocational rehabilitation services' shall have the meaning assigned to it in title I of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), except that such services may be limited in type, scope, or amount in accordance with regulations of the Secretary designed to achieve the purpose of this subsection.". "Vocational rehabilitation services."

(b) The amendment made by subsection (a) shall apply with respect to services rendered on or after October 1, 1981. Effective date. 42 USC 422 note.

ELIMINATION OF CHILD'S INSURANCE BENEFITS IN THE CASE OF CHILDREN AGE 18 THROUGH 22 WHO ATTEND POSTSECONDARY SCHOOLS

SEC. 2210. (a)(1) Section 202(d) of the Social Security Act is amended in paragraphs (1)(B), (1)(E)(ii), (1)(F)(i), (1)(G)(III), (6)(D)(i), (6)(E)(i), (7)(A) (three places), (7)(B), and (7)(D), by striking out "full-time student" each place it appears and inserting in lieu thereof "full-time elementary or secondary school student". 42 USC 402.

(2)(A) Section 202(d) of such Act is further amended in paragraphs (7)(A) (two places), (7)(B) (three places), and (7)(D), by striking out "educational institution" each place it appears and inserting in lieu thereof "elementary or secondary school".

(B) Section 202(d)(7)(A) of such Act is further amended by striking out "institutions involved" and inserting in lieu thereof "schools involved".

(3) Subparagraph (C) of section 202(d)(7) of such Act is amended to read as follows: Definitions.

"(C)(i) An 'elementary or secondary school' is a school which provides elementary or secondary education, respectively, as determined under the law of the State or other jurisdiction in which it is located.

"(ii) For the purpose of determining whether a child is a 'full-time elementary or secondary school student' or 'intends to continue to be in full-time attendance at an elementary or secondary school', within the meaning of this subsection, there shall be disregarded any education provided, or to be provided, beyond grade 12.".

(4) Section 202(d)(7)(D) of such Act is further amended by striking out "degree from a four-year college or university" and inserting in lieu thereof "diploma or equivalent certificate from a secondary school (as defined in subparagraph (C)(i))".

(5)(A) Section 202(d) of such Act is further amended in paragraphs (1)(B)(i), (1)(F)(ii), (1)(G)(IV), (6)(D)(ii), (6)(E)(ii), and (7)(D) by striking out "22" each place it appears in each of those paragraphs and inserting in lieu thereof "19".

(B) Section 202(d)(6)(A) of such Act is amended to read as follows:

"(A)(i) is a full-time elementary or secondary school student and has not attained the age of 19, or (ii) is under a disability (as defined in section 223(d)) and has not attained the age of 22, or".

42 USC 423.

Effective date.

42 USC 402 note.

(b) Except as provided in subsection (c), the amendments made by subsection (a) shall apply to child's insurance benefits under section 202(d) of the Social Security Act for months after July 1982.

42 USC 402.

42 USC 402 note.

(c)(1) Notwithstanding the provisions of section 202(d) of the Social Security Act (as in effect prior to or after the amendments made by subsection (a)), any individual who—

(A) has attained the age of 18;

(B) is not under a disability (as defined in section 223(d) of such Act);

(C) is entitled to a child's insurance benefit under such section 202(d) for August 1981; and

(D) is a full-time student at a postsecondary school, college, or university that is an educational institution (as such terms are defined in section 202(d)(7) (A) and (C) of such Act as in effect prior to the amendments made by subsection (a)) for any month prior to May 1982;

shall be entitled to a child's benefit under section 202(d) of such Act in accordance with the provisions of such section as in effect prior to the amendments made by subsection (a) for any month after July 1981 and prior to August 1985 if such individual would be entitled to such child's benefit for such month under such section 202(d) if subsections (a) and (b) of this section had not been enacted, but such benefits shall be subject to the limitations set forth in this subsection.

(2) No benefit described in paragraph (1) shall be paid to an individual to whom paragraph (1) applies for the months of May, June, July, and August, beginning with benefits otherwise payable for May 1982.

(3) The amount of the monthly benefit payable under paragraph (1) to an individual to whom paragraph (1) applies for any month after July 1982 (prior to deductions on account of work required by section 203 of such Act) shall not exceed the amount of the benefit to which such individual was entitled for August 1981 (prior to deductions on account of work required by section 203 of such Act), less an amount—

42 USC 403.

(A) during the months after July 1982 and before August 1983, equal to 25 percent of such benefit for August 1981;

(B) during the months after July 1983 and before August 1984, equal to 50 percent of such benefit for August 1981; and

(C) during the months after July 1984 and before August 1985, equal to 75 percent of such benefit for August 1981.

(4) Any individual to whom the provisions of paragraph (1) apply and whose entitlement to benefits under paragraph (1) ends after July 1982 shall not subsequently become entitled, or reentitled, to benefits under paragraph (1) or under section 202(d) of the Social Security Act as in effect after the amendments made by subsection (a) unless he meets the requirements of section 202(d)(1)(B)(ii) of that Act as so in effect.

TITLE XXIII—PUBLIC ASSISTANCE PROGRAMS

Subtitle A—Aid to Families With Dependent Children; Child Support Enforcement

CHAPTER 1—AID TO FAMILIES WITH DEPENDENT CHILDREN

DISREGARDS FROM EARNED INCOME FOR AFDC

SEC. 2301. Section 402(a)(8) of the Social Security Act is amended to read as follows: 42 USC 602.

"(8)(A) provide that, with respect to any month, in making the determination under paragraph (7), the State agency— *Post*, p. 844.

"(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 this subparagraph, earned income derived from participation on a project maintained under the programs established by section 432(b)(2) and (3)); and 42 USC 632.

"(B) provide that (with respect to any month) the State agency—

"(i) shall not disregard, under clause (ii), (iii), or (iv) of subparagraph (A), any earned income of any one of the persons specified in subparagraph (A)(ii) if such person—

"(I) terminated his employment or reduced his earned income without good cause within such period (of not less than thirty days) preceding such month as may be prescribed by the Secretary;

"(II) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by the employer, to be a bona fide offer of employment; or

"(III) failed without good cause to make a timely report (as prescribed by the State plan pursuant to paragraph (14)) to the State agency of earned income received in such month; and

"(ii)(I) shall not disregard, under subparagraph (A)(iv), any earned income of any of the persons specified in subparagraph (A)(ii), if, with respect to such month, the income of the persons so specified was in excess of their need, as determined by the State agency pursuant to paragraph (7) (without regard to subparagraph (A)(iv) of this paragraph), unless the persons received aid under the plan in one or more of the four months preceding such month and subparagraph (A)(iv) has not already been applied to their income for four consecutive months while they were receiving aid under the plan; and

"(II) in the case of the earned income of a person with respect to whom subparagraph (A)(iv) has been applied for four consecutive months, shall not apply the provisions of subparagraph (A)(iv) for so long as he continues to receive aid under the plan and shall not apply such provisions to any month thereafter until the expiration of an additional period of twelve consecutive months during which he is not a recipient of such aid;".

DETERMINATION OF INCOME AND RESOURCES FOR AFDC

42 USC 602.

SEC. 2302. Section 402(a)(7) of the Social Security Act is amended to read as follows:

"(7) except as may be otherwise provided in paragraph (8) or (31), provide that the State agency—

"(A) shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid;

"(B) shall determine ineligible for aid any family the combined value of whose resources (reduced by any obligations or debts with respect to such resources) exceeds $1,000 or such lower amount as the State may determine, but not including as a resource for purposes of this subparagraph a

home owned and occupied by such child, relative, or other individual and so much of the family member's ownership interest in one automobile as does not exceed such amount as the Secretary may prescribe; and

"(C) may, in the case of a family claiming or receiving aid under this part for any month, take into consideration as income (to the extent the State determines appropriate, as specified in such plan, and notwithstanding any other provision of law)—

"(i) an amount not to exceed the value of the family's monthly allotment of food stamp coupons, to the extent such value duplicates the amount for food included in the maximum amount that would be payable under the State plan to a family of the same composition with no other income; and

"(ii) an amount not to exceed the value of any rent or housing subsidy provided to such family, to the extent such value duplicates the amount for housing included in the maximum amount that would be payable under the State plan to a family of the same composition with no other income;".

INCOME LIMIT FOR AFDC ELIGIBILITY

SEC. 2303. Section 402(a) of the Social Security Act is amended by inserting before paragraph (19) the following new paragraph: 42 USC 602.

"(18) provide that no family shall be eligible for aid under the plan for any month if, for that month, the total income of the family (other than payments under the plan), without application of paragraph (8), exceeds 150 percent of the State's standard of need for a family of the same composition;". *Ante*, p. 843.

TREATMENT OF INCOME IN EXCESS OF THE STANDARD OF NEED; LUMP SUM PAYMENTS

SEC. 2304. 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. 2305. Section 402(d)(1) of the Social Security Act is amended to read as follows:

"(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.".

26 USC 3507.

INCOME OF STEPPARENTS LIVING WITH DEPENDENT CHILD

42 USC 602.

SEC. 2306. (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 fulltime employment or not employed throughout the month), (B) the State's standard of need under such plan for a family of the same composition as the stepparent and those other individuals living in the same household as the dependent child and claimed by such stepparent as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account in making the determination under paragraph (7), (C) amounts paid by the stepparent to individuals not living in such household and claimed by him as dependents for purposes of determining his Federal personal income tax liability, and (D) payments by such stepparent of alimony or child support with respect to individuals not living in such household.".

Ante, p. 844.

42 USC 612.

(b) Section 412(b) of the Social Security Act is amended by striking out "does not include any such relative" and inserting in lieu thereof "does not include a stepparent whose income is taken into consideration under section 402(a)(31) (regardless of whether such income exceeds the sum specified in such section) or any other such relative".

Supra.

COMMUNITY WORK EXPERIENCE PROGRAMS

42 USC 609.

SEC. 2307. (a) Section 409 of the Social Security Act is amended to read as follows:

"COMMUNITY WORK EXPERIENCE PROGRAMS

"SEC. 409. (a)(1) Any State which chooses to do so may establish a community work experience program in accordance with this section. The purpose of the community work experience program is to provide experience and training for individuals not otherwise able to obtain employment, in order to assist them to move into regular employment. Community work experience programs shall be designed to improve the employability of participants through actual work experience and training and to enable individuals employed under community work experience programs to move promptly into regular

public or private employment. The facilities of the State public employment offices may be utilized to find employment opportunities for recipients under this program. Community work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of a recipient shall be utilized in making appropriate work experience assignments. A community work experience program established under this section shall provide—

"(A) appropriate standards for health, safety, and other conditions applicable to the performance of work;

"(B) that the program does not result in displacement of persons currently employed, or the filling of established unfilled position vacanies;

"(C) reasonable conditions of work, taking into account the geographic region, the residence of the participants, and the proficiency of the participants;

"(D) that participants will not be required, without their consent, to travel an unreasonable distance from their homes or remain away from their homes overnight;

"(E) that the maximum number of hours in any month that a participant may be required to work is that number which equals the amount of aid payable with respect to the family of which such individual is a member under the State plan approved under this part, divided by the greater of the Federal or the applicable State minimum wage; and

"(F) that provision will be made for transportation and other costs, not in excess of an amount established by the Secretary, reasonably necessary and directly related to participation in the program.

"(2) Nothing contained in this section shall be construed as authorizing the payment of aid under this part as compensation for work performed, nor shall a participant be entitled to a salary or to any other work or training expense provided under any other provision of law by reason of his participation in a program under this section.

"(3) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with section 402(a)(19) or part (C)) a community work experience program in accordance with this section. 42 USC 630. 42 USC 602.

"(b)(1) Each recipient of aid under the plan who is registered under section 402(a)(19) shall participate, upon referral by the State agency, in a community work experience program unless such recipient is currently employed for no fewer than 80 hours a month and is earning an amount not less than the applicable minimum wage for such employment. Aid recipients.

"(2) In addition to an individual described in paragraph (1), the State agency may also refer, for participation in programs under this section, an individual who would be required to register under section 402(a)(19)(A) but for the exception contained in clause (v) of such section (but only if the child for whom the parent or relative is caring is not under the age of three and child care is available for such child), or in clause (iii) of such section. *Post*, p. 854.

"(3) The chief executive officer of the State shall provide coordination between a community work experience program operated pursu-

ant to this section and the work incentive program operated pursuant to part C so as to insure that job placement will have priority over participation in the community work experience program, and that individuals eligible to participate in both such programs are not denied aid under the State plan on the grounds of failure to participate in one such program if they are actively and satisfactorily participating in the other. The chief executive officer of the State may provide that part-time participation in both such programs may be required where appropriate.

42 USC 630.

Post, p. 854.

"(c) The provisions of section 402(a)(19)(F) shall apply to any individual referred to a community work experience program who fails to participate in such program in the same manner as they apply to an individual to whom section 402(a)(19) applies.

"(d) In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under section 402, expenditures for the proper and efficient administration of the State plan, for purposes of section 403(a)(3), may not include the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in subsection (a) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.".

42 USC 603.

(b) Section 403(a)(3) of such Act is amended by inserting before the semicolon at the end thereof the following: ", or which is a service provided in connection with a community work experience program or work supplementation program under section 409 or 414".

Ante, p. 846, *infra*.

Repeal.

42 USC 609 note.

(c) Section 204(c)(2) of the Social Security Amendments of 1967 (Public Law 90-248) is repealed.

PROVIDING JOBS AS ALTERNATIVE TO AFDC

SEC. 2308. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"WORK SUPPLEMENTATION PROGRAM

42 USC 614.

"SEC. 414. (a) It is the purpose of this section to allow a State to institute a work supplementation program under which such State, to the extent such State determines to be appropriate, may make jobs available, on a voluntary basis, as an alternative to aid otherwise provided under the State plan approved under this part.

42 USC 606.

"(b)(1) Notwithstanding the provisions of section 406 or any other provision of law, Federal funds may be paid to a State under this part, subject to the provisions of this section, with respect to expenditures incurred in operating a work supplementation program under this section.

42 USC 630.

"(2) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with section 402(a)(19) or part C) a work supplementation program in accordance with this section.

42 USC 602.

"(3) Notwithstanding section 402(a)(23) or any other provision of law, a State may adjust the levels of the standards of need under the State plan as the State determines to be necessary and appropriate for carrying out a work supplementation program under this section.

"(4) Notwithstanding section 402(a)(1) or any other provision of law, a State operating a work supplementation program under this

section may provide that the needs standards in effect in those areas of the State in which such program is in operation may be different from the needs standards in effect in the areas in which such program is not in operation, and such State may provide that the needs standards for categories of recipients of aid may vary among such categories as the State determines to be appropriate on the basis of ability to participate in the work supplementation program.

"(5) Notwithstanding any other provision of law, a State may make further adjustments in the amounts of aid paid under the plan to different categories of receipients (as determined under paragraph (4)) in order to offset increases in benefits from needs related programs (other than the State plan approved under this part) as the State determines to be necessary and appropriate to further the purposes of the work supplementation program.

"(6) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a work supplementation program under this section may reduce or eliminate the amount of earned income to be disregarded under the State plan as the State determines to be necessary and appropriate to further the purposes of the work supplementation program. *Ante*, p. 843.

"(c)(1) A work supplementation program operated by a State under this section shall provide that any individual who is an eligible individual (as determined under paragraph (2)) may choose to take a supplemented job (as defined in paragraph (3)) to the extent supplemented jobs are available under the program. Payments by the State to individuals or to employers under the program shall be expenditures incurred by the State for aid to families with dependent children, except as limited by subsection (d). Work supplementation program.

"(2) For purposes of this section, an eligible individual is an individual who is in a category which the State determines shall be eligible to participate in the work supplementation program, and who would, at the time of his placement in such job, be eligible for assistance under the State plan if such State did not have a work supplementation program in effect and had not altered its State plan accordingly, as such State plan was in effect in May 1981, or as modified thereafter as required by Federal law.

"(3) For purposes of this section, a supplemented job is—

"(A) a job position provided to an eligible individual by the State or local agency administering the State plan under this part;

"(B) a job position provided to an eligible individual by a public or nonprofit entity for which all or part of the wages are paid by such State or local agency; or

"(C) a job position provided to an eligible individual by a proprietary entity involving the provision of child day care services for which all or part of the wages are paid by such State or local agency, but only if such entity does not claim a credit for any part of the wages paid to such eligible individual under section 40 of the Internal Revenue Code of 1954 (relating to credit for expenses of the work incentive program) or section 44B of such Code (relating to credit for employment of certain new employees). 26 USC 40. 26 USC 44B.

A State may provide or subsidize any job position under the program as such State determines to be appropriate, but acceptance of any such position shall be voluntary.

"(d) The amount of the Federal payment to a State under section 403 for any quarter for expenditures incurred in operating a work 42 USC 603.

supplementation program shall not exceed an amount equal to the difference between—

42 USC 603.

"(1) the amount which would have been paid under section 403 to such State for such quarter under the State plan if it did not have a work supplementation program in effect and had not altered its State plan accordingly, as such State plan was in effect in May 1981, or as modified thereafter as required by Federal law; and

"(2) the amount paid to such State under section 403 for such quarter exclusive of the amount so paid for such quarter for the work supplementation program.

"(e)(1) Nothing in this section shall be construed as requiring a State or local agency administering the State plan to provide employee status to any eligible individual to whom it provides a job position under the work supplementation program, or with respect to whom it provides all or part of the wages paid to such individual by another entity under such program.

"(2) Nothing in this section shall be construed as requiring such State or local agency to provide that eligible individuals filling job positions provided by other entities under such program be provided employee status by such entity during the first 13 weeks during which they fill such position.

"(3) Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

"(f) Any work supplementation program operated by a State shall be administered by—

"(1) the agency designated to administer or supervise the

42 USC 602.

administration of the State plan under section 402(a)(3); or

"(2) the agency (if any) designated to administer the community work experience program under section 409.

Ante, p. 846.

"(g) Any State which chooses to operate a work supplementation program under this section may choose to provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for aid under the State plan approved under this part if such State did not have a work supplementation program, shall be considered individuals receiving aid under the State plan approved under this part for purposes of eligibility for medical assistance under the State plan approved

42 USC 1396.

under title XIX.

"(h) No individual receiving a grant under the State plan shall be excused, by reason of the fact that such State has a work supplementation program, from any requirement of this part or part C relating to work requirements.".

42 USC 630.

WORK INCENTIVE DEMONSTRATION PROGRAM

SEC. 2309. Part C of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"WORK INCENTIVE DEMONSTRATION PROGRAM

42 USC 645.
42 USC 601.

"SEC. 445. (a) Notwithstanding any other provision of this part and part A of this title, any State may elect as an alternative to the work incentive program otherwise provided in this part, and subject to the provisions of this section, to operate a work incentive demonstration program for the purpose of demonstrating single agency administra-

tion of the work-related objectives of this Act, and to receive payments under the provisions of this section.

"(b)(1) Not later than sixty days following the date of the enactment of this section, the Governor of a State which desires to operate a work incentive demonstration program under this section shall submit to the Secretary of Health and Human Services a letter of application stating such intent. Accompanying the letter of application shall be a State program plan which must— State program plan.

"(A) provide that the agency conducting the demonstration program within the State shall be the single State agency which administers or supervises the administration of the State plan under part A of this title;

"(B) provide that all persons eligible for or receiving assistance under the aid to families with dependent children program shall be eligible to participate in, and shall be required to participate in, the work incentive demonstration program, subject to the same criteria for participation in such demonstration program as are in effect under this part and part A during the month before the month in which the demonstration program commences; 42 USC 601.

"(C) provide that the criteria for participation in the work incentive demonstration program shall be uniform throughout the State;

"(D) provide a statement of the objectives which the State expects to meet through operation of a work incentive demonstration program, with emphasis on how the State expects to maximize client placement in nonsubsidized private sector employment;

"(E) describe the techniques to be used to achieve the objectives of the work incentive demonstration program, which may include but shall not be limited to: maximum periods of participation, job training, job find clubs, grant diversion to either public or private sector employers, services contracts with State employment services, prime sponsors under the Comprehensive Employment and Training Act of 1973, or private placement agencies, targeted jobs tax credit outreach campaigns, and performance-based placement incentives; and 29 USC 801 note.

"(F) set forth the format and frequency of reporting of information regarding operation of the work incentive demonstration program.

"(2) A State's application to participate in the work incentive demonstration program shall be deemed approved unless the Secretary of Health and Human Services notifies the State in writing of disapproval within forty-five days of the date of application. The Secretary of Health and Human Services shall set forth the reasons for disapproval and provide an opportunity for resubmission of the plan within forty-five days of the receipt of the notice of disapproval. An application shall not be finally disapproved unless the Secretary of Health and Human Services determines that the State's program plan would be less effective than the requirements set forth in this title, other than this section. Disapproval notification.

"(3) The Secretary of Health and Human Services shall furnish copies of approved plans, statistical reports, and evaluation reports to the Secretary of Labor. Copies to Labor Secretary.

"(c) Subject to the statement of objectives and description of techniques to be used in implementing its work incentive demonstration program, as set forth in its program plan, a State shall be free to design a program which best addresses its individual needs, makes best use of its available resources, and recognizes its labor market

conditions. Other than criteria for participation in the State's work incentive demonstration project, which shall be uniform throughout the State, the components of the program may vary by geographic area or by political subdivision.

Program duration.

"(d) A State's work incentive demonstration program, if initially approved, shall be in force for a three-year period. During this period, the State may elect to use up to six months for planning purposes. During such planning period, all requirements of part A and this part C shall remain in full force and effect.

42 USC 601, 630.

Evaluations by HHS Secretary.

"(e) The Secretary of Health and Human Services shall conduct two evaluations of a State's work incentive demonstration program. The first evaluation shall be conducted at the conclusion of the first twelve months of operation of the demonstration program. The second evaluation shall be conducted at the conclusion of the demonstration program. Both evaluations shall compare placement rates during the demonstration program with placement rates achieved during a number of previous years, to be determined by the Secretary of Health and Human Services.

Funding.

"(f)(1) For each year of its demonstration program, a State which is operating such program shall be funded in an amount equal to its initial annual 1981 allocation under the work incentive program set forth in this part, plus any other Federal funds which the State may properly receive under any statute for establishing work programs for recipients of aid to families with dependent children.

"(2) Such funds shall only be used by the State for administering and operating its work incentive demonstration program. These funds shall not be used for direct grants of assistance under the aid to families with dependent children program.

"(g) Earnings derived from participation in a State's work incentive demonstration program shall not result in a determination of financial ineligibility for assistance under the aid to families with dependent children program.".

EFFECT OF PARTICIPATION IN A STRIKE ON ELIGIBILITY FOR AFDC

42 USC 602.

SEC. 2310. Section 402(a) of the Social Security Act is amended by inserting after paragraph (20) the following new paragraph:

"(21) provide—

"(A) that, for purposes of this part, participation in a strike shall not constitute good cause to leave, or to refuse to seek or accept employment; and

"(B)(i) that aid to families with dependent children is not payable to a family for any month in which any caretaker relative with whom the child is living is, on the last day of such month, participating in a strike, and (ii) that no individual's needs shall be included in determining the amount of aid payable for any month to a family under the plan if, on the last day of such month, such individual is participating in a strike;".

AGE LIMIT OF DEPENDENT CHILD

42 USC 606.

SEC. 2311. Section 406(a)(2) of the Social Security Act is amended to read as follows: "(2) who is (A) under the age of eighteen, or (B) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before he attains age nineteen, he may reason-

ably be expected to complete the program of such secondary school (or such training);".

LIMITATION ON AFDC TO PREGNANT WOMEN

SEC. 2312. (a) Section 406(b) of the Social Security Act is amended by striking out "dependent children" the second place it appears in the matter that precedes clause (1) and inserting in lieu thereof "dependent children, or, at the option of the State, a pregnant woman but only if it has been medically verified that the child is expected to be born in the month such payments are made or within the three-month period following such month of payment, and who, if such child had been born and was living with her in the month of payment, would be eligible for aid to families with dependent children". 42 USC 606.

(b) Section 406 of such Act is amended by adding at the end thereof the following new subsection:

"(g)(1) Notwithstanding the provisions of subsection (b), the term 'aid to families with dependent children' does not mean any— "Aid to families with dependent children."

"(A) amount paid to meet the needs of an unborn child; or

"(B) amount paid (or by which a payment is increased) to meet the needs of a woman occasioned by or resulting from her pregnancy, unless, as has been medically verified, the woman's child is expected to be born in the month such payments are made (or increased) or within the three-month period following such month of payment.

"(2) Notwithstanding paragraph (1), a State may provide that for purposes of title XIX a pregnant woman shall be deemed to be a recipient of aid to families with dependent children under this part if she would be eligible for such aid if such child had been born and was living with her in the month of payment, and such pregnancy has been medically verified.". 42 USC 1396.

AID TO FAMILIES WITH DEPENDENT CHILDREN BY REASON OF UNEMPLOYMENT OF A PARENT

SEC. 2313. (a) Section 407 of the Social Security Act is amended as follows: 42 USC 607.

(1) the heading is amended to read "DEPENDENT CHILDREN OF UNEMPLOYED PARENTS";

(2) subsection (a) is amended by striking out "his father" and inserting in lieu thereof "the parent who is the principal earner";

(3) subsection (b)(1) is amended—

(A) by striking out "such child's father" in subparagraph (A) and inserting in lieu thereof "whichever of such child's parents is the principal earner", and

(B) by striking out "father" in subparagraph (B) and inserting in lieu thereof "parent";

(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:

Definition.

"(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".

94 Stat. 460.
42 USC 602.

(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

42 USC 607.

(4) in the matter following the numbered clauses—

(A) by striking out "her option" and inserting in lieu thereof "his or her option";

(B) by striking out "if she so desires" and inserting in lieu thereof "if he or she so desires";

(C) by striking out "to her" and inserting in lieu thereof "to him or her"; and

(D) by striking out "she should decide" and inserting in lieu thereof "he or she should decide".

94 Stat. 461.
42 USC 602.

(c)(1) Section 402(a)(19)(F) of such Act is amended by redesignating clauses (ii) through (iv) as clauses (iii) through (v), respectively, and by inserting after clause (i) the following new clause:

"(ii) if the parent who has been designated as the principal earner, for purposes of section 407, makes such refusal, aid will be denied to all members of the family;".

42 USC 607.

(2) Section 407(b)(2)(C)(i) of such Act is amended by striking out "not registered" and inserting in lieu thereof "not currently registered".

WORK REQUIREMENTS FOR AFDC RECIPIENTS

42 USC 602.

SEC. 2314. (a) Section 402(a)(19)(A)(i) of the Social Security Act is amended to read as follows:

"(i) a child who is under age 16 or attending, full-time, an elementary, secondary, or vocational (or technical) school;".

(b) Section 402(a)(19)(A)(v) of such Act (as amended by section 2313(b)(1) of this Act) is amended to read as follows:

"(v) the parent or other relative of a child under the age of six who is personally providing care for the child with only very brief and infrequent absences from the child;".

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING

SEC. 2315. (a) Section 402(a) of the Social Security Act is amended by inserting after paragraph (12) the following new paragraphs: 42 USC 602.

"(13) provide that—

"(A) except as provided in subparagraph (B), the State agency (i) will determine a family's eligibility for aid for a month on the basis of the family's income, composition, resources, and other similar relevant circumstances during such month, and (ii) will determine the amount of such aid on the basis of the income and other relevant circumstances in the first or, at the option of the State but only where the Secretary determines it to be appropriate, second month preceding such month; and

"(B) in the case of the first month, or at the option of the State but only where the Secretary determines it to be appropriate, the first and second months, in a period of consecutive months for which aid is payable, the State agency will determine the amount of aid on the basis of the family's income and other relevant circumstances in such first or second month;

"(14)(A) 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 continuing to be deemed to be a recipient of such aid), each month to the State agency on—

"(i) the income received, family composition, and other relevant circumstances during the prior month; and

"(ii) 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);

except that with the prior approval of the Secretary the State may select categories of recipients who may report at specified less frequent intervals upon the State's showing to the satisfaction of the Secretary that to require individuals in such categories to report monthly would result in unwarranted expenditures for administration of this paragraph; and

"(B) 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 42 USC 603. *Supra.*

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. 2316. Section 402(a) of the Social Security Act (as amended by section 2306 of this 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

42 USC 603.

SEC. 2317. (a) Section 403(a) of the Social Security Act is amended by striking out the first unnumbered paragraph following paragraph (5).

42 USC 606.

(b) Section 406(b) of such Act is amended by adding at the end thereof the following new sentence: "Payments of the type described in clause (2) shall not be subject to the requirements of clauses (A) through (E) of such clause (2), when they are made in the manner described in clause (2) at the request of the family member to whom payment would otherwise be made in an unrestricted manner.".

ADJUSTMENT FOR INCORRECT PAYMENTS

42 USC 602.
Ante, p. 852.

SEC. 2318. Section 402(a) of the Social Security Act is amended by inserting after paragraph (21) the following new paragraph:

"(22) provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of aid under the State plan, and, in the case of—

"(A) an overpayment to an individual who is a current recipient of such aid, recovery will be made by repayment by the individual or by reducing the amount of any future aid payable to the family of which he is a member, except that such recovery shall not result in the reduction of aid payable for any month, such that the aid, when added to such family's liquid resources and to its income (without application of paragraph (8)), is less than 90 percent of the amount payable under the State plan to a family of the same composition with no other income (and, in the case of an individual to whom no payment is made for a month solely by reason of recovery of an overpayment, such individual shall be deemed to be a recipient of aid for such month);

"(B) an overpayment to any individual who is no longer receiving aid under the plan, recovery shall be made by

appropriate action under State law against the income or resources of the individual or the family; and

"(C) an underpayment, the corrective payment shall be disregarded in determining the income of the family, and shall be disregarded in determining its resources in the month the corrective payment is made and in the following month;".

REDUCED FEDERAL MATCHING OF STATE AND LOCAL AFDC TRAINING COSTS

SEC. 2319. (a) Section 403(a)(3)(A) of the Social Security Act, as in effect in the fifty States and the District of Columbia, is repealed. 42 USC 603.

(b) Section 403(a)(3)(A)(iii) of such Act, as in effect in Puerto Rico, Guam, and the Virgin Islands, is repealed. 42 USC 603 note.

(c) The first sentence of section 403(d)(1) of such Act is amended by striking out all that precedes "with respect to" and inserting in lieu thereof "Notwithstanding any provision of subsection (a)(3), the applicable rate under such subsection shall be 90 per centum". 94 Stat. 462.

(d) The repeals made by this section shall apply to expenditures made after September 30, 1981. 42 USC 603 note.

ELIGIBILITY OF ALIENS FOR AFDC

SEC. 2320. (a) Section 402(a) of the Social Security Act (as amended by section 2316 of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (31) ;

(2) by striking out the period at the end of paragraph (32) and inserting in lieu thereof "; and"; and

(3) by adding immediately after paragraph (32) the following new paragraph:

"(33) provide that in order for any individual to be considered a dependent child, a caretaker relative whose needs are to be taken into account in making the determination under paragraph (7), or any other person whose needs should be taken into account in making such a determination with respect to the child or relative, such individual must be either (A) a citizen, or (B) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 207(c) of the Immigration and Nationality Act (or of section 203(a)(7) of such Act prior to April 1, 1980), or as a result of the application of the provisions of section 208 or 212(d)(5) of such Act).". 94 Stat. 103. 8 USC 1157. 8 USC 1153. 94 Stat. 105, 107. 8 USC 1158, 1182.

(b)(1) Section 402(a)(7) of such Act (as amended by section 2302 of this Act) is further amended by inserting "and section 415" after "paragraph (31)".

(2) Part A of title IV of such Act (as amended by section 2308 of this Act) is further amended by adding at the end thereof the following new section:

"ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIEN

"SEC. 415. (a) For purposes of determining eligibility for and the amount of benefits under a State plan approved under this part for an individual who is an alien described in clause (B) of section 402(a)(33), the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of 42 USC 615. *Supra.*

support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c)) for a period of three years after the individual's entry into the United States, except that this section is not applicable if such individual is a dependent child and such sponsor (or such sponsor's spouse) is the parent of such child.

"(b)(1) The amount of income of a sponsor (and his spouse) which shall be deemed to be the unearned income of an alien for any month shall be determined as follows:

"(A) the total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month;

"(B) the amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

"(i) the lesser of (I) 20 percent of the total of any amounts received by the sponsor and his spouse in such month as wages or salary or as net earnings from self-employment, plus the full amount of any costs incurred by them in producing self-employment income in such month, or (II) $175;

"(ii) the cash needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by him as dependents for purposes of determinig his Federal personal income tax liability but whose needs are not taken into account in making a determination under section 402(a)(7);

Ante, p. 844.

"(iii) any amounts paid by the sponsor (or his spouse) to individuals not living in such household who are claimed by him as dependents for purposes of determining his Federal personal income tax liability; and

"(iv) any payments of alimony or child support with respect to individuals not living in such household.

"(2) The amount of resources of a sponsor (and his spouse) which shall be deemed to be the resources of an alien for any month shall be determined as follows:

"(A) the total amount of the resources (determined as if the sponsor were applying for aid under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined; and

"(B) the amount determined under subparagraph (A) shall be reduced by $1,500.

Sponsor information and documentation.

"(c)(1) Any individual who is an alien shall, during the period of three years after entry into the United States, in order to be eligible for aid under a State plan approved under this part, be required to provide to the State agency administering such plan such information and documentation with respect to his sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as it may request and which such alien or his sponsor provided in support of such alien's immigration application.

"(2) The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to them and required in order to make any determination under this section will be provided by them to the Secretary (who may, in

turn, make such information available, upon request, to a concerned State agency), and whereby the Secretary of State and Attorney General will inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

"(d) Any sponsor of an alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of aid under the State plan made to such alien during the period of three years after such alien's entry into the United States, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this Act. Overpayment liability.

"(e)(1) In any case where a person is the sponsor of two or more alien individuals who are living in the same home, the income and resources of such sponsor (and his spouse), to the extent they would be deemed the income and resources of any one of such individuals under the preceding provisions of this section, shall be divided into two or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include one such share.

"(2) Income and resources of a sponsor (and his spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

"(f) The provisions of this section shall not apply with respect to any alien who is—

"(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act; 8 USC 1153.

"(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act; 94 Stat. 103. 8 USC 1157.

"(3) paroled into the United States as a refugee under section 212(d)(5) of such Act; 94 Stat. 107. 8 USC 1182.

"(4) granted political asylum by the Attorney General under section 208 of such Act; or 94 Stat. 105. 8 USC 1158.

"(5) a Cuban and Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96-422).". 94 Stat. 1809. 8 USC 1522 note.

(c) The amendments made by subsection (a) shall be effective on the date of the enactment of this Act. The amendments made by subsection (b) shall be effective with respect to individuals applying for aid to families with dependent children under any approved State plan for the first time after September 30, 1981. Effective dates. 42 USC 615 note.

EFFECTIVE DATE

SEC. 2321. (a) Except as otherwise specifically provided in the preceding sections of this chapter or in subsection (b), the provisions of this chapter and the amendments and repeals made by this chapter shall become effective on October 1, 1981. 42 USC 602 note.

42 USC 601.

(b) If a State agency administering a plan approved under part A of title IV of the Social Security Act demonstrates, to the satisfaction of the Secretary of Health and Human Services, that it cannot, by reason of State law, comply with the requirements of an amendment made by this chapter to which the effective date specified in subsection (a) applies, the Secretary may prescribe that, in the case of such State, the amendment will become effective beginning with the first month beginning after the close of the first session of such State's legislature ending on or after October 1, 1981. For purposes of the preceding sentence, the term "session of a State's legislature" includes any regular, special, budget, or other session of a State legislature.

"Session of a State's legislature."

CHAPTER 2—CHILD SUPPORT ENFORCEMENT

COLLECTION OF PAST-DUE CHILD AND SPOUSAL SUPPORT FROM FEDERAL TAX REFUNDS

SEC. 2331. (a) Part D of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX REFUNDS

42 USC 664.

"SEC. 464. (a) Upon receiving notice from a State agency administering a plan approved under this part that a named individual owes past-due support which has been assigned to such State pursuant to section 402(a)(26), the Secretary of the Treasury shall determine whether any amounts, as refunds of Federal taxes paid, are payable to such individual (regardless of whether such individual filed a tax return as a married or unmarried individual). If the Secretary of the Treasury finds that any such amount is payable, he shall withhold from such refunds an amount equal to the past-due support, and pay such amount to the State agency (together with notice of the individual's home address) for distribution in accordance with section 457(b)(3).

42 USC 602.

42 USC 657.

Regulations.

"(b) The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, prescribing the time or times at which States must submit notices of past-due support, the manner in which such notices must be submitted, and the necessary information that must be contained in or accompany the notices. The regulations shall specify the minimum amount of past-due support to which the offset procedure established by subsection (a) may be applied, and the fee that a State must pay to reimburse the Secretary of the Treasury for the full cost of applying the offset procedure, and provide that the Secretary of the Treasury will advise the Secretary of Health and Human Services, not less frequently than annually, of the States which have furnished notices of past-due support under subsection (a), the number of cases in each State with respect to which such notices have been furnished, the amount of support sought to be collected under this subsection by each State, and the amount of such collections actually made in the case of each State.

"Past-due support."

"(c) As used in this part the term 'past-due support' means the amount of a delinquency, determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a child, or of a child and the parent with whom the child is living.".

42 USC 654.

(b) Section 454 of such Act is amended—

(1) by striking out "and" at the end of paragraph (16);

(2) by striking out the period at the end of paragraph (17) and inserting in lieu thereof "; and"; and

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

"(18) provide that the State has in effect procedures necessary to obtain payment of past-due support from overpayments made to the Secretary of the Treasury as set forth in section 464, and take all steps necessary to implement and utilize such procedures.". *Ante*, p. 860.

(c) Section 6402 of the Internal Revenue Code of 1954 is amended— 26 USC 6402.

(1) by striking out in subsection (a) thereof "shall refund" and inserting in lieu thereof "shall, subject to subsection (c), refund"; and

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

"(c) OFFSET OF PAST-DUE SUPPORT AGAINST OVERPAYMENTS.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced by the amount of any past-due support (as defined in section 464(c) of the Social Security Act) owed by that person of which the Secretary has been notified by a State in accordance with section 464 of the Social Security Act. The Secretary shall remit the amount by which the overpayment is so reduced to the State to which such support has been assigned and notify the person making the overpayment that so much of the overpayment as was necessary to satisfy his obligation for past-due support has been paid to the State. This subsection shall be applied to an overpayment prior to its being credited to a person's future liability for an internal revenue tax.".

COLLECTION OF SUPPORT FOR CERTAIN ADULTS

SEC. 2332. (a) Section 451 of the Social Security Act is amended by striking out "children" and inserting in lieu thereof "children and the spouse (or former spouse) with whom such children are living" and by striking out "child support" and inserting in lieu thereof "child and spousal support". 42 USC 651.

(b)(1) Section 452(a) of such Act is amended— 42 USC 652.

(A) in paragraph (1), by inserting "and support for the spouse (or former spouse) with whom the absent parent's child is living" after "child support";

(B) in paragraph (7), by inserting "and spousal" after "child"; and

(C) in paragraph (10)(C), by inserting "(with separate identification of the number in which collection of spousal support was involved)" after "child support cases".

(2) Section 452(b) of such Act is amended—

(A) by inserting ", including any support obligation with respect to the parent who is living with the child and receiving aid under the State plan approved under part A," after "assigned to the State" in the first sentence; 42 USC 601.

(B) by striking out "court order" in the second sentence and inserting in lieu thereof "court or administrative order"; and

(C) by striking out "United States" in the second sentence and inserting in lieu thereof "Secretary of the Treasury"; and

(D) by inserting immediately after the second sentence the following new sentence: "All reimbursements shall be credited to the appropriation accounts which bore all or part of the costs involved in making the collections.".

42 USC 653. (c) Section 453(c)(1) of such Act is amended by striking out "child support" and inserting in lieu thereof "child and spousal support".

42 USC 654. (d) Section 454 of such Act is amended—

(1) by striking out "CHILD SUPPORT" in the heading and inserting in lieu thereof "CHILD AND SPOUSAL SUPPORT";

(2) by striking out "child support" in the matter preceding paragraph (1) and inserting in lieu thereof "child and spousal support";

(3) in paragraph (4)(B), by striking out the comma immediately following the first parenthetical phrase and inserting in lieu thereof "and, at the option of the State, from such parent for his spouse (or former spouse) receiving aid to families with dependent children (but only if a support obligation has been established with respect to such spouse),";

(4) in paragraph (5), by striking out "child support payments" and inserting in lieu thereof "support payments" and by striking out "collected for a child" and inserting in lieu thereof "collected for an individual";

(5) in paragraph (9)(C), by striking out "of a child or children" and inserting in lieu thereof "of the child or children or the parent of such child or children";

(6) in paragraph (11), by striking out "child"; and

(7) in paragraph (16), by striking out "child" each place it appears.

42 USC 657. (e) Section 457 of such Act is amended—

(1) by striking out "child" in the portion of subsection (b) that precedes paragraph (1); and

(2) by striking out "child" each place it appears in subsection (c).

42 USC 660. (f) The heading of section 460 of such Act is amended by striking out "CHILD".

26 USC 6305. (g) Section 6305(a)(4) of the Internal Revenue Code of 1954, (relating to collection of certain liability) is amended by striking out "court order" and inserting in lieu thereof "court or administrative order".

COST OF COLLECTION AND OTHER SERVICES FOR NON-AFDC FAMILIES

42 USC 654. SEC. 2333. (a) Section 454(6) of the Social Security Act is amended—

(1) by striking out "such services" in clause (B) and inserting in lieu thereof "services under the State plan (other than collection of support)"; and

(2) by amending clause (C) to read as follows: "(C) the State will retain, but only if it is the State which makes the collection, the fee imposed under State law as required under paragraph (19);".

(b) Section 454 of such Act (as amended by section 2331(b) of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (17);

(2) by striking out the period at the end of paragraph (18) and inserting in lieu thereof "; and"; and

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

"(19) provide that a fee shall be imposed on the individual who owes a child or spousal support obligation, in accordance with State law, with respect to all such child and spousal support obligations for which collection is made by the State agency under this part on behalf of an individual not otherwise eligible for collection services (as determined for purposes of paragraph (6)) in an amount equal to 10 percent of the amount so owed (and for purposes of this part, no part of the amount collected shall be

considered to be a fee collected except amounts which exceed the actual amount of support owed).".

(c) Section 453(a) of such Act is amended by adding at the end thereof the following new sentence: "In determining the total amounts expended by any State during a quarter, for purposes of this subsection, there shall be excluded an amount equal to the total of any fees collected or other income resulting from services provided under the plan approved under this part.". 42 USC 653.

CHILD SUPPORT OBLIGATIONS NOT DISCHARGED BY BANKRUPTCY

SEC. 2334. (a) Section 456 of the Social Security Act is amended by adding at the end thereof the following new subsection: 42 USC 656.

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under title 11, United States Code.". 42 USC 602.

(b) Section 523(a)(5)(A) of title 11, United States Code, is amended by inserting before the semicolon the following: "(other than debts assigned pursuant to section 402(a)(26) of the Social Security Act)".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act. Effective date. 42 USC 656 note.

CHILD SUPPORT INTERCEPT OF UNEMPLOYMENT BENEFITS

SEC. 2335. (a) Section 454 of the Social Security Act (as amended by section 2333(b) of this Act) is amended by striking out "and" at the end of paragraph (18), by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(20) provide that the agency administering the plan—

"(A) shall determine on a periodic basis, from information supplied pursuant to section 508 of the Unemployment Compensation Amendments of 1976, whether any individuals receiving compensation under the State's unemployment compensation law (including amounts payable pursuant to any agreement under any Federal unemployment compensation law) owe child support obligations which are being enforced by such agency, and 29 USC 49b. 42 USC 603a.

"(B) shall enforce any such child support obligations which are owed by such an individual but are not being met—

"(i) through an agreement with such individual to have specified amounts withheld from compensation otherwise payable to such individual and by submitting a copy of any such agreement to the State agency administering the unemployment compensation law, or

"(ii) in the absence of such an agreement, by bringing legal process (as defined in section 462(e) of this Act) to require the withholding of amounts from such compensation.". 42 USC 662.

(b)(1) Subsection (e) of section 303 of the Social Security Act is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph: 42 USC 503.

"(2)(A) The State agency charged with the administration of the State law—

"(i) shall require each new applicant for unemployment compensation to disclose whether or not such applicant owes child

support obligatons (as defined in the last sentence of this subsection),

"(ii) shall notify the State or local child support enforcement agency enforcing such obligations, if any applicant discloses under clause (i) that he owes child support obligations and he is determined to be eligible for unemployment compensation, that such applicant has been so determined to be eligible,

"(iii) shall deduct and withhold from any unemployment compensation otherwise payable to an individual—

"(I) the amount specified by the individual to the State agency to be deducted and withheld under this clause,

"(II) the amount (if any) determined pursuant to an agreement submitted to the State agency under section 454(20)(B)(i) of this Act, or

Ante, p. 863.

"(III) any amount otherwise required to be so deducted and withheld from such unemployment compensation through legal process (as defined in section 462(e)), and

42 USC 662.

"(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State or local child support enforcement agency.

Any amount deducted and withheld under clause (iii) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by such individual to the State or local child support enforcement agency in satisfaction of his child support obligations.

"Unemployment compensation."

"(B) For purposes of this paragraph, the term 'unemployment compensation' means any compensation payable under the State law (including amounts payable pursuant to agreements under any Federal unemployment compensation law).

"(C) Each State or local child support enforcement agency shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by such State agency under this paragraph which are attributable to child support obligations being enforced by the State or local child support enforcement agency.".

(2) Paragraph (3) of section 303(e) of such Act (as redesignated by paragraph (1)) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (2)".

Ante, p. 863.

(3) The last sentence of paragraph (1) of such section 303(e) is amended by striking out "the preceding sentence" and inserting in lieu thereof "this subsection".

Effective date.
42 USC 503 note.

(c) The amendments made by this section shall take effect on the date of the enactment of this Act, except that such amendments shall not be requirements under section 454 or 303 of the Social Security Act before October 1, 1982.

EFFECTIVE DATE

42 USC 651 note.

SEC. 2336. (a) Except as otherwise specifically provided in the preceding sections of this chapter or in subsection (b), the provisions of this chapter and the amendments and repeals made by this chapter shall become effective on October 1, 1981.

42 USC 651.

(b) If a State agency administering a plan approved under part D of title IV of the Social Security Act demonstrates, to the satisfaction of the Secretary of Health and Human Services, that it cannot, by reason of State law, comply with the requirements of an amendment made by this chapter to which the effective date specified in subsection (a) applies, the Secretary may prescribe that, in the case of such

State, the amendment will become effective beginning with the first month beginning after the close of the first session of such State's legislature ending on or after October 1, 1981. For purposes of the preceding sentence, the term "session of a State's legislature" includes any regular, special, budget, or other session of a State legislature.

Subtitle B—Supplemental Security Income Benefits

RETROSPECTIVE ACCOUNTING

SEC. 2341. (a) Section 1611(c) of the Social Security Act is amended to read as follows: 42 USC 1382.

"(c)(1) An individual's eligibility for a benefit under this title for a month shall be determined on the basis of the individual's (and eligible spouse's, if any) income, resources, and other relevant characteristics in such month, and, except as provided in paragraph (2), the amount of such benefit shall be determined for such month on the basis of income and other characteristics in the first or, if the Secretary so determines, second month preceding such month. Eligibility for and the amount of such benefits shall be redetermined at such time or times as may be provided by the Secretary.

"(2) The amount of such benefit for the month in which application for such benefits is filed or, if the Secretary so determines, for such month and the following month, and for any month following a month of ineligibility for such benefits (or, if the Secretary so determines, such month and the following month) shall be determined on the basis of the individual's (and eligible spouse's, if any) income and other relevant circumstances in such month.

"(3) For purposes of this subsection, an application shall be effective as of the first day of the month in which it is filed.

"(4) The Secretary may waive the limitations specified in subparagraphs (A) and (B) of subsection (e)(1) on an individual's eligibility and benefit amount for a month (to the extent either such limitation is applicable by reason of such individual's presence throughout such month in a hospital, extended care facility, nursing home, or intermediate care facility) if such waiver would promote the individual's removal from such institution or facility. Upon waiver of such limitations, the Secretary shall apply, to the month preceding the month of removal, or, if the Secretary so determines, the two months preceding the month of removal, the benefit rate that is appropriate to such individual's living arrangement subsequent to his removal from such institution or facility.". Limitations waiver.

(b) Section 1612(b)(3) of such Act is amended— 42 USC 1382a.

(1) by striking out "calendar quarter" each place it appears and inserting in lieu thereof "month";

(2) by striking out "such quarter" each place it appears and inserting in lieu thereof "such month";

(3) by striking out "$60" and inserting in lieu thereof "$20"; and

(4) by striking out "$30" and inserting in lieu thereof "$10".

(c)(1) The amendments made by this section shall be effective with respect to months after the first calendar quarter which ends more than five months after the month in which this Act is enacted. Effective date. 42 USC 1382 note.

(2) The Secretary of Health and Human Services may, under conditions determined by him to be necessary and appropriate, make a transitional payment or payments during the first two months for which the amendments made by this section are effective. A transi- Transitional payments.

tional payment made under this section shall be deemed to be a payment of supplemental security income benefits.

ELIGIBILITY OF SSI RECIPIENTS FOR FOOD STAMPS

42 USC 1382e note.

SEC. 2342. (a) Section 8(d) of Public Law 93-233 is amended to read as follows:

"(d) Upon the request of a State, the Secretary shall find, for purposes of the provisions specified in subsection (c), that the level of such State's supplementary payments of the type described in section 42 USC 1382e. 1616(a) of the Social Security Act has been specifically increased for any month so as to include the bonus value of food stamps (and that such State meets the applicable requirements of subsection (c)(1)) if—

"(1) the Secretary has found (under this subsection or subsection (c), as in effect in December 1980) that such State's supplementary payments in December 1980 were increased to include the bonus value of food stamps; and

"(2) such State continues without interruption to meet the 42 USC 1382g. requirements of section 1618 of such Act for each month after the month referred to in paragraph (1) and up to and including the month for which the Secretary is making the determination.".

Effective date. 42 USC 1382e note.

(b) The amendment made by subsection (a) shall become effective July 1, 1981.

PAYMENT TO STATES WITH RESPECT TO CERTAIN UNNEGOTIATED CHECKS

42 USC 1383.

SEC. 2343. (a) Section 1631 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Payment to States With Respect to Certain Unnegotiated Checks

"(i)(1) The Secretary of the Treasury shall, on a monthly basis, notify the Secretary of all benefit checks issued under this title which include amounts representing State supplementary payments as described in paragraph (2) and which have not been presented for payment within one hundred and eighty days after the day on which they were issued.

"(2) The Secretary shall from time to time determine the amount representing the total of the State supplementary payments made 42 USC 1382e. pursuant to agreements under section 1616(a) of this Act and under 87 Stat. 155. section 212(b) of Public Law 93-66 which is included in all checks payable to individuals entitled to benefits under this title but not presented for payment within one hundred and eighty days after the day on which they were issued, and shall pay each State (or credit each State with) an amount equal to that State's share of all such amount. Amounts not paid to the States shall be returned to the appropriation from which they were originally paid.

"(3) The Secretary, upon notice from the Secretary of the Treasury under paragraph (1), shall notify any State having an agreement described in paragraph (2) of all such benefit checks issued under that State's agreement which were not presented for payment within one hundred and eighty days after the day on which they were issued.

Investigation. "(4) The Secretary shall, to the maximum extent feasible, investigate the whereabouts and eligibility of the individuals whose benefit checks were not presented for payment within one hundred and eighty days after the day on which they were issued.".

Effective date. 42 USC 1383 note.

(b) The amendment made by subsection (a) shall become effective October 1, 1982.

FUNDING OF REHABILITATION SERVICES FOR SSI RECIPIENTS

SEC. 2344. Effective October 1, 1981, section 1615(d) of the Social Security Act is amended— 42 USC 1382d.

(1) by striking out "is authorized to pay to" and inserting in lieu thereof "is authorized to reimburse";

(2) by inserting "for" before "the costs incurred"; and

(3) by striking out "individuals referred for such services pursuant to subsection (a)" and inserting in lieu thereof "individuals who are referred for such services pursuant to subsection (a) if such services result in their performance of substantial gainful activity which lasts for a continuous period of nine months. The determination of the amount of costs to be reimbursed under this subsection shall be made by the Commissioner of Social Security in accordance with criteria determined by him in the same manner as under section 222(d)(1)". 42 USC 422.

Subtitle C—Block Grants for Social Services

Social Services Block Grant Act.

SHORT TITLE

SEC. 2351. This subtitle may be cited as the "Social Services Block Grant Act". 42 USC 1305 note.

TITLE XX BLOCK GRANTS

SEC. 2352. (a) Title XX of the Social Security Act is amended to read as follows:

"TITLE XX—BLOCK GRANTS TO STATES FOR SOCIAL SERVICES

"PURPOSES OF TITLE; AUTHORIZATION OF APPROPRIATIONS

"SEC. 2001. For the purposes of consolidating Federal assistance to States for social services into a single grant, increasing State flexibility in using social service grants, and encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goals of— 42 USC 1397.

"(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;

"(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency;

"(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;

"(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and

"(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

there are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this title.

"PAYMENTS TO STATES

"SEC. 2002. (a)(1) Each State shall be entitled to payment under this title for each fiscal year in an amount equal to its allotment for such 42 USC 1397a.

fiscal year, to be used by such State for services directed at the goals set forth in section 2001, subject to the requirements of this title.

"(2) For purposes of paragraph (1)—

Services.

"(A) services which are directed at the goals set forth in section 2001 include, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, family planning services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services and appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts; and

Expenditures.

"(B) expenditures for such services may include expenditures for—

"(i) administration (including planning and evaluation);

"(ii) personnel training and retraining directly related to the provision of those services (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions); and

"(iii) conferences or workshops, and training or retraining through grants to nonprofit organizations within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 or to individuals with social services expertise, or through financial assistance to individuals participating in such conferences, workshops, and training or retraining (and this clause shall apply with respect to all persons involved in the delivery of such services).

26 USC 501.

"(b) The Secretary shall make payments in accordance with section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213) to each State from its allotment for use under this title.

"(c) Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

"(d) A State may transfer up to 10 percent of its allotment under section 2003 for any fiscal year for its use for that year under other provisions of Federal law providing block grants for support of health services, health promotion and disease prevention activities, or low-income home energy assistance (or any combination of those activities). Amounts allotted to a State under any provisions of Federal law referred to in the preceding sentence and transferred by a State for use in carrying out the purposes of this title shall be treated as if they were paid to the State under this title but shall not affect the computation of the State's allotment under this title. The State shall inform the Secretary of any such transfer of funds.

Technical assistance.

"(e) A State may use a portion of the amounts described in subsection (a) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering programs funded under this title.

"ALLOTMENTS

42 USC 1397b.

"SEC. 2003. (a) The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands shall be an amount which bears the same

ratio to the amount specified in subsection (c) as the amount which was specified for allocation to the particular jurisdiction involved for the fiscal year 1981 under section 2002(a)(2)(C) of this Act (as in effect prior to the enactment of this section) bore to $2,900,000,000. 94 Stat. 525. 42 USC 1397a.

"(b) The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

"(1) the amount specified in subsection (c), reduced by

"(2) the total amount allotted to those jurisdictions for that fiscal year under subsection (a),

as the population of that State bears to the population of all the States as determined by the Secretary (on the basis of the most recent data available from the Department of Commerce) and promulgated (subject to subsection (d)) prior to the first day of the third month of the preceding fiscal year.

"(c) The amount specified for purposes of subsections (a) and (b) shall be—

"(1) $2,400,000,000 for the fiscal year 1982;

"(2) $2,450,000,000 for the fiscal year 1983;

"(3) $2,500,000,000 for the fiscal year 1984;

"(4) $2,600,000,000 for the fiscal year 1985; and

"(5) $2,700,000,000 for the fiscal year 1986 or any succeeding fiscal year.

"(d) The determination and promulgation required by subsection (b) with respect to the fiscal year 1982 shall be made as soon as possible after the enactment of the Omnibus Budget Reconciliation Act of 1981. *Ante*, p. 357.

"STATE ADMINISTRATION

"SEC. 2004. Prior to expenditure by a State of payments made to it under section 2002 for any fiscal year, the State shall report on the intended use of the payments the State is to receive under this title, including information on the types of activities to be supported and the categories or characteristics of individuals to be served. The report shall be transmitted to the Secretary and made public within the State in such manner as to facilitate comment by any person (including any Federal or other public agency) during development of the report and after its completion. The report shall be revised throughout the year as may be necessary to reflect substantial changes in the activities assisted under this title, and any revision shall be subject to the requirements of the previous sentence. Public report. 42 USC 1397c.

"LIMITATIONS ON USE OF GRANTS

"SEC. 2005. (a) Except as provided in subsection (b), grants made under this title may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this title— 42 USC 1397d.

"(1) for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility;

"(2) for the provision of cash payments for costs of subsistence or for the provision of room and board (other than costs of subsistence during rehabilitation, room and board provided for a short term as an integral but subordinate part of a social service, or temporary emergency shelter provided as a protective service);

"(3) for payment of the wages of any individual as a social service (other than payment of the wages of welfare recipients employed in the provision of child day care services);

"(4) for the provision of medical care (other than family planning services, rehabilitation services, or initial detoxification of an alcoholic or drug dependent individual) unless it is an integral but subordinate part of a social service for which grants may be used under this title;

"(5) for social services (except services to an alcoholic or drug dependent individual or rehabilitation services) provided in and by employees of any hospital, skilled nursing facility, intermediate care facility, or prison, to any individual living in such institution;

"(6) for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income;

"(7) for any child day care services unless such services meet applicable standards of State and local law; or

"(8) for the provision of cash payments as a service (except as otherwise provided in this section).

Waiver.

"(b) The Secretary may waive the limitation contained in subsection (a) (1) and (4) upon the State's request for such a waiver if he finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this title.

"REPORTS AND AUDITS

42 USC 1397e.

"SEC. 2006. (a) Each State shall prepare reports on its activities carried out with funds made available (or transferred for use) under this title. Reports shall be in such form, contain such information, and be of such frequency (but not less often than every two years) as the State finds necessary to provide an accurate description of such activities, to secure a complete record of the purposes for which funds were spent, and to determine the extent to which funds were spent in a manner consistent with the reports required by section 2004. The State shall make copies of the reports required by this section available for public inspection within the State and shall transmit a copy to the Secretary. Copies shall also be provided, upon request, to any interested public agency, and each such agency may provide its views on these reports to the Congress.

Copies.

"(b) Each State shall, not less often than every two years, audit its expenditures from amounts received (or transferred for use) under this title. Such State audits shall be conducted by an entity independent of any agency administering activities funded under this title, in accordance with generally accepted auditing principles. Within 30 days following the completion of each audit, the State shall submit a copy of that audit to the legislature of the State and to the Secretary. Each State shall repay to the United States amounts ultimately found not to have been expended in accordance with this title, or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this title.

Unexpended funds.

"(c) For other provisions requiring States to account for Federal grants, see section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212).

"CHILD DAY CARE SERVICES

"SEC. 2007. (a) Subject to subsection (b), sums granted by a State to a qualified provider of child day care services (as defined in subsection (c)) to assist such provider in meeting its work incentive program expenses (as defined in subsection (c)) with respect to individuals employed in jobs related to the provision of child day care services in one or more child day care facilities of such provider, shall be deemed for purposes of section 2002 to constitute expenditures made by the State in accordance with the provisions of this title for the provision of child day care services. Grants to qualified provider. 42 USC 1397f.

"(b) The provisions of subsection (a) shall not be applicable with respect to any grant made to a particular qualified provider of child day care services to the extent that (as determined by the Secretary) such grant is or will be used to pay wages to any employee at an annual rate in excess of $6,000, in the case of a public or nonprofit private provider, or at an annual rate in excess of $5,000, or to pay more than 80 percent of the wages of any employee, in the case of any other provider.

"(c) For purposes of this subsection— Definitions.

"(1) the term 'qualified provider of child day care services', when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 percent thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under a program conducted pursuant to this title; and

"(2) the term 'work incentive program expenses' means expenses of a qualified provider of child day care services which constitute work incentive program expenses as defined in section 50B(a)(1) of the Internal Revenue Code of 1954, or which would constitute work incentive program expenses as so defined if the provider were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code.". 26 USC 50B. 26 USC 40.

(b) Section 1101(a)(1) of such Act is amended by adding at the end thereof the following new sentence: "Such term when used in title XX also includes the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.". 42 USC 1301. *Ante*, p. 867.

CONFORMING AMENDMENTS TO THE SOCIAL SECURITY ACT

SEC. 2353. (a)(1) Section 3(a) of the Social Security Act is amended— 42 USC 303.

(A) by amending paragraph (4) to read as follows:

"(4) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."; and

(B) by striking out paragraph (5).

42 USC 303.
(2) Section 3(c) of such Act is repealed.

42 USC 602 note.
(b)(1) Sections 402(a)(5), 402(a)(13), 402(a)(14), 402(a)(15) 403(a)(3), 403(e), and 406(d) of such Act as in effect with respect to Puerto Rico, Guam, and the Virgin Islands are repealed.

42 USC 602 note.
(2) Sections 402(a)(5), 402(a)(15), and 403(a)(3) of such Act as they apply to the fifty States and the District of Columbia shall be applicable to Puerto Rico, Guam, and the Virgin Islands.

42 USC 603 note.
(3) Section 248(b) of the Social Security Amendments of 1967 (Public Law 90-248) is repealed.

42 USC 602.
(c) Section 402(a)(15) of such Act is amended—

(1) by striking out "as part of the program of the State for the provision of services under title XX"; and

(2) by striking out "or clause (14)".

42 USC 603.
(d) Section 403(a)(3) of such Act is amended by striking out "service described in section 2002(a)(1)" and inserting in lieu thereof "service described in section 2002(a)".

42 USC 1203.
(e)(1) Section 1003(a) of such Act is amended—

(A) by amending paragraph (3) to read as follows:

"(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."; and

(B) by striking out paragraph (4).

(2) Section 1003(c) of such Act is repealed.

42 USC 1308.
(f) Section 1108(a) of such Act is amended in the matter preceding paragraph (1) to read as follows:

"(a) The total amount certified by the Secretary of Health and Human Services under titles I, X, XIV, and XVI, and under parts A and E of title IV (exclusive of any amounts on account of services and items to which subsection (b) applies)—".

42 USC 301, 1201, 1351, 1381, 601, 670.
94 Stat. 501.
42 USC 1315.
(g) Section 1115(a) of such Act is amended—

(1) in the matter preceding paragraph (1), by striking out "XIX, or XX" and inserting in lieu thereof "or XIX";

(2) in paragraph (1), by striking out "1902, 2002, 2003, or 2004" and inserting in lieu thereof "or 1902"; and

(3) in paragraph (2)—

(A) by striking out "1903, or 2002" and inserting in lieu thereof "or 1903", and

(B) by striking out "or expenditures with respect to which payment shall be made under section 2002,".

42 USC 1316.
(h) Section 1116 of such Act is amended—

(1) in subsections (a)(1) and (b), by striking out "XIX, or XX" and inserting in lieu thereof "or XIX";

(2) in subsection (a)(3), by striking out "1904, or 2003" and inserting in lieu thereof "or 1904"; and

(3) in subsection (d), by striking out "XIX, XX" and inserting in lieu thereof "or XIX".

42 USC 1320a-3.
(i) Section 1124(a) of such Act is amended—

(1) in paragraph (1), by striking out "XIX and XX" each place it appears and inserting in lieu thereof "and XIX"; and

(2) in paragraph (2)—

(A) by inserting "or" after the semicolon at the end of subparagraph (B);

(B) by striking out "; or" at the end of subparagraph (C) and inserting in lieu thereof a period; and

(C) by striking out subparagraph (D).

(j) Section 1126(a) of such Act is amended by striking out "XIX, and XX" and inserting in lieu thereof "and XIX". 42 USC 1320a-5.

(k) Section 1128(a) of such Act is amended— 94 Stat. 2619.

(1) in paragraph (2)(A), by striking out "or title XX,"; and 42 USC 1320a-7.

(2) in paragraph (2)(B), by striking out "or title XX".

(l)(1) Section 1403(a) of such Act is amended— 42 USC 1353.

(A) by amending paragraph (3) to read as follows:

"(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and official administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."; and

(B) by striking out paragraph (4).

(2) Section 1403(c) of such Act is repealed.

(m)(1) Section 1601 of such Act is amended— 42 USC 1381 note.

(A) by inserting "and" before "(b)" the first time it appears; and

(B) by striking out "and (c)" and all that follows through "self-care,".

(2) Section 1603(a) of such Act is amended— 42 USC 1383 note.

(A) by inserting "and" after the semicolon at the end of paragraph (2)(B);

(B) by amending paragraph (4) to read as follows:

"(4) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

"(B) one-half of the remainder of such expenditures."; and

(C) by striking out paragraph (5).

(3) Section 1603(c) of such Act is repealed.

(n) Section 1616(e)(2) of such Act is amended by striking out ", as a part of the services program planning procedures established pursuant to section 2004 of this Act,". 42 USC 1382e.

(o) Section 1619 of such Act is amended— 94 Stat. 445. 42 USC 1382h.

(1) by striking out "titles XIX and XX" each place it appears and inserting in lieu thereof "title XIX", and

(2) by striking out "title XIX or XX" and inserting in lieu thereof "title XIX".

94 Stat. 446.
42 USC 1382i.

(p) Section 1620(c) of such Act is amended by striking out the matter following the end of paragraph (7).

42 USC 607.
Ante, p. 846.

(q) Section 407(d)(1) of such Act is amended by striking out "a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or" and inserting in lieu thereof "a community work experience program under section 409, or".

42 USC 671.

(r) Section 471(a)(10) of such Act is amended by striking out "standards referred to in section 2003(d)(1)(F)" and inserting in lieu thereof "standards in effect in the State with respect to child day care services under title XX".

42 USC 1397a note.

(s) Section 3(f) of the Social Security Amendments of 1974 (Public Law 93-647) is repealed.

EFFECTIVE DATE

42 USC 1397 note.

SEC. 2354. Except as otherwise explicitly provided, the provisions of this subtitle, and the repeals and amendments made by this subtitle, shall become effective on October 1, 1981.

STUDY OF STATE SOCIAL SERVICE PROGRAMS

42 USC 1397 note.

SEC. 2355. The Secretary of Health and Human Services shall conduct a study to identify criteria and mechanisms which may be useful for the States in assessing the effectiveness and efficiency of the State social service programs carried out with funds made available under title XX of the Social Security Act. The study shall include consideration of Federal incentive payments as an option in rewarding States having high performance social service programs. The Secretary shall report the results of such study to the Congress within one year after the date of the enactment of this Act.

Ante, p. 867.

Report to Congress.

TITLE XXIV—UNEMPLOYMENT COMPENSATION

ELIMINATION OF NATIONAL TRIGGER

SEC. 2401. (a) GENERAL RULE.—Paragraphs (1) and (2) of section 203(a) of the Federal-State Extended Unemployment Compensation Act of 1970 are amended to read as follows:

26 USC 3304 note.

"(1) shall begin with the third week after the first week for which there is a State 'on' indicator; and

"(2) shall end with the third week after the first week for which there is a State 'off' indicator.".

(b) TECHNICAL AMENDMENTS.—

(1) Section 203 of such Act is amended by striking out subsection (d) and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(2) Subparagraph (B) of section 203(b)(1) of such Act is amended by striking out "by reason of a State 'on' indicator".

(3) Paragraph (2) of section 203(b) of such Act is amended by striking out "(or all the States)".

(4) Subsection (e) of section 203 of such Act (as redesignated by paragraph (1)) is amended—

(A) by striking out "subsections (d) and (e)" in paragraph (1) and inserting in lieu thereof "subsection (d)",

(B) by striking out "all State agencies (or, in the case of subsection (e), by the State agency)" in paragraph (1)(A) and inserting in lieu thereof "the State agency", and

(C) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) Determinations under subsection (d) shall be made by the State agency in accordance with regulations prescribed by the Secretary.".

(5) Subsection (a) of section 204 of such Act is amended— 26 USC 3304 note.

(A) by striking out paragraph (3), and

(B) by redesignating paragraph (4) as paragraph (3).

(c) EFFECTIVE DATES.—The amendments made by this section shall apply to weeks beginning after the date of the enactment of this Act. 26 USC 3304 note.

CLAIMS FOR EXTENDED OR ADDITIONAL COMPENSATION NOT INCLUDED IN DETERMINING RATE OF INSURED UNEMPLOYMENT

SEC. 2402. (a) GENERAL RULE.—Subparagraph (A) of section 203(e)(1) of the Federal-State Extended Unemployment Compensation Act of 1970 (as redesignated by section 2401(b)(1) of this Act) is amended by striking out "individuals filing claims" and inserting in lieu thereof "individuals filing claims for regular compensation". 26 USC 3304 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of determining whether there are State "on" or "off" indicators for weeks beginning after the date of the enactment of this Act. For purposes of making such determinations for such weeks, such amendment shall be deemed to be in effect for all weeks whether beginning before, on, or after such date of enactment. 26 USC 3304 note.

CHANGE IN STATE TRIGGER FOR EXTENDED COMPENSATION

SEC. 2403. (a) GENERAL RULE.—Subsection (d) of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970 (as redesignated by section 2401(b)(1) of this Act) is amended—

(1) in paragraph (1)(B), by striking out "4" and inserting in lieu thereof "5"; and

(2) in the matter following paragraph (2), by striking out "the figure '4' contained in subparagraph (B) thereof were '5'" and inserting in lieu thereof "the figure '5' contained in subparagraph (B) thereof were '6'".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to weeks beginning after September 25, 1982. 26 USC 3304 note.

QUALIFYING REQUIREMENT FOR EXTENDED COMPENSATION

SEC. 2404. (a) GENERAL RULE.—Subsection (a) of section 202 of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by redesignating paragraph (5) as paragraph (6) and inserting after paragraph (4) the following: 26 USC 3304 note.

"(5) Notwithstanding the provisions of paragraph (2), an individual shall not be eligible for extended compensation unless, in the base period with respect to which the individual exhausted all rights to regular compensation under the State law, the individual had 20 weeks of full-time insured employment, or the equivalent in insured wages. For purposes of this paragraph, the equivalent in insured wages shall be earnings covered by the State law for compensation purposes which exceed 40 times the

individual's most recent weekly benefit amount or 1½ times the individual's insured wages in that calendar quarter of the base period in which the individual's insured wages were the highest (or one such quarter if his wages were the same for more than one such quarter). The State shall by law provide which one of the foregoing methods of measuring employment and earnings shall be used in that State.".

26 USC 3304 note.

(b) CONFORMING AMENDMENT.—Section 202(a)(6) of such Act (as redesignated by subsection (a)) is amended—

(1) by striking out "paragraphs (3) and (4)" and inserting in lieu thereof "paragraphs (3), (4), and (5)"; and

(2) by inserting "extended compensation or" before "sharable regular compensation".

26 USC 3304 note.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to extended compensation and sharable regular compensation payable for weeks which begin after September 25, 1982.

ELIGIBILITY REQUIREMENTS FOR EX-SERVICEMEMBERS

SEC. 2405. (a) GENERAL RULE.—Section 8521(a)(1)(B) of title 5, United States Code, is amended to read as follows:

"(B) with respect to that service, the individual—

"(i) was discharged or released under honorable conditions;

"(ii) did not resign or voluntarily leave the service; and

"(iii) was not released or discharged for cause as defined by the Department of Defense;".

5 USC 8521 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to terminations of service on or after July 1, 1981, but only in the case of weeks of unemployment beginning after the date of the enactment of this Act.

ADJUSTMENTS TO PROVISIONS WHICH INCREASE FEDERAL UNEMPLOYMENT TAX IN STATES WITH OUTSTANDING LOANS

26 USC 3302.

SEC. 2406. (a) LIMITATIONS ON CREDIT REDUCTION IN CERTAIN CASES.—Section 3302 of the Internal Revenue Code of 1954 (relating to credits against unemployment tax) is amended by adding at the end thereof the following new subsection:

"(f) LIMITATION ON CREDIT REDUCTION.—

"(1) LIMITATION.—In the case of any State which meets the requirements of paragraph (2) with respect to any taxable year beginning before January 1, 1988, the reduction under subsection (c)(2) in credits otherwise applicable to taxpayers subject to the unemployment compensation law of such State shall not exceed the greater of—

"(A) the reduction which was in effect with respect to such State under subsection (c)(2) for the preceding taxable year, or

"(B) 0.6 percent of the wages paid by the taxpayer during such taxable year which are attributable to such State.

"(2) REQUIREMENTS.—The requirements of this paragraph are met by any State with respect to any taxable year if the Secretary of Labor determines (on or before November 10 of such taxable year) that—

"(A) no State action was taken during the 12-month period ending on September 30 of such taxable year (excluding any action required under State law as in effect prior to the date

of the enactment of this subsection) which has resulted or will result in a reduction in such State's unemployment tax effort (as defined by the Secretary of Labor in regulations),

"(B) no State action was taken during the 12-month period ending on September 30 of such taxable year (excluding any action required under State law as in effect prior to the date of the enactment of this subsection) which has resulted or will result in a net decrease in the solvency of the State unemployment compensation system (as defined by the Secretary of Labor in regulations),

"(C) the State unemployment tax rate for the taxable year equals or exceeds the average benefit cost ratio for calendar years in the 5-calendar year period ending with the last calendar year before the taxable year, and

"(D) the outstanding balance for such State of advances under title XII of the Social Security Act on September 30 of such taxable year was not greater than the outstanding balance for such State of such advances on September 30 of the third preceding taxable year (or, for purposes of applying this subparagraph to taxable year 1983, September 30, 1981). 42 USC 1321.

The requirements of subparagraphs (C) and (D) shall not apply to taxable years 1981 and 1982.

"(3) CREDIT REDUCTIONS FOR SUBSEQUENT YEARS.—If the credit reduction under subsection (c)(2) is limited by reason of paragraph (1) of this subsection for any taxable year, for purposes of applying subsection (c)(2) to subsequent taxable years (including years after 1987), the taxable year for which the credit reduction was so limited (and January 1 thereof) shall not be taken into account.

"(4) STATE UNEMPLOYMENT TAX RATE.—For purposes of this subsection—

"(A) IN GENERAL.—The State unemployment tax rate for any taxable year is the percentage obtained by dividing—

"(i) the total amount of contributions paid into the State unemployment fund with respect to such taxable year, by

"(ii) the total amount of the remuneration subject to contributions under the State unemployment compensation law with respect to such taxable year (determined without regard to any limitation on the amount of wages subject to contribution under the State law).

"(B) TREATMENT OF ADDITIONAL TAX UNDER THIS CHAPTER.—

"(i) TAXABLE YEAR 1983.—In the case of taxable year 1983, any additional tax imposed under this chapter with respect to any State by reason of subsection (c)(2) shall be treated as contributions paid into the State unemployment fund with respect to such taxable year.

"(ii) TAXABLE YEAR 1984.—In the case of taxable year 1984, any additional tax imposed under this chapter with respect to any State by reason of subsection (c)(2) shall (to the extent such additional tax is attributable to a credit reduction in excess of 0.6 of wages attributable to such State) be treated as contributions paid into the State unemployment fund with respect to such taxable year.

"(5) BENEFIT COST RATIO.—For purposes of this subsection—

"(A) IN GENERAL.—The benefit cost ratio for any calendar year is the percentage determined by dividing—

"(i) the sum of the total of the compensation paid under the State unemployment compensation law during such calendar year and any interest paid during such calendar year on advances made to the State under title XII of the Social Security Act, by

42 USC 1321.

"(ii) the total amount of the remuneration subject to contributions under the State unemployment compensation law with respect to such calendar year (determined without regard to any limitation on the amount of remuneration subject to contribution under the State law).

"(B) REIMBURSABLE BENEFITS NOT TAKEN INTO ACCOUNT.—For purposes of subparagraph (A), compensation shall not be taken into account to the extent—

"(i) the State is entitled to reimbursement for such compensation under the provisions of any Federal law, or

"(ii) such compensation is attributable to services performed for a reimbursing employer.

"(C) REIMBURSING EMPLOYER.—The term 'reimbursing employer' means any governmental entity or other organization (or group of governmental entities or any other organizations) which makes reimbursements in lieu of contributions to the State unemployment fund.

"(D) SPECIAL RULES FOR YEARS BEFORE 1985.—

"(i) TAXABLE YEAR 1983.—For purposes of determining whether a State meets the requirements of paragraph (2)(C) for taxable year 1983, only regular compensation (as defined in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970) shall be taken into account for purposes of determining the benefit ratio for any preceding calendar year before 1982.

26 USC 3304 note.

"(ii) TAXABLE YEAR 1984.—For purposes of determining whether a State meets the requirements of paragraph (2)(C) for taxable year 1984, only regular compensation (as so defined) shall be taken into account for purposes of determining the benefit ratio for any preceding calendar year before 1981.

"(E) ROUNDING.—If any percentage determined under subparagraph (A) is not a multiple of .1 percent, such percentage shall be reduced to the nearest multiple of .1 percent.

"(6) REPORTS.—The Secretary of Labor may, by regulations, require a State to furnish such information at such time and in such manner as may be necessary for purposes of this subsection.

"(7) DEFINITIONS AND SPECIAL RULES.—The definitions and special rules set forth in subsection (d) shall apply to this subsection in the same manner as they apply to subsection (c).".

26 USC 3302 note.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1980.

INTEREST ON LOANS MADE TO STATE UNEMPLOYMENT FUNDS

SEC. 2407. (a) GENERAL RULE.—Section 1202 of the Social Security Act is amended by adding at the end thereof the following new subsection: 42 USC 1322.

"(b)(1) Except as otherwise provided in this subsection, each State shall pay interest on any advance made to such State under section 1201. Interest so payable with respect to periods during any calendar year shall be at the rate determined under paragraph (4) for such calendar year. 42 USC 1321.

"(2) No interest shall be required to be paid under paragraph (1) with respect to any advance made during any calendar year if—

"(A) such advance is repaid in full before the close of September 30 of the calendar year in which the advance was made, and

"(B) no other advance was made to such State under section 1201 during such calendar year and after the date on which the repayment of the advance was completed.

"(3)(A) Interest payable under paragraph (1) which was attributable to periods during any fiscal year shall be paid by the State to the Secretary of the Treasury not later than the first day of the following fiscal year. If interest is payable under paragraph (1) on any advance (hereinafter in this subparagraph referred to as the 'first advance') by reason of another advance made to such State after September 30 of the calendar year in which the first advance was made, interest on such first advance attributable to periods before such September 30 shall be paid not later than the day after the date on which the other advance was made.

"(B) Notwithstanding subparagraph (A), in the case of any advance made during the last 5 months of any fiscal year, interest on such advance attributable to periods during such fiscal year shall not be required to be paid before the last day of the succeeding taxable year. Any interest the time for payment of which is deferred by the preceding sentence shall bear interest in the same manner as if it were an advance made on the day on which it would have been required to be paid but for this subparagraph.

"(4) The interest rate determined under this paragraph with respect to any calendar year is a percentage (but not in excess of 10 percent) determined by dividing—

"(A) the aggregate amount credited under section 904(e) to State accounts on the last day of the last calendar quarter of the immediately preceding calendar year, by 42 USC 1104.

"(B) the aggregate of the average daily balances of the State accounts for such quarter as determined under section 904(e).

"(5) Interest required to be paid under paragraph (1) shall not be paid (directly or indirectly) by a State from amounts in its unemployment fund. If the Secretary of Labor determines that any State action results in the paying of such interest directly or indirectly (by an equivalent reduction in State unemployment taxes or otherwise) from such unemployment fund, the Secretary of Labor shall not certify such State's unemployment compensation law under section 3304 of the Internal Revenue Code of 1954. Such noncertification shall be made in accordance with section 3304(c) of such Code. 26 USC 3304.

"(6)(A) For purposes of paragraph (2), any voluntary repayment shall be applied against advances made under section 1201 on the last made first repaid basis. Any other repayment of such an advance shall be applied against advances on a first made first repaid basis.

"(B) For purposes of this paragraph, the term 'voluntary repayment' means any repayment made under subsection (a). "Voluntary repayment."

"(7) This subsection shall only apply to advances made on or after April 1, 1982, and before January 1, 1988."

(b) TECHNICAL AMENDMENTS.—

42 USC 1321. (1) Paragraph (1) of section 1201 of the Social Security Act is amended by striking out "without interest" and inserting in lieu thereof "with interest to the extent provided in section 1202(b)".

42 USC 1322. (2) Section 1202 of such Act is amended by striking out "SEC. 1202." and inserting in lieu thereof "SEC. 1202. (a)".

CERTIFICATION OF STATE UNEMPLOYMENT LAWS; EFFECTIVE DATES

SEC. 2408. (a) GENERAL RULE.—Section 3304(c) of the Internal Revenue Code of 1954 is amended by striking out the last two sentences and inserting in lieu thereof the following: "On October 31 of any taxable year, the Secretary of Labor shall not certify any State which, after reasonable notice and opportunity for hearing to the State agency, the Secretary of Labor finds has failed to amend its law so that it contains each of the provisions required by law to be included therein (including provisions relating to the Federal-State Extended Unemployment Compensation Act of 1970 (or any amendments thereto) as required under subsection (a)(11)), or has, with respect to the twelve-month period ending on such October 31, failed to comply substantially with any such provision.".

26 USC 3304. 26 USC 3304 note.

(b) TRANSITIONAL RULES.—

26 USC 3304 note.

(1) Except as otherwise provided in paragraph (2)—

(A) The amendments made by sections 2401 and 2402 shall be required to be included in State unemployment compensation laws for purposes of certifications under section 3304(c) of the Internal Revenue Code of 1954 on October 31 of any taxable year after 1980; and

(B) the amendments made by sections 2403 and 2404 shall be required to be included in such laws for purposes of such certifications on October 31 of any taxable year after 1981.

(2)(A) In the case of any State the legislature of which—

(i) does not meet in a session which begins after the date of the enactment of this Act and prior to September 1, 1981, 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 "1980" in paragraph (1)(A) shall be deemed to be "1981".

(B) In the case of any State the legislature of which—

(i) does not meet in a session which begins after the date of the enactment 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".

TITLE XXV—TRADE ADJUSTMENT ASSISTANCE

Subtitle A—Adjustment Assistance for Workers

GROUP ELIGIBILITY REQUIREMENTS FOR ADJUSTMENT ASSISTANCE

SEC. 2501. Section 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amended—

(1) by amending paragraph (3) by striking out "contributed importantly to" and inserting in lieu thereof "were a substantial cause of", and by striking out "to such decline" and inserting in lieu thereof "of such decline"; and

(2) by amending the last sentence to read as follows:

"For purposes of paragraph (3), the term 'substantial cause' means a cause which is important and not less than any other cause.".

BENEFIT INFORMATION TO WORKERS

SEC. 2502. Subchapter A of chapter 2 of title II of the Trade Act of 1974 is amended by adding at the end thereof the following new section:

"SEC. 225. BENEFIT INFORMATION TO WORKERS. 19 USC 2275.

"The Secretary shall provide full information to workers about the benefit allowances, training, and other employment services available under this chapter and about the petition and application procedures, and the appropriate filing dates, for such allowances, training and services. The Secretary shall provide whatever assistance is necessary to enable groups of workers to prepare petitions or applications for program benefits. The Secretary shall make every effort to insure that cooperating State agencies fully comply with the agreements entered into under section 239(a) and shall periodically 19 USC 2311.
review such compliance. The Secretary shall inform the State Board for Vocational Education or equivalent agency and other public or private agencies, institutions, and employers, as appropriate, of each certification issued under section 223 and of projections, if available, 19 USC 2273.
of the needs for training under section 236 as a result of such *Post*, p. 885.
certification.".

QUALIFYING REQUIREMENTS FOR WORKERS

SEC. 2503. Section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended to read as follows:

"SEC. 231. QUALIFYING REQUIREMENTS FOR WORKERS.

"(a) Payment of a trade readjustment allowance shall be made to an adversely affected worker covered by a certification under subchapter A who files an application for such allowance for any week of 19 USC 2271.
unemployment which begins more than 60 days after the date on which the petition that resulted in such certification was filed under section 221, if the following conditions are met:

"(1) Such worker's total or partial separation before his application under this chapter occurred—

"(A) on or after the date, as specified in the certification under which he is covered, on which total or partial separation began or threatened to begin in the adversely affected employment,

19 USC 2273.

"(B) before the expiration of the 2-year period beginning on the date on which the determination under section 223 was made, and

"(C) before the termination date (if any) determined pursuant to section 223(d).

"(2) Such worker had, in the 52-week period ending with the week in which such total or partial separation occurred, at least 26 weeks of employment at wages of $30 or more a week in adversely affected employment with a single firm or subdivision of a firm, or, if data with respect to weeks of employment with a firm are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary. For the purposes of this paragraph, any week in which such worker—

"(A) is on employer-authorized leave for purposes of vacation, sickness, injury, maternity, or inactive duty or active duty military service for training,

"(B) does not work because of a disability that is compensable under a workmen's compensation law or plan of a State or the United States, or

"(C) had his employment interrupted in order to serve as a full-time representative of a labor organization in such firm or subdivision,

shall be treated as a week of employment at wages of $30 or more, but not more than the following number of weeks may be treated as such weeks of employment under this sentence:

"(i) 3 weeks if no weeks described in subparagraph (B) occurred during the 52-week period concerned.

"(ii) 7 weeks if all are weeks described in subparagraph (B).

"(iii) 7 weeks in the case of weeks described in subparagraphs (B) and (A) or (C), or both, except that not more than 3 of such weeks may be other than weeks described in subparagraph (B).

"(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 (or would have begun) by reason of the filing of a claim for unemployment insurance by such worker after 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.

"(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 acceptance and job search requirements in section 202(a)(3) of such Act.

26 USC 3304 note.

94 Stat. 2658.

"(b) If the Secretary determines with respect to any labor market area that—

"(1) a high level of unemployment exists,

"(2) suitable employment opportunities are not available, and

"(3) there are facilities available for the provision of training under section 236 in new or related job classifications,

Post, p. 885.

the Secretary may, in accordance with such regulations as he shall prescribe, require all adversely affected workers who were totally or

partially separated in such area and for whom such training is approved under section 236— *Post*, p. 885.

"(A) to accept such training, or

"(B) to search actively for work outside such area,

whichever the worker may choose; except that no worker may be required (i) to accept training or undertake a job search under this subsection until after the first 8 weeks of his eligibility for trade readjustment allowances has expired, or (ii) to accept, or to participate in, such training for a period longer than the remaining period to which he is entitled to such allowances. For purposes of this subsection, the term 'labor market area' has the same meaning as is given such term in the Introduction to the Directory of Important Labor Areas, 1980 edition, published by the Department of Labor; except that for any portion of any State which is not included within that term in such Introduction, the county or counties in which that portion is located shall be treated as the applicable labor market area.". "Labor market area."

AMOUNT OF TRADE READJUSTMENT ALLOWANCES

SEC. 2504. (a) Section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by amending subsection (a) to read as follows:

"(a) Subject to subsections (b) and (c), the trade readjustment allowance payable to an adversely affected worker for a week of total unemployment shall be an amount equal to the most recent weekly benefit amount of the unemployment insurance payable to the worker for a week of total unemployment preceding the worker's first exhaustion of unemployment insurance (as determined for purposes of section 231(a)(3)(B)) reduced (but not below zero) by— *Ante*, p. 881.

"(1) any training allowance deductible under subsection (c); and

"(2) income that is deductible from unemployment insurance under the disqualifying income provisions of the applicable State law or Federal unemployment insurance law.";

(2) by striking out subsections (c), (e) and (f);

(3) by redesignating subsection (d) as subsection (c); and

(4) by amending subsection (c) (as redesignated by paragraph (3))—

(A) by striking out "unemployment insurance, or" and "subsection (c) or (e) or to" in the first sentence thereof, and

(B) by striking out "the unemployment insurance, or" in the second sentence thereof.

(b) Any reference in any law to subsection (d) of section 232 of the Trade Act of 1974 shall be considered a reference to subsection (c) thereof. 19 USC 2292 note.

TIME LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

SEC. 2505. (a) Section 233 of the Trade Act of 1974 (19 U.S.C. 2293) is amended to read as follows:

"SEC. 233. LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

"(a)(1) The maximum amount of trade readjustment allowances payable with respect to the period covered by any certification to an adversely affected worker shall be the amount which is the product of 52 multiplied by the trade readjustment allowance payable to the worker for a week of total unemployment (as determined under

Ante, p. 883.

section 232(a)), but such product shall be reduced by the total sum of the unemployment insurance to which the worker was entitled (or would have been entitled if he had applied therefor) in the worker's first benefit period described in section 231(a)(3)(A).

Ante, p. 881.

"(2) A trade readjustment allowance shall not be paid for any week after the 52-week period beginning with the first week following the first week in the period covered by the certification with respect to which the worker has exhausted (as determined for purposes of section 231(a)(3)(B)) all rights to that part of his unemployment insurance that is regular compensation.

"(3) Notwithstanding paragraph (1), in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period following the last week of entitlement to trade readjustment allowances otherwise payable under this chapter in order to assist the adversely affected worker to complete training approved for the worker under section 236. Payments for such additional weeks may be made only for weeks in such 26-week period during which the individual is engaged in such training and has not been determined under section 236(c) to be failing to make satisfactory progress in the training.

Post, p. 885.

"(b) A trade readjustment allowance may not be paid for an additional week specified in subsection (a)(3) if the adversely affected worker who would receive such allowance did not make a bona fide application to a training program approved by the Secretary under section 236 within 210 days after the date of the worker's first certification of eligibility to apply for adjustment assistance issued by the Secretary, or, if later, within 210 days after the date of the worker's total or partial separation referred to in section 231(a)(1).

"(c) Amounts payable to an adversely affected worker under this part shall be subject to such adjustment on a week-to-week basis as may be required by section 232(b).

19 USC 2292.

"(d) Notwithstanding any other provision of this Act or other Federal law, if the benefit year of a worker ends within an extended benefit period, the number of weeks of extended benefits that such worker would, but for this subsection, be entitled to in that extended benefit period shall be reduced (but not below zero) by the number of weeks for which the worker was entitled, during such benefit year, to trade readjustment allowances under this part. For purposes of this paragraph, the terms 'benefit year' and 'extended benefit period' shall have the same respective meanings given to them in the Federal-State Extended Unemployment Compensation Act of 1970.".

(b) Section 204(a)(2) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note) is amended—

94 Stat. 2656.

(1) by striking out "or" at the end of clause (A); and

(2) by inserting before the period at the end thereof the following: ", or (C) paid for any week with respect to which such benefits are not payable by reason of section 233(d) of the Trade Act of 1974".

TRAINING AND OTHER EMPLOYMENT SERVICES

SEC. 2506. Subchapter B of chapter 2 of title II of the Trade Act of 1974 is further amended—

(1) by amending the center heading for part II of such subchapter to read as follows:

"PART II—TRAINING, OTHER EMPLOYMENT SERVICES, AND ALLOWANCES";

(2) by amending subsections (a) and (b) of section 236 to read as follows: 19 USC 2296.

"(a)(1) If the Secretary determines that—

"(A) there is no suitable employment (which may include technical and professional employment) available for a worker,

"(B) the worker would benefit from appropriate training,

"(C) there is a reasonable expectation of employment following completion of such training,

"(D) training approved by the Secretary is available to the worker from either governmental agencies or private sources (which may include area vocational education schools, as defined in section 195(2) of the Vocational Education Act of 1963, and employers), and 20 USC 2461.

"(E) the worker is qualified to undertake and complete such training,

the Secretary may approve such training for the worker. Upon such approval, the worker shall be entitled to have payment of the costs of such training paid on his behalf by the Secretary. Insofar as possible, the Secretary shall provide or assure the provision of such training on the job, which shall include related education necessary for the acquisition of skills needed for a position within a particular occupation.

"(2) A worker may not be determined to be ineligible or disqualified for unemployment insurance or program benefits under this subchapter because the individual is in training approved under paragraph (1), because of leaving work which is not suitable employment to enter such training, or because of the application to any such week in training of provisions of State law or Federal unemployment insurance law relating to availability for work, active search for work, or refusal to accept work. The Secretary shall submit to the Congress a quarterly report regarding the amount of funds expended during the quarter concerned to provide training under paragraph (1) and the anticipated demand for such funds for any remaining quarters in the fiscal year concerned. Report to Congress.

"(3) For purposes of this subsection the term 'suitable employment' means, with respect to a worker, work of a substantially equal or higher skill level than the worker's past adversely affected employment, and wages for such work at not less than 80 percent of the worker's average weekly wage. "Suitable employment."

"(b) The Secretary may, where appropriate, authorize supplemental assistance necessary to defray reasonable transportation and subsistence expenses for separate maintenance when training is provided in facilities which are not within commuting distance of a worker's regular place of residence. The Secretary may not authorize—

"(1) payments for subsistence that exceed whichever is the lesser of (A) the actual per diem expenses for subsistence, or (B) payments at 50 percent of the prevailing per diem allowance rate authorized under the Federal travel regulations, or

"(2) payments for travel expenses exceeding the prevailing mileage rate authorized under the Federal travel regulations.";

and

(3) by striking out the following:

"PART III—JOB SEARCH AND RELOCATION ALLOWANCES".

INCREASED JOB SEARCH ALLOWANCES

SEC. 2507. Section 237 of the Trade Act of 1974 (19 U.S.C. 2297) is amended as follows:

(1) Subsection (a) thereof is amended to read as follows:

"(a) Any adversely affected worker covered by a certification under subchapter A of this chapter may file an application with the Secretary for a job search allowance. Such allowance, if granted, shall provide reimbursement to the worker of 90 percent of the cost of necessary job search expenses as prescribed by regulations of the Secretary; except that—

19 USC 2271.

"(1) such reimbursement may not exceed $600 for any worker, and

"(2) reimbursement may not be made for subsistence and transportation expenses at levels exceeding those allowable under section 236(b)(1) and (2).".

Ante, p. 885.

(2) Subsection (b) thereof is amended—

(A) by amending paragraph (1) to read as follows:

"(1) to assist an adversely affected worker who has been totally separated in securing a job within the United States;"; and

(B) by amending paragraph (3) to read as follows:

"(3) where the worker has filed an application for such allowance with the Secretary before—

"(A) the later of—

"(i) the 365th day after the date of the certification under which the worker is eligible, or

"(ii) the 365th day after the date of the worker's last total separation; or

"(B) the 182d day after the concluding date of any training received by the worker, if the worker was referred to such training by the Secretary.".

INCREASED RELOCATION ALLOWANCES

SEC. 2508. Section 238 of the Trade Act of 1974 (19 U.S.C. 2298) is amended—

(1) by amending subsection (a)—

(A) by striking out "who has been totally separated"; and

(B) by striking out the period and inserting in lieu thereof the following: ", if such worker files such application before—

"(1) the later of—

"(A) the 425th day after the date of the certification, or

"(B) the 425th day after the date of the worker's last total separation; or

"(2) the 182d day after the concluding date of any training received by such worker, if the worker was referred to such training by the Secretary.";

(2) by amending subsection (b) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and", and by adding at the end thereof the following:

"(3) is totally separated from employment at the time relocation commences.";

(3) by amending subsection (c) to read as follows:

"(c) A relocation allowance shall not be granted to such worker unless his relocation occurs within 182 days after the filing of the

application therefor or (in the case of a worker who has been referred to training by the Secretary) within 182 days after the conclusion of such training."; and

(4) by amending subsection (d)—

(A) by amending paragraph (1) to read as follows:

"(1) 90 percent of the reasonable and necessary expenses (including, but not limited to, subsistence and transportation expenses at levels not exceeding those allowable under section 236(b) (1) and (2)) specified in regulations prescribed by the Secretary, incurred in transporting a worker and his family, if any, and household effects, and", and

Ante, p. 885.

(B) by striking out "$500" in paragraph (2) and inserting in lieu thereof "$600".

FRAUD AND RECOVERY OF OVERPAYMENTS

SEC. 2509. Section 243 of the Trade Act of 1974 (19 U.S.C. 2315) is amended to read as follows:

"SEC. 243. FRAUD AND RECOVERY OF OVERPAYMENTS.

"(a)(1) If a cooperating State agency, the Secretary, or a court of competent jurisdiction determines that any person has received any payment under this chapter to which the person was not entitled, including a payment referred to in subsection (b), such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be, except that the State agency or the Secretary may waive such repayment if such agency or the Secretary determines, in accordance with guidelines prescribed by the Secretary, that—

"(A) the payment was made without fault on the part of such individual, and

"(B) requiring such repayment would be contrary to equity and good conscience.

"(2) Unless an overpayment is otherwise recovered, or waived under paragraph (1), the State agency or the Secretary shall recover the overpayment by deductions from any sums payable to such person under this chapter, under any Federal unemployment compensation law administered by the State agency or the Secretary, or under any other Federal law administered by the State agency or the Secretary which provides for the payment of assistance or an allowance with respect to unemployment, and, notwithstanding any other provision of State law or Federal law to the contrary, the Secretary may require the State agency to recover any overpayment under this chapter by deduction from any unemployment insurance payable to such person under the State law, except that no single deduction under this paragraph shall exceed 50 percent of the amount otherwise payable.

"(b) If a cooperating State agency, the Secretary, or a court of competent jurisdiction determines that an individual—

"(1) knowingly has made, or caused another to make, a false statement or representation of a material fact, or

"(2) knowingly has failed, or caused another to fail, to disclose a material fact,

and as a result of such false statement or representation, or of such nondisclosure, such individual has received any payment under this chapter to which the individual was not entitled, such individual shall, in addition to any other penalty provided by law, be ineligible for any further payments under this chapter.

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"(c) Except for overpayments determined by a court of competent jurisdiction, no repayment may be required, and no deduction may be made, under this section until a determination under subsection (a)(1) by the State agency or the Secretary, as the case may be, has been made, notice of the determination and an opportunity for a fair hearing thereon has been given to the individual concerned, and the determination has become final.

"(d) Any amount recovered under this section shall be returned to the Treasury of the United States.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2510. Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended to read as follows:

"SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to the Department of Labor, for each of fiscal years 1982 and 1983, such sums as may be necessary to carry out the purposes of this chapter.".

DEFINITIONS

SEC. 2511. Section 247 of the Trade Act of 1974 (19 U.S.C. 2319) is amended—

(1) by repealing paragraphs (3) and (7);

(2) by amending paragraph (12) to read as follows:

"(12) The term 'unemployment insurance' means the unemployment compensation payable to an individual under any State law or Federal unemployment compensation law, including chapter 85 of title 5, United States Code, and the Railroad Unemployment Insurance Act. The terms 'regular compensation', 'additional compensation', and 'extended compensation' have the same respective meanings that are given them in section 205 (2), (3), and (4) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).";

5 USC 8501 *et seq.*
45 USC 367.

(3) by amending paragraph (14) to read as follows:

"(14) The term 'week of unemployment' means a week of total, part-total, or partial unemployment as determined under the applicable State law or Federal unemployment insurance law."; and

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

"(15) The term 'benefit period' means, with respect to an individual—

"(A) the benefit year and any ensuing period, as determined under applicable State law, during which the individual is eligible for regular compensation, additional compensation, or extended compensation, or

"(B) the equivalent to such a benefit year or ensuing period provided for under the applicable Federal unemployment insurance law.".

EXTENSION OF ADJUSTMENT ASSISTANCE

SEC. 2512. Section 285 of the Trade Act of 1974 (19 U.S.C. 2395) is amended by striking out "shall terminate on September 30, 1982." and inserting in lieu thereof "chapters 2 and 3 shall terminate on September 30, 1983. Chapter 4 shall terminate on September 30, 1982.".

94 Stat. 1746.
19 USC note prec. 2271.
19 USC 2271, 2341.
19 USC 2371.

CONFORMING AMENDMENTS

SEC. 2513. (a)(1) Subsection (c) of section 224 of the Trade Act of 1974 (19 U.S.C. 2274(c)) is repealed.

(2) The section heading for such section 224 is amended by striking out "; ACTION WHERE THERE IS AFFIRMATIVE FINDING".

(b) Section 241 of such Act of 1974 (19 U.S.C. 2313) is amended by striking out the last sentence in subsection (a), and by striking out "and credited to Adjustment Assistance Trust Fund" in subsection (b).

(c) Section 246 of such Act of 1974 (19 U.S.C. 2318) is repealed. Repeal.

(d) The table of contents to such Act of 1974 is amended—

(1) by striking out "; action where there is affirmative finding" in the reference to section 224;

(2) by inserting after the reference to section 224 the following:

"Sec. 225. Benefit information to workers.";

(3) by striking out "Time limitations" in the reference to section 233 and inserting in lieu thereof "Limitations";

(4) by amending the center heading to part II of subchapter B of title II to read as follows:

"PART II—TRAINING, OTHER EMPLOYMENT SERVICES AND ALLOWANCES";

(5) by repealing the following:

"PART III—JOB SEARCH AND RELOCATION ALLOWANCES";

(6) by amending section 239 by striking out "who apply for payments under this chapter" in subsection (a); 19 USC 2311.

(7) by striking out "Recovery" in the reference to section 243 and inserting in lieu thereof "Fraud and recovery";

(8) by amending the reference to section 245 to read as follows:

"Sec. 245. Authorization of appropriations.";

and

(9) by striking out the reference to section 246.

EFFECTIVE DATES AND TRANSITIONAL PROVISIONS

SEC. 2514. (a)(1) Except as provided in paragraph (2), this subtitle shall take effect on the date of the enactment of this Act.

(2)(A) The amendments made by section 2501 shall apply with respect to all petitions for certification filed under section 221 of the Trade Act of 1974 on or after the 180th day after the date of the enactment of this Act. 19 USC 2291 note. 19 USC 2271.

(B) The amendments made by sections 2503, 2504, 2505, and 2511 shall apply with respect to trade readjustment allowances payable for weeks of unemployment which begin after September 30, 1981.

(C) The amendments made by sections 2506, 2507, and 2508 shall take effect with respect to determinations regarding training and applications for allowances under sections 236, 237, and 238 of the Trade Act of 1974 that are made or filed after September 30, 1981.

(D)(i) Except as otherwise provided in clause (ii), the provisions of sections 233(d) and 236(a)(2) of the Trade Act of 1974 (as amended by this Act), and the provisions of section 204(a)(2)(C) of the Federal-State Extended Unemployment Compensation Act of 1970 (as added by this Act) shall apply to State unemployment compensation laws for purposes of certifications under section 3304(c) of the Internal Revenue Code of 1954 on October 31, of any taxable year after 1981. *Ante*, pp. 883, 885. *Ante*, p. 884. 26 USC 3304.

(ii) In the case of any State the legislature of which—

(I) does not meet in a session which begins after the date of the enactment 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 clause (i) shall be deemed to be "1982".

19 USC 2291 note.

19 USC 2271.

(b) An adversely affected worker who is receiving or is entitled to receive payments of trade readjustment allowances under chapter 2 of the Trade Act of 1974 for weeks of unemployment beginning before October 1, 1981, shall be entitled to receive—

(1) with respect to weeks of unemployment beginning before October 1, 1981, payments of trade readjustment allowances determined under such chapter 2 without regard to the amendments made by this subtitle; and

(2) with respect to weeks of unemployment beginning after September 30, 1981, payments of trade readjustment allowances as determined under such chapter 2 as amended by this subtitle, except that the maximum amount of trade readjustment allowances payable to such an individual for such weeks of unemployment shall be an amount equal to the product of the trade readjustment allowance payable to the individual for a week of total unemployment (as determined under section 232(a) as so amended) multiplied by a factor determined by subtracting from fifty-two the sum of—

Ante, p. 883.

(A) the number of weeks preceding the first week which begins after September 30, 1981, and which are within the period covered by the same certification under such chapter 2 as such week of unemployment, for which the individual was entitled to a trade readjustment allowance or unemployment insurance, or would have been entitled to such allowance or unemployment insurance if he had applied therefor, and

(B) the number of weeks preceding such first week that are deductible under section 232(d) (as in effect before the amendments made by section 2504);

19 USC 2292.

except that the amount of trade readjustment allowances payable to an adversely affected worker under this paragraph shall be subject to adjustment on a week-to-week basis as may be required by section 232(b).

Subtitle B—Adjustment Assistance for Firms

TECHNICAL ASSISTANCE

SEC. 2521. Section 253 of the Trade Act of 1974 (19 U.S.C. 2343) is amended to read as follows:

"SEC. 253. TECHNICAL ASSISTANCE.

"(a) The Secretary may provide a firm, on terms and conditions as the Secretary determines to be appropriate, with such technical assistance as in his judgment will carry out the purposes of this chapter with respect to the firm. The technical assistance furnished under this chapter may consist of one or more of the following:

"(1) Assistance to a firm in preparing its petition for certification of eligibility under section 251 of this chapter.

19 USC 2341.

"(2) Assistance to a certified firm in developing a proposal for its economic adjustment.

"(3) Assistance to a certified firm in the implementation of such a proposal.

"(b)(1) The Secretary shall furnish technical assistance under this chapter through existing agencies and through private individuals, firms, or institutions (including private consulting services), or by grants to intermediary organizations (including Trade Adjustment Assistance Centers).

"(2) In the case of assistance furnished through private individuals, firms, or institutions (including private consulting services), the Secretary may share the cost thereof (but not more than 75 percent of such cost may be borne by the United States).

"(3) The Secretary may make grants to intermediary organizations in order to defray up to 100 percent of administrative expenses incurred in providing such technical assistance to a firm.".

LIMITATION ON PROVISION OF DIRECT LOANS

SEC. 2522. Section 254(c) of the Trade Act of 1974 (19 U.S.C. 2344(c)) is amended to read as follows:

"(c) No direct loan may be provided to a firm under this chapter if the firm can obtain loan funds from private sources (with or without a guarantee) at a rate no higher than the maximum interest per annum that a participating financial institution may establish on guaranteed loans made pursuant to section 7(a) of the Small Business Act.". *Ante*, p. 767.

CONDITIONS FOR FINANCIAL ASSISTANCE

SEC. 2523. Section 255 of the Trade Act of 1974 (19 U.S.C. 2345) is amended—

(1) by amending subsection (b) to read as follows:

"(b)(1) The rate of interest on direct loans made under this chapter shall be—

"(A) 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 of maturity that are comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 percent, plus

"(B) an amount adequate in the judgment of the Secretary of Commerce to cover administrative costs and probable losses under the program.

"(2) The Secretary may not guarantee any loan under this chapter if—

"(A) the rate of interest on either the portion to be guaranteed, or the portion not to be guaranteed, is determined by the Secretary to be excessive when compared with other loans bearing Federal guarantees and subject to similar terms and conditions, and

"(B) the interest on the loan is exempt from Federal income taxation under section 103 of the Internal Revenue Code of 1954."; 26 USC 103.

(2) by amending subsection (c)—

(A) by amending the first sentence to read as follows: "The Secretary shall make no loan or guarantee of a loan under section 254(b)(1) having a maturity in excess of 25 years or the useful life of the fixed assets (whichever period is shorter), including renewals and extensions; and shall make no loan or guarantee of a loan under section 254(b)(2) having

a maturity in excess of 10 years, including extensions and renewals.",

(B) by amending the second sentence by striking out "limitation" and inserting in lieu thereof "limitations", and

(C) by amending paragraph (2) by inserting "or servicing" immediately after "liquidation";

(3) by amending subsection (d)—

(A) by inserting "(1)" immediately after "(d)"; and

(B) by adding at the end thereof the following:

"(2) For any direct loan made, or any loan guaranteed, under the authority of this chapter, the Secretary may enter into arrangements for the servicing, including foreclosure, of such loans or evidences of indebtedness on terms which are reasonable and which protect the financial interests of the United States."; and

(4) by amending subsection (e) to read as follows:

"(e) The following conditions apply with respect to any loan guaranteed under this chapter:

"(1) No guarantee may be made for an amount which exceeds 90 percent of the outstanding balance of the unpaid principal and interest on the loan.

"(2) The loan may be evidenced by multiple obligations for the guaranteed and nonguaranteed portions of the loan.

"(3) The guarantee agreement shall be conclusive evidence of the eligibility of any obligation guaranteed thereunder for such guarantee, and the validity of any guarantee agreement shall be incontestable, except for fraud or misrepresentation by the holder.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2524. Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended—

(1) by striking out "firms," and inserting in lieu thereof "firms (including, but not limited to, the payment of principal, interest, and reasonable costs incident to default on loans guaranteed by the Secretary under the authority of this chapter),"; and

(2) by adding at the end thereof the following new sentence: "Direct loans and commitments to guarantee loans may be made under this chapter during any fiscal year only to such extent and in such amounts as are provided in advance in appropriation Acts.".

ADMINISTRATION OF FINANCIAL ASSISTANCE

SEC. 2525. Section 257 of the Trade Act of 1974 (19 U.S.C. 2347) is amended by adding at the end thereof the following new subsections:

"(d) To the extent the Secretary deems it appropriate, and consistent with the provisions of section 552(b)(4) and section 552b(c)(4) of title 5, United States Code, that portion of any record, material or data received by the Secretary in connection with any application for financial assistance under this chapter which contains trade secrets or commercial or financial information regarding the operation or competitive position of any business shall be deemed to be privileged or confidential within the meaning of those provisions.

"(e) Direct loans made, or loans guaranteed, under this chapter for the acquisition or development of real property or other capital assets shall ordinarily be secured by a first lien on the assets to be financed and shall be fully amortized. To the extent that the Secretary finds that exceptions to these standards are necessary to achieve the

objectives of this chapter, he shall develop appropriate criteria for the protection of the interests of the United States.".

REPEAL OF TRANSITIONAL PROVISIONS

SEC. 2526. Section 263 of the Trade Act of 1974 (19 U.S.C. 2353) is repealed.

ASSISTANCE TO INDUSTRIES

SEC. 2527. Chapter 3 of title II of the Trade Act of 1974 is amended by adding at the end thereof the following: 19 USC 2355.

"SEC. 265. ASSISTANCE TO INDUSTRIES.

"(a) The Secretary may provide technical assistance, on such terms and conditions as the Secretary deems appropriate, for the establishment of industrywide programs for new product development, new process development, export development, or other uses consistent with the purposes of this chapter. Such technical assistance may be provided through existing agencies, private individuals, firms, universities and institutions, and by grants, contracts, or cooperative agreements to associations, unions, or other nonprofit industry organizations in which a substantial number of firms have been certified as eligible to apply for adjustment assistance under section 251. 19 USC 2341.

"(b) Expenditures for technical assistance under this section may be up to $2,000,000 annually per industry and shall be made under such terms and conditions as the Secretary deems appropriate.".

CONFORMING AMENDMENTS

SEC. 2528. The table of contents of the Trade Act of 1974 is amended—

(1) by striking out the reference to section 263; and

(2) by inserting after the reference to section 264 the following:

"Sec. 265. Assistance to industries.".

EFFECTIVE DATE

SEC. 2529. (a) Subject to subsection (b), the amendments made by this subtitle shall take effect on the date of the enactment of this Act. 19 USC 2343 note.

(b) Applications for adjustment assistance under chapter 3 of title II of the Trade Act of 1974 which the Secretary of Commerce accepted for processing before the date of the enactment of this Act shall continue to be processed in accordance with the requirements of such chapter as in effect before such date of enactment.

TITLE XXVI—LOW-INCOME HOME ENERGY ASSISTANCE

Low-Income Home Energy Assistance Act of 1981.

SHORT TITLE

SEC. 2601. This title may be cited as the "Low-Income Home Energy Assistance Act of 1981". 42 USC 8621 note.

HOME ENERGY GRANTS AUTHORIZED

SEC. 2602. (a) The Secretary of Health and Human Services is authorized to make grants, in accordance with the provisions of this 42 USC 8621.

title, to States to assist eligible households to meet the costs of home energy.

Appropriation authorization.

(b) There is authorized to be appropriated to carry out the purposes of this title $1,875,000,000 for each of the fiscal years 1982, 1983, and 1984.

DEFINITIONS

42 USC 8622.

SEC. 2603. As used in this title:

(1) The term "energy crisis intervention" means weather-related and supply shortage emergencies.

(2)(A) The term "household" means all individuals who occupy a housing unit.

(B) For purposes of subparagraph (A), 1 or more rooms shall be treated as a housing unit when occupied as a separate living quarters.

(3) The term "home energy" means a source of heating or cooling in residential dwellings.

(4) The term "poverty level" means, with respect to a household in any State, the income poverty guidelines for the nonfarm population of the United States as prescribed by the Office of Management and Budget (and as adjusted annually pursuant to section 673(2) of this Act) as applicable to such State.

Ante, p. 511.

(5) The term "Secretary" means the Secretary of Health and Human Services.

(6) The term "State" means each of the several States and the District of Columbia.

(7) The term "State median income" means the State median income promulgated by the Secretary in accordance with procedures established under section 2002(a)(6) of the Social Security Act (as such procedures were in effect on the day before the date of the enactment of this Act) and adjusted, in accordance with regulations prescribed by the Secretary, to take into account the number of individuals in the household.

STATE ALLOTMENTS

42 USC 8623.

SEC. 2604. (a)(1)(A) Except as provided in subparagraph (B), the Secretary shall, from that percentage of the amount appropriated under section 2602(b) for each fiscal year which is remaining after the amount of allotments for such fiscal year under subsection (b)(1) is determined by the Secretary, allot to each State an amount equal to such remaining percentage multiplied by the State's allotment percentage.

(B) From the sums appropriated therefor, if for any period a State has a plan which is described in section 2605(c)(1), the Secretary shall pay to such State an amount equal to 100 percent of the expenditures of such State made during such period in carrying out such plan, including administrative costs (subject to the provisions of section 2605(b)(9)(B)), with respect to households described in section 2605(b)(2).

Allotment percentage.

(2)(A) For purposes of paragraph (1), a State's allotment percentage is the percentage which the amount the State was eligible to receive for fiscal year 1981 under the allotment formulas of the Home Energy Assistance Act of 1980 bears to the total amount available for allotment under such formulas.

Post, p. 902.

(B) For purposes of subparagraph (A), the allotment formulas of the Home Energy Assistance Act of 1980 shall be treated as including the rules provided by, and the rules referred to in, section 101(j) of the

joint resolution entitled "Joint resolution making further continuing appropriations for the fiscal year 1981, and for other purposes", approved December 16, 1980 (Public Law 96-536; 94 Stat. 3168), except that such allotment formulas shall not include the reallotment procedures established in section 260.108 of title 45, Code of Federal Regulations (relating to reallotment of funds under the low-income energy assistance program).

(3) If the sums appropriated for any fiscal year for making grants under this title are not sufficient to pay in full the total amount allocated to a State under paragraph (1) for such fiscal year, the amount which all States will receive under this title for such fiscal year shall be ratably reduced.

(b)(1) The Secretary shall apportion not less than one-tenth of 1 percent, and not more than one-half of 1 percent, of the amounts appropriated for each fiscal year to carry out this title on the basis of need among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands. The Secretary shall determine the total amount to be apportioned under this paragraph for any fiscal year (which shall not exceed one-half of 1 percent) after evaluating the extent to which each jurisdiction specified in the preceding sentence requires assistance under this paragraph for the fiscal year involved. Apportionment percentages.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this title upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this title, and which are consistent with the requirements of section 2605. Grants.

(c) Of the funds available to each State under subsection (a), a reasonable amount based on data from prior years shall be reserved by each State for energy crisis intervention. Energy crisis intervention, reserved funds.

(d)(1) If, with respect to any State, the Secretary—

(A) receives a request from the governing organization of an Indian tribe within the State that assistance under this title be made directly to such organization; and

(B) determines that the members of such tribe would be better served by means of grants made directly to provide benefits under this title;

the Secretary shall reserve from amounts which would otherwise be paid to such State from amounts allotted to it under this title for the fiscal year involved the amount determined under paragraph (2).

(2) The amount determined under this paragraph for a fiscal year is the amount which bears the same ratio to the amount which would (but for this subsection) be allotted to such State under this title for such fiscal year (other than by reason of section 2607(b)(2)) as the number of Indian households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State with respect to which a determination under this subsection is made bears to the number of all households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State.

(3) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to—

(A) the tribal organization serving the individuals for whom such a determination has been made; or

(B) in any case where there is no tribal organization serving an individual for whom such a determination has been made, such other entity as the Secretary determines has the capacity to provide assistance pursuant to this title.

Plan, submittal to Secretary.

(4) In order for a tribal organization or other entity to be eligible for an amount under this subsection for a fiscal year, it shall submit to the Secretary a plan (in lieu of being under the State's plan) for such fiscal year which meets such criteria as the Secretary may by regulations prescribe.

(e) At the option of a State, any portion of such State's allotment under this title may be reserved by the Secretary for the purpose of making direct payments to households described in section 2605(b)(2)(A)(ii) (taking into account the application of section 2605(i)), for low-income energy assistance in accordance with guidelines issued by the Secretary.

Transfer of allotment.

(f) A State may transfer up to 10 percent of its allotment under this section for any fiscal year for its use for such fiscal year under other provisions of Federal law providing block grants for—

(1) support of activities under subtitle B of title VI (relating to community services block grant program);

(2) support of activities under title XX of the Social Security Act; or

42 USC 1397.

(3) support of preventive health services, alcohol, drug, and mental health services, and primary care under title XIX of the Public Health Service Act, and maternal and child health services under title V of the Social Security Act;

Ante, p. 535.
42 USC 701.

or any combination of the activities described in paragraphs (1), (2), and (3). Amounts allotted to a State under any provisions of Federal law referred to in the preceding sentence and transferred by a State for use in carrying out the purposes of this title shall be treated as if they were paid to the State under this title but shall not affect the computation of the State's allotment under this title. The State shall inform the Secretary of any such transfer of funds.

APPLICATIONS AND REQUIREMENTS

42 USC 8624.

SEC. 2605. (a)(1) Each State desiring to receive an allotment for any fiscal year under this title shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will meet the conditions enumerated in subsection (b).

Hearings.

(2) After the expiration of the first fiscal year for which a State receives funds under this title, no funds shall be allotted to such State for any fiscal year under this title unless such State conducts public hearings with respect to the proposed use and distribution of funds to be provided under this title for such fiscal year.

State agreements.

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

(1) use the funds available under this title for the purposes described in section 2602(a) and otherwise in accordance with the requirements of this title, and agrees not to use such funds for any payments other than payments specified in this subsection;

(2) make payments under this title only with respect to—

(A) households in which 1 or more individuals are receiving—

(i) aid to families with dependent children under the State's plan approved under part A of title IV of the Social Security Act (other than such aid in the form of foster care in accordance with section 408 of such Act);

42 USC 601.
42 USC 608.

(ii) supplemental security income payments under title XVI of the Social Security Act; 42 USC 1381.

(iii) food stamps under the Food Stamp Act of 1977; or 7 USC 2011 note.

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or 38 USC 521 note.

(B) households with incomes which do not exceed the greater of—

(i) an amount equal to 150 percent of the poverty level for such State; or

(ii) an amount equal to 60 percent of the State median income;

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or handicapped individuals, or both, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act; *Ante*, p. 511. 42 USC 2701 note.

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act; 42 USC 601. 42 USC 1397. 42 USC 6851. 42 USC 2701 note.

(5) provide, in a manner consistent with the efficient and timely payment of benefits, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to—

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated any differently because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) assure that any home energy supplier receiving direct payments agrees not to discriminate, either in the cost of the goods supplied or the services provided, against the eligible household on whose behalf payments are made;

(8) provide assurances that the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that—

(A) in each fiscal year, the State may use for planning and administering the use of funds available under this title an amount not to exceed 10 percent of its allotment under this title for such fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining costs;

Audit.

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that at least every year the State shall prepare an audit of its expenditures of amounts received under this title and amounts transferred to carry out the purposes of this title;

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for public participation in the development of the plan described in subsection (c); and

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.

(c)(1) As part of the annual application required in subsection (a), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained in subsection (b). The chief executive officer may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

Public inspection.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State involved in such a manner as will facilitate review of, and comment upon, such plan.

(d) Whenever the Secretary determines that a waiver of any requirement in subsection (b) is necessary to assist in promoting the objectives of this title, the Secretary may waive such requirement to the extent and for the period the Secretary finds necessary to enable the State involved to carry out the program under the plan. Waiver

(e) Each audit required by subsection (b)(10) shall be conducted by an entity independent of any agency administering activities or services carried out under this title and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the legislature of the State and to the Secretary.

(f) Notwithstanding any other provision of law, the amount of any home energy assistance payments or allowances provided to an eligible household under this title shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this title or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this title. Repayment to U.S.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this title in order to assure that expenditures are consistent with the provisions of this title and to determine the effectiveness of the State in accomplishing the purposes of this title. Grant expenditures, evaluation.

(i) A household which is described in subsection (b)(2)(A) solely by reason of clause (ii) thereof shall not be treated as a household described in subsection (b)(2) if the eligibility of the household is dependent upon—

(1) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e)(1) of the Social Security Act by reason of being in an institution receiving payments under title XIX of the Social Security Act with respect to such individual; 42 USC 1382. 42 USC 1396.

(2) an individual to whom the reduction specified in section 1612(a)(2)(A)(i) of the Social Security Act applies; or 42 USC 1382a.

(3) a child described in section 1614(f)(2) of the Social Security Act who is living together with a parent, or the spouse of a parent, of the child. 42 USC 1382c.

(j) In verifying income eligibility for purposes of subsection (b)(2)(B), the State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under subtitle B of title VI of this Act (relating to community services block grant program), under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act, or under other income assistance or service programs (as determined by the State). 42 USC 601. 42 USC 1397. 42 USC 2701 note.

(k) Not more than 15 percent of the greater of—

(1) the funds allotted to a State under this title for any fiscal year; or

(2) the funds available to such State under this title for such fiscal year;

may be used by the State for low-cost residential weatherization or other energy-related home repair for low-income households.

(l)(1) Any State may use amounts provided under this title for the purpose of providing credits against State tax to energy suppliers who supply home energy at reduced rates to low-income households.

(2) Any such credit provided by a State shall not exceed the amount of the loss of revenue to such supplier on account of such reduced rate.

(3) Any certification for such tax credits shall be made by the State, but such State may use Federal data available to such State with respect to recipients of supplemental security income benefits if timely delivery of benefits to households described in subsection (b) and suppliers will not be impeded by the use of such data.

NONDISCRIMINATION PROVISIONS

42 USC 8625.

SEC. 2606. (a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 also shall apply to any such program or activity.

42 USC 6101 note.

29 USC 794.

Noncompliance.

(b) Whenever the Secretary determines that a State that has received a payment under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

42 USC 2000d.

Civil action.

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

PAYMENTS TO STATES

42 USC 8626.

SEC. 2607. (a) From its allotment under section 2604, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968, for use under this title.

42 USC 4213.

Conditions.

(b)(1) If—

(A) the Secretary determines that, as of September 1 of any fiscal year, an amount allotted to a State under section 2604 for any fiscal year will not be used by such State during such fiscal year;

(B) the Secretary—

(i) notifies the chief executive officer of such State; and

(ii) publishes a timely notice in the Federal Register;

that, after the 30-day period beginning on the date of the notice to such chief executive officer, such amount may be reallotted; and

(C) the State does not request, under paragraph (2), that such amount be held available for such State for the following fiscal year;

then such amount shall be treated by the Secretary for purposes of this title as an amount appropriated for the following fiscal year to be allotted under section 2604 for such following fiscal year.

(2)(A) Any State may request that an amount allotted to such State for a fiscal year be held available for such State for the following fiscal year. Any amount so held available for the following fiscal year shall not be taken into account in computing the allotment of such State for such fiscal year under this title.

(B) No amount may be held available under this paragraph for a State from a prior fiscal year to the extent such amount exceeds 25 percent of the amount allotted to such State for such prior fiscal year. For purposes of the preceding sentence, the amount allotted to a State for a fiscal year shall be determined without regard to any amount held available under this paragraph for such State for such fiscal year from the prior fiscal year.

(3) During the 30-day period described in paragraph (1)(B), comments may be submitted to the Secretary. After considering such comments, the Secretary shall notify the chief executive officer of the State of any decision to reallot funds, and shall publish such decision in the Federal Register.

Publication in Federal Register.

WITHHOLDING

SEC. 2608. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this title and the assurances such State provided under section 2605.

Notice and hearing. 42 USC 8627.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this title or the assurances provided by the State under section 2605. For purposes of this paragraph, a violation of any one of the assurances contained in section 2605(b) that constitutes a disregard of such assurance shall be considered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this title in order to evaluate compliance with the provisions of this title.

(2) Whenever the Secretary determines that there is a pattern of complaints from any State in any fiscal year, he shall conduct an investigation of the use of funds received under this title by such State in order to ensure compliance with the provisions of this title.

(3) The Comptroller General of the United States may conduct an investigation of the use of funds received under this title by a State in order to ensure compliance with the provisions of this title.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

Records, availability.

(d) In conducting any investigation under subsection (b), the Secretary may not request any information not readily available to such State or require that any information be compiled, collected, or transmitted in any new form not already available.

LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

42 USC 8628.

SEC. 2609. Grants made under this title may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this title, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

STUDIES

Data.
42 USC 8629.

SEC. 2610. (a) The Secretary, after consultation with the Secretary of Energy, shall provide for the collection of data, including—

(1) information concerning home energy consumption;

(2) the cost and type of fuels used;

(3) the type of fuel used by various income groups;

(4) the number and income levels of households assisted by this title; and

(5) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this title.

Report to Congress.

(b) The Secretary shall submit an annual report to the Congress containing a summary of data collected under subsection (a).

REPEALER

42 USC 8601 note.

SEC. 2611. Effective October 1, 1981, the Home Energy Assistance Act of 1980 is repealed.

TITLE XXVII—NATIONAL HEALTH SERVICE CORPS; HEALTH PROFESSIONS EDUCATION; NURSE TRAINING

REFERENCE

SEC. 2700. Except as otherwise specifically provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

42 USC 201 note.

CHAPTER 1—NATIONAL HEALTH SERVICE CORPS

REVISION AND EXTENSION OF NATIONAL HEALTH SERVICE CORPS

SEC. 2701. (a) Section 331(a)(1) (42 U.S.C. 254d(a)(1)) is amended to read as follows: "(1) shall consist of—

"(A) such officers of the Regular and Reserve Corps of the Service as the Secretary may designate,

"(B) such civilian employees of the United States as the Secretary may appoint, and

"(C) such other individuals who are not employees of the United States,

(such officers, employees, and individuals hereinafter in this subpart referred to as 'Corps members'), and".

(b) Section 331(b) is amended by striking out "shall" and inserting in lieu thereof "may". 42 USC 254d.

(c) The first sentence of section 331(c) is amended by inserting "(including individuals considering entering into a written agreement pursuant to section 338C)" after "positions in the Corps".

(d)(1) Section 331(d)(1) is amended by inserting after "each member of the Corps" the following: "(other than a member described in subsection (a)(1)(C))".

(2) Section 331(d)(1)(A) is amended by striking out "shall" and inserting in lieu thereof "may".

(3) Section 331(d)(1)(B) is amended by striking out "shall" and inserting in lieu thereof "may".

(4) Section 331(d) is further amended by adding at the end the following:

"(3) A member of the Corps described in subparagraph (C) of subsection (a)(1) shall when assigned to an entity under section 333 be subject to the personnel system of such entity, except that such member shall receive during the period of assignment the income that the member would receive if the member was a member of the Corps described in subparagraph (B) of such subsection.".

(e) Section 331(g) is amended to read as follows:

"(g)(1) The Secretary shall, by rule, prescribe conversion provisions applicable to any individual who, within a year after completion of service as a member of the Corps described in subsection (a)(1)(C), becomes a commissioned officer in the Regular or Reserve Corps of the Service.

"(2) The rules prescribed under paragraph (1) shall provide that in applying the appropriate provisions of this Act which relate to retirement, any individual who becomes such an officer shall be entitled to have credit for any period of service as a member of the Corps described in subsection (a)(1)(C).".

(f)(1) Section 331(h)(1) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(2) Section 331(h)(2) is amended by striking out "section 751" and inserting in lieu thereof "section 338A".

(3) Section 331(h)(3) is amended by inserting "Commonwealth of the" before "Northern Mariana Islands".

DESIGNATION OF HEALTH MANPOWER SHORTAGE AREAS

SEC. 2702. (a) Section 332(a)(1)(A) (42 U.S.C. 254e(a)(1)) is amended by inserting before the comma at the end thereof "and which is not reasonably accessible to an adequately served area".

(b) Section 332(h) is amended by striking out "shall" and inserting in lieu thereof "may".

(c) Effective October 1, 1981, the Secretary of Health and Human Services shall— 42 USC 254e note.

(1) evaluate the criteria used under section 332(b) of the Public Health Service Act to determine if the use of the criteria has resulted in areas which do not have a shortage of health professions personnel being designated as health manpower shortage areas; and Criteria, evaluation.

(2) consider different criteria (including the actual use of health professions personnel in an area by the residents of an area taking into account their health status and indicators of an

unmet demand and the likelihood that such demand would not be met in two years) which may be used to designate health manpower shortage areas.

Report to Congress.

Not later than November 30, 1982, the Secretary shall report to the Congress the results of the activities undertaken under this subsection.

42 USC 254e.

(c) Section 332(e) is amended by inserting "(1)" before "Prior" and by adding at the end thereof the following:

Notice.

"(2) Prior to the designation of a health manpower shortage area under this section, the Secretary shall, to the extent practicable, give written notice of the proposed designation of such area to appropriate public or private nonprofit entities which are located or have a demonstrated interest in such area and request comments from such entities with respect to the proposed designation of such area.".

ASSIGNMENT OF CORPS PERSONNEL

SEC. 2703. (a) Section 333(a)(1)(D) (42 U.S.C. 254f(a)(1)(D)) is amended—

(1) by striking out beginning with "in the case of" through "which has expired,";

(2) by striking out "continued need" in clause (i) and inserting in lieu thereof "need and demand";

(3) by inserting "intended" before "use of Corps members" in clause (i);

(4) by striking out "previously" before "assigned to the area" in clause (i) and inserting in lieu thereof "to be";

(5) by striking out "fiscal management by the entity with respect to Corps members previously assigned" in clause (i) and inserting in lieu thereof "the fiscal management capability of the entity to which Corps members would be assigned";

(6) by striking out "continued need" in clause (ii)(I) and inserting in lieu thereof "need and demand";

(7) by striking out "has been" in clause (ii)(II) and inserting in lieu thereof "will be";

(8) by striking out "previously" in clause (ii)(II);

(9) by striking out "continued" in clause (ii)(IV) and inserting in lieu thereof "unsuccessful";

(10) by striking out "has been" in clause (ii)(V) and inserting in lieu thereof "is a reasonable prospect of"; and

(11) by striking out "previously" in clause (ii)(V).

Health manpower shortage area, assignment.

(b)(1) Paragraph (1) of subsection (a) of section 333 is amended by adding after and below subparagraph (D) the following: "An application for assignment of a Corps member to a health manpower shortage area shall include a demonstration by the applicant that the area or population group to be served by the applicant has a shortage of personal health services and that the Corps member will be located so that the member will provide services to the greatest number of persons residing in such area or included in such population group. Such a demonstration shall be made on the basis of the criteria prescribed by the Secretary under section 332(b) and on additional criteria which the Secretary shall prescribe to determine if the area or population group to be served by the applicant has a shortage of personal health services.".

(2) Subsection (a) of section 333 is amended by adding at the end the following:

"(3) In approving applications for assignment of members of the Corps the Secretary shall not discriminate against applications from

entities which are not receiving Federal financial assistance under this Act.".

(c) Section 333(c) is amended by striking out paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively. 42 USC 254f.

(d) Effective October 1, 1981, section 333 is amended by redesignating subsections (d) through (h) as subsections (e) through (i), respectively, and by adding after subsection (c) the following new subsection:

"(d)(1) The Secretary may not approve an application for the assignment of a member of the Corps described in subparagraph (C) of section 331(a)(1) to an entity unless the application of the entity contains assurances satisfactory to the Secretary that the entity (A) has sufficient financial resources to provide the member of the Corps with an income of not less than the income to which the member would be entitled if the member was a member described in subparagraph (B) of section 331(a)(1), or (B) would have such financial resources if a grant was made to the entity under paragraph (2). Assignment approval. *Ante*, p. 902.

"(2)(A) If in approving an application of an entity for the assignment of a member of the Corps described in subparagraph (C) of section 331(a)(1) the Secretary determines that the entity does not have sufficient financial resources to provide the member of the Corps with an income of not less than the income to which the member would be entitled if the member was a member described in subparagraph (B) of section 331(a)(1), the Secretary may make a grant to the entity to assure that the member of the Corps assigned to it will receive during the period of assignment to the entity such an income. Grants.

"(B) The amount of any grant under subparagraph (A) shall be determined by the Secretary. Payments under such a grant may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary. No grant may be made unless an application therefor is submitted to and approved by the Secretary. Such an application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.". Amount.

(e)(1) Section 333(g)(1) (as redesignated by subsection (d) of this section) is amended

(A) by striking out "shall" and inserting in lieu thereof "may";

(B) by striking out "or have a demonstrated interest"; and

(C) by adding at the end thereof the following: "Assistance provided under this paragraph may include assistance to an entity in (A) analyzing the potential use of health professions personnel in defined health services delivery areas by the residents of such areas, (B) determining the need for such personnel in such areas, (C) determining the extent to which such areas will have a financial base to support the practice of such personnel and the extent to which additional financial resources are needed to adequately support the practice, and (D) determining the types of inpatient and other health services that should be provided by such personnel in such areas.".

(2) Section 333(g)(2) (as redesignated by subsection (d) of this section) is amended by striking out "shall" and inserting in lieu thereof "may" and by striking out "or have a demonstrated interest".

(3) Section 333(g)(3) (as redesignated by subsection (d) of this section) is amended by striking out "shall" and inserting in lieu thereof "may".

(4) Section 333(g) (as redesignated by subsection (d) of this section) is further amended by adding at the end the following:

"(4)(A) The Secretary shall undertake to demonstrate the improvements that can be made in the assignment of members of the Corps to health manpower shortage areas and in the delivery of health care by Corps members in such areas through coordination with States, political subdivisions of States, agencies of States and political subdivisions, and other public and nonprofit private entities which have expertise in the planning, development, and operation of centers for the delivery of primary health care. In carrying out this subparagraph, the Secretary shall enter into agreements with qualified entities which provide that if—

Agreements with qualified entities.

"(i) the entity places in effect a program for the planning, development, and operation of centers for the delivery of primary health care in health manpower shortage areas which reasonably addresses the need for such care in such areas, and

"(ii) under the program the entity will perform the functions described in subparagraph (B),

the Secretary will assign under this section members of the Corps in accordance with the program.

"Qualified entity."

"(B) For purposes of subparagraph (A), the term 'qualified entity' means a State, political subdivision of a State, an agency of a State or political subdivision, or other public or nonprofit private entity operating solely within one State, which the Secretary determines is able—

"(i) to analyze the potential use of health professions personnel in defined health services delivery areas by the residents of such areas;

"(ii) to determine the need for such personnel in such areas and to recruit, select, and retain health professions personnel (including members of the National Health Service Corps) to meet such need;

"(iii) to determine the extent to which such areas will have a financial base to support the practice of such personnel and the extent to which additional financial resources are needed to adequately support the practice;

"(iv) to determine the types of inpatient and other health services that should be provided by such personnel in such areas;

"(v) to assist such personnel in the development of their clinical practice and fee schedules and in the management of their practice;

"(vi) to assist in the planning and development of facilities for the delivery of primary health care; and

"(vii) to assist in establishing the governing bodies of centers for the delivery of such care and to assist such bodies in defining and carrying out their responsibilities.".

42 USC 254f.

(f) Section 333(h) (as redesignated by subsection (d) of this section) is amended by striking out "shall" and inserting in lieu thereof "may".

(g) Section 333(i) (as redesignated by subsection (d) of this section) is amended by striking out "or dentistry" and inserting in lieu thereof "dentistry, or any other health profession".

COST SHARING

SEC. 2704. (a)(1) Section 334(a) (42 U.S.C. 254g(a)) is amended by inserting "for the assignment of a member of the Corps" after "section 333".

(2) Subparagraphs (A) and (B) of section 334(a)(3) are amended to read as follows:

"(A) an amount calculated by the Secretary to reflect the average salary (including amounts paid in accordance with section 331(d)) and allowances of comparable Corps members for a calendar quarter (or other period); Average salary and allowances. 42 USC 254d.

"(B) that portion of an amount calculated by the Secretary to reflect the average amount paid under the Scholarship Program to or on behalf of comparable Corps members that bears the same ratio to the calculated amount as the number of days of service provided by the member during that quarter (or other period) bears to the number of days in his period of obligated service under the Program; and".

(3) Section 334(a)(3)(C) is amended (A) by inserting "or a grant under section 333(d)(2)" after "section 335(c)", and (B) by inserting "or grant" after "such loan" each time it occurs. 42 USC 254g.

(4) Section 334(b) is amended by adding at the end the following:

"(4) In determining whether to grant a waiver under paragraph (1) or (2), the Secretary shall not discriminate against a public entity.".

(b) Section 334(e) is amended by striking out "this subpart" and inserting in lieu thereof "sections 331 through 335 and section 337".

PROVISION OF HEALTH SERVICES BY CORPS MEMBERS

SEC. 2705. (a) Clause (2) of section 335(a) (42 U.S.C. 254h(a)) is amended to read as follows: "(2) in a manner which is cooperative with other health care providers serving such health manpower shortage area.".

(b) The first sentence of section 335(c) is amended—

(1) by inserting "and" before "(3)"; and

(2) by striking out "; and (4) establishing appropriate continuing education programs".

PREPARATION FOR PRACTICE

SEC. 2706. (a) Section 336 (42 U.S.C. 254i) is redesignated as section 336A.

(b) Subpart II of part D of title III is amended by inserting after section 335 (42 U.S.C. 254h) the following new section:

"PREPARATION FOR PRACTICE

"SEC. 336. (a) The Secretary may make grants to and enter into contracts with public and private nonprofit entities for the conduct of programs which are designed to prepare individuals subject to a service obligation under the National Health Service Corps scholarship program to effectively provide health services in the health manpower shortage area to which they are assigned. 42 USC 254h-1.

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

NATIONAL ADVISORY COUNCIL

SEC. 2707. (a) Section 337(a) (42 U.S.C. 254j) is amended to read as follows:

"(a) There is established a council to be known as the National Advisory Council on the National Health Service Corps (hereinafter in this section referred to as the 'Council'). The Council shall be Establishment. Membership.

composed of not more than 15 members appointed by the Secretary. The Council shall consult with, advise, and make recommendations to, the Secretary with respect to his responsibilities in carrying out this subpart, and shall review and comment upon regulations promulgated by the Secretary under this subpart.".

Consultation with Secretary.

42 USC 254j.

(b) The last sentence of section 337(b)(1) is amended by inserting "not" before "be reappointed".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2708. (a) Section 338(a) (42 U.S.C. 254k) is amended—

(1) by striking out "and" after "1979;"; and

(2) by inserting before the period a semicolon and the following: "$110,000,000 for the fiscal year ending September 30, 1982; $120,000,000 for the fiscal year ending September 30, 1983; and $130,000,000 for the fiscal year ending September 30, 1984".

(b) Section 338(b) is amended by striking out "this subpart" and inserting in lieu thereof "sections 331 through 335, section 336A, and section 337".

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

42 USC 254*l*–254r.

SEC. 2709. (a) Sections 751, 752, 753, 754, 755, 756, and 757 (42 U.S.C. 294t–294y–1) are redesignated as sections 338A, 338B, 338C, 338D, 338E, 338F, and 338G, respectively.

42 USC 254*l*.

(b)(1) Section 338A(a) (as redesignated by subsection (a) of this section) is amended by inserting "clinical psychologists," after "pharmacists,".

(2) Section 338A(c)(1) (as redesignated by subsection (a) of this section) is amended by striking out "section 754" and inserting in lieu thereof "section 338D".

(3) Section 338A(c)(2) (as redesignated by subsection (a) of this subsection) is amended by inserting "information respecting meeting a service obligation through private practice under an agreement under section 338C and" after "(2)".

(4) Section 338A(f)(1)(A)(ii) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and section 337".

(5) Section 338A(f)(2) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and sections 337 and 338".

(6) Section 338A(f)(3) (as redesignated by subsection (a) of this section) is amended by striking out "section 754" and inserting in lieu thereof "section 338D".

(7) Subsection (j) of section 338A (as redesignated by subsection (a) of this section) is repealed.

42 USC 254m.

(c)(1) Section 338B(a) (as redesignated by subsection (a) of this section) is amended—

(A) by striking out "section 753" and inserting in lieu thereof "section 338C"; and

(B) by striking out "section 751" and inserting in lieu thereof "section 338A".

(2) Paragraphs (1) through (4) of section 338B(b) (as redesignated by subsection (a) of this section) are amended to read as follows:

"(b)(1) If an individual is required under subsection (a) to provide service as specified in section 338A(f)(1)(B)(iv) (hereinafter in this

subsection referred to as 'obligated service'), the Secretary shall, not later than ninety days before the date described in paragraph (5), determine if the individual shall provide such service—

"(A) as a member of the Corps who is a commissioned officer in the Regular or Reserve Corps of the Service or who is a civilian employee of the United States, or

"(B) as a member of the Corps who is not such an officer or employee,

and shall notify such individual of such determination.

Obligated service, eligibility.

"(2) If the Secretary determines that an individual shall provide obligated service as a member of the Corps who is a commissioned officer in the Service or a civilian employee of the United States, the Secretary shall, not later than sixty days before the date described in paragraph (5), provide such individual with sufficient information regarding the advantages and disadvantages of service as such a commissioned officer or civilian employee to enable the individual to make a decision on an informed basis. To be eligible to provide obligated service as a commissioned officer in the Service, an individual shall notify the Secretary, not later than thirty days before the date described in paragraph (5), of the individual's desire to provide such service as such an officer. If an individual qualifies for an appointment as such an officer, the Secretary shall, as soon as possible after the date described in paragraph (5), appoint the individual as a commissioned officer of the Regular or Reserve Corps of the Service and shall designate the individual as a member of the Corps.

Civilian employee, designation.

"(3) If an individual provided notice by the Secretary under paragraph (2) does not qualify for appointment as a commissioned officer in the Service, the Secretary shall, as soon as possible after the date described in paragraph (5), appoint such individual as a civilian employee of the United States and designate the individual as a member of the Corps.

"(4) If the Secretary determines that an individual shall provide obligated service as a member of the Corps who is not an employee of the United States, the Secretary shall, as soon as possible after the date described in paragraph (5), designate such individual as a member of the Corps to provide such service.".

42 USC 254m.

(3) Section 338B(c)(1) (as redesignated by subsection (a) of this section) is amended by striking out "or as a member of the Corps" and inserting in lieu thereof "or is designated as a member of the Corps under subsection (b)(3) or (b)(4)".

(4) Section 338B(c)(2) (as redesignated by subsection (a) of this section) is amended by striking out "section 753" and inserting in lieu thereof "section 338C".

(5)(A) The first sentence of section 338B(d) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and sections 337 and 338".

(B) The second sentence of such section is amended by inserting after "written contract" the following: "and if such individual is an officer in the Service or a civilian employee of the United States".

(6) Section 338B(e) (as redesignated by subsection (a) of this section) is amended to read as follows:

"(e) Notwithstanding any other provision of this title, service of an individual under a National Research Service Award awarded under subparagraph (A) or (B) of section 472(a)(1) shall be counted against the period of obligated service which the individual is required to perform under the Scholarship Program.".

42 USC 289*l*-1.

42 USC 254n.

(d)(1) Section 338C(a) (as redesignated by subsection (a) of this section) is amended—

(A) by inserting a comma and "to the extent permitted by, and consistent with, the requirements of applicable State law," after "shall";

(B) by striking out "section 752(a)" and inserting in lieu thereof "section 338B(a) or under section 225 (as in effect on September 30, 1977); and

(C) by striking out "which has a priority for the assignment of Corps members under section 333(c)" in paragraph (2).

(2) Section 338C(b)(1)(B) (as redesignated by subsection (a) of this subsection) is amended (A) by inserting "(i)" before "shall not", and (B) by inserting before the semicolon a comma and the following: "and (ii) shall agree to accept an assignment under section 1842(b)(3)(B)(ii) of such Act for all services for which payment may be made under part B of title XVIII of such Act and enter into an appropriate agreement with the State agency which administers the State plan for medical assistance under title XIX of such Act to provide services to individuals entitled to medical assistance under the plan".

42 USC 1395n.
42 USC 1395j.
42 USC 1396.

(3) Section 338C (as redesignated by subsection (a) of this section) is further amended by adding at the end thereof the following new subsections:

Breach of contract.

"(c) If an individual breaches the contract entered into under section 338A by failing (for any reason) to begin his service obligation in accordance with an agreement entered into under subsection (a) or to complete such service obligation, the Secretary may permit such individual to perform such service obligation as a member of the Corps.

"(d) The Secretary may pay an individual who has entered into an agreement with the Secretary under subsection (a) an amount to cover all or part of the individual's expenses reasonably incurred in transporting himself, his family, and his possessions to the location of his private clinical practice.

"(e)(1) The Secretary may make such arrangements as he determines are necessary for the individual for the use of equipment and supplies and for the lease or acquisition of other equipment and supplies.

U.S. equipment and other property, sale.

"(2) Upon the expiration of the written agreement under subsection (a), the Secretary may (notwithstanding any other provision of law) sell to the individual who has entered into an agreement with the Secretary under subsection (a), equipment and other property of the United States utilized by such individual in providing health services. Sales made under this subsection shall be made at the fair market value (as determined by the Secretary) of the equipment or such other property, except that the Secretary may make such sales for a lesser value to the individual if he determines that the individual is financially unable to pay the full market value.

"(f) The Secretary may, out of appropriations authorized under section 338, pay to individuals participating in private practice under this section the cost of such individual's malpractice insurance and the lesser of—

"(1)(A) $10,000 in the first year of obligated service;

"(B) $7,500 in the second year of obligated service;

"(C) $5,000 in the third year of obligated service; and

"(D) $2,500 in the fourth year of obligated service; or

"(2) an amount determined by subtracting such individual's net income before taxes from the income the individual would

have received as a member of the Corps for each such year of obligated service.

"(g) The Secretary shall, upon request, provide to each individual released from service obligation under this section technical assistance to assist such individual in fulfilling his or her agreement under this section.". Technical assistance.

(e)(1) Section 338D (as redesignated by subsection (a) of this section) is amended by striking out subsection (a) and redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively. 42 USC 254o.

(2) Section 338D(a) (as redesignated by subsection (a) of this section and paragraph (1) of this subsection) is amended—

(A) by striking out "section 751" and inserting in lieu thereof "section 338A";

(B) by striking out "or" at the end of paragraph (2);

(C) by inserting "or" at the end of paragraph (3); and

(D) by inserting after paragraph (3) the following new paragraph:

"(4) fails to accept payment, or instructs the educational institution in which he is enrolled not to accept payment, in whole or in part, of a scholarship under such contract,".

(3) Section 338D(b) (as redesignated by subsection (a) of this section and paragraph (1) of this subsection) is amended—

(A) by striking out "(c) If" in the first sentence and inserting in lieu thereof "(b)(1) Except as provided in paragraph (2), if";

(B) by striking out "(for any reason)" in the first sentence and inserting in lieu thereof "(for any reason not specified in subsection (a) or section 338F(b))";

(C) by striking out "section 752 or 753" in the first sentence and inserting in lieu thereof "section 338B or 338C";

(D) by striking out "section 752" in the first sentence and inserting in lieu thereof "section 338B";

(E) by striking out "section 753" in the first sentence and inserting in lieu thereof "section 338C";

(F) by inserting in the second sentence "(or such longer period beginning on such date as specified by the Secretary for good cause shown)" after "written contract"; and

(G) by adding at the end the following:

"(2) If an individual is released under section 753 from a service obligation under section 225 (as in effect on September 30, 1977) and if the individual does not meet the service obligation incurred under section 753, subsection (f) of such section 225 shall apply to such individual in lieu of paragraph (1) of this subsection.". *Ante*, p. 908. 42 USC 234.

(4)(A) Section 338D(c)(2) (as redesignated by subsection (a) of this section and paragraph (1) of this subsection) is amended by inserting "partial or total" before "waiver".

(B) Section 735(c)(1) (42 U.S.C. 294h(c)(1)) is amended—

"(i) by striking out "clauses (A) and (B) of"; and

"(ii) by striking out "section 753" each place it appears and inserting in lieu thereof "section 338C".

(f)(1) The section heading for section 338E (as redesignated by subsection (a) of this section) is amended by striking out "grants" and inserting in lieu thereof "loans". 42 USC 254p.

(2) Section 338E(a) (as redesignated by subsection (a) of this section) is amended—

(A) by inserting a comma and "out of appropriations authorized under section 338," after "The Secretary may";

(B) by inserting "or one loan" after "grant";

(C) by striking out "(other than an individual who has entered into an agreement under section 338C)"; and

(D) by inserting "at least two years of" after "completed" in paragraph (1).

42 USC 254p.

(3) Section 338E(a)(2)(A) (as redesignated by subsection (a) of this section) is amended by striking out "and described in paragraphs (1) and (2) of section 338C(a)".

(4) Section 338E(a)(2)(B) (as redesignated by subsection (a) of this section) is amended by striking out "section 753(b)(1)" and inserting in lieu thereof "section 338C(b)(1)".

(5) Section 338E(b) (as redesignated by subsection (a) of this section) is amended by inserting "or loan" after "grant".

(6) Section 338E(c) (as redesignated by subsection (a) of this section) is amended by inserting "or loan" after "grant" and by adding at the end thereof the following new sentence: "The Secretary shall, by regulation, set interest rates and repayment terms for loans under this section.".

(7) The second sentence of section 338E(d) (as redesignated by subsection (a) of this section) is amended to read as follows: "If within 60 days after the date of giving such notice, such individual is not practicing his profession in accordance with the agreement under such subsection and has not provided assurances satisfactory to the Secretary that he will not knowingly violate such agreement again, the United States shall be entitled to recover from such individual—

Ante, p. 908.

"(1) in the case of an individual who has received a grant under this section, an amount determined under section 338D(c), except that in applying the formula contained in such section "ϕ" shall be the sum of the amount of the grant made under subsection (a) to such individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, "t" shall be the number of months that such individual agreed to practice his profession under such agreement, and "s" shall be the number of months that such individual practices his profession in accordance with such agreement; and

"(2) in the case of an individual who has received a loan under this section, the full amount of the principal and interest owed by such individual under this section.".

42 USC 254q.

(g)(1) Section 338F(a) (as redesignated by subsection (a) of this section) is amended by inserting before the last sentence the following new sentence: "For the fiscal year ending September 30, 1982, and each of the two succeeding fiscal years, there are authorized to be appropriated such sums as may be necessary to make 550 new scholarship awards in accordance with section 338A(d) in each such fiscal year and to continue to make scholarship awards to students who have entered into written contracts under the Scholarship Program before October 1, 1984.

Appropriation authorization.

Ante, p. 908.

(2) The last sentence of such section is amended by—

(A) striking out "1981" and inserting in lieu thereof "1985", and

(B) striking out "1980" and inserting in lieu thereof "1984".

42 USC 254m note.

(h) The amendments made by paragraphs (2), (3), and (5)(B) of subsection (c) shall apply with respect to contracts entered into under the National Health Service Corps scholarship program under subpart III of part C of title VII of the Public Health Service Act after the date of the enactment of this Act. An individual who before such date has entered into such a contract and who has not begun the period of obligated service required under such contract shall be given the

42 USC 294r.

opportunity to revise such contract to permit the individual to serve such period as a member of the National Health Service Corps who is not an employee of the United States.

CHAPTER 2—HEALTH PROFESSIONS EDUCATION

LIMITATION OF USE OF APPROPRIATIONS

SEC. 2715. Section 700 (42 U.S.C. 292) is repealed. Repeal.

DEFINITIONS

SEC. 2716. (a) Section 701(2) (42 U.S.C. 292a(2)) is amended to read as follows:

"(2) The term 'nonprofit' refers to the status of an entity owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.".

(b) Section 701(4) is amended—

(1) by striking out "a school which" and inserting in lieu thereof "an accredited public or nonprofit private school in a State that"; and

(2) by adding at the end thereof the following: "The term 'graduate program in health administration' means an accredited graduate program in a public or nonprofit private institution in a State that provides training leading to a graduate degree in health administration or an equivalent degree.".

(c) Section 701 is further amended—

(1) by redesignating paragraphs (5), (6), (7), (8), (9), and (10) as paragraphs (6), (7), (8), (9), (11), and (12), respectively;

(2) by inserting after paragraph (4) the following new paragraph:

"(5) The term 'accredited', when applied to a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, or public health, or a graduate program in health administration, means a school or program that is accredited by a recognized body or bodies approved for such purpose by the Secretary of Education, except that a new school or program that, by reason of an insufficient period of operation, is not, at the time of application for a grant or contract under this title, eligible for accreditation by such a recognized body or bodies, shall be deemed accredited for purposes of this title, if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school or program will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of the first entering class in such school or program."; and

(3) by inserting after paragraph (9) the following new paragraph:

"(10) The term 'school of allied health' means a public or nonprofit private junior college, college, or university—

"(A) which provides, or can provide, programs of education in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree;

"(B) which provides training for not less than a total of twenty persons in the allied health curricula;

"(C) which includes or is affiliated with a teaching hospital; and

"(D) which is accredited by a recognized body or bodies approved for such purposes by the Secretary of Education, or which provides to the Secretary satisfactory assurance by such accrediting body or bodies that reasonable progress is being made toward accreditation.".

42 USC 292a.

(d) Section 701(11) (as redesignated by subsection (c)(1) of this section) is amended by inserting "the Commonwealth of" before "the Northern Mariana Islands,".

(e) Section 701(12) (as redesignated by subsection (c)(1) of this section) is amended by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Health and Human Services".

ADVANCE FUNDING

SEC. 2717. Section 703 (42 U.S.C. 292c) is amended—

(1) by striking out "(a)", and

(2) by striking out subsection (b).

RECORDS AND AUDITS

SEC. 2718. The second sentence of section 705(a)(42 U.S.C. 292e(a)) is repealed.

HEALTH PROFESSIONS DATA

SEC. 2719. (a) Section 708(a) (42 U.S.C. 292h(a)) is amended by inserting "chiropractors, clinical psychologists," after "medical technologists,".

(b) Subsections (c) and (d) of section 708 are amended to read as follows:

Report.
42 USC 296.

"(c) Any school, program, or training center receiving funds under this title or title VIII shall submit an annual report to the Secretary. Such report shall contain such information as is necessary to assist the Secretary in carrying out this section and evaluating the efficacy of these programs in addressing national health priorities. The Secretary shall not require the collection or transmittal of any information under this subsection that is not readily available to such school, program, or training center. Information provided pursuant to this subsection shall be collected or transmitted only to the extent permitted under subsection (e).

Reports to Congress.

"(d) The Secretary shall submit to Congress on October 1, 1983, and biennially thereafter, the following reports:

"(1) A comprehensive report regarding the status of health personnel according to profession, including a report regarding the analytic and descriptive studies conducted under this section.

"(2) A comprehensive report regarding applicants to, and students enrolled in, programs and institutions for the training of health personnel, including descriptions and analyses of student indebtedness, student need for financial assistance, financial resources to meet the needs of students, student career choices such as practice specialty and geographic location and the relationship, if any, between student indebtedness and career choices.".

SHARED SCHEDULED RESIDENCY TRAINING POSITIONS

SEC. 2720. (a) Section 709 (42 U.S.C. 292i) is repealed. Repeal.

(b) Sections 710 (42 U.S.C. 292j) and 711 (42 U.S.C. 292k) are redesignated as sections 709 and 710, respectively.

PAYMENT UNDER GRANTS

SEC. 2721. Section 709 (as redesignated by section 2720(b) of this Act) is amended to read as follows: 42 USC 292j.

"APPLICATIONS, PAYMENTS, AND ASSURANCES UNDER GRANTS

"SEC. 709. (a) Grants made under this title may be paid (1) in advance or by way of reimbursement, (2) at such intervals and on such conditions as the Secretary may find necessary, and (3) with appropriate adjustments on account of overpayments or underpayments previously made.

"(b) No grant may be made or contract entered into under this title unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(c) Whenever in this title an applicant is required to provide assurances to the Secretary, or an application is required to contain assurances or be supported by assurances, the Secretary shall determine before approving the application that the assurances provided are made in good faith.

"(d) The Secretary may provide technical assistance for the purpose of carrying out any program or purpose under this title.".

TUITION AND OTHER EDUCATIONAL COSTS

SEC. 2722. Section 710 (as redesignated by section 2720(b) of this Act) is amended to read as follows: 42 USC 292k.

"DIFFERENTIAL TUITION AND FEES

"SEC. 710. The Secretary may not enter into a contract with, or make a grant, loan guarantee, or interest subsidy payment under this title or title VIII, to or for the benefit of, any school, program, or training center if the tuition levels or educational fees at such school, program, or training center are higher for certain students solely on the basis that such students are the recipients of traineeships, loans, loan guarantees, service scholarships, or interest subsidies from the Federal Government.". 42 USC 296.

CONSTRUCTION ASSISTANCE FOR CONVERSIONS

SEC. 2723. (a) Section 720(a) (42 U.S.C. 293(a)) is amended by adding at the end the following:

"(3) The Secretary may make grants to schools providing the first 2 years of education leading to the degree of doctor of medicine to assist in the construction of the teaching facilities which the schools require to become schools of medicine.". Grants to schools.

(b) Subsection (b) of such section is amended to read as follows:

"(b) For the purpose of grants under subsection (a)(3), there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1983, to remain available until expended.". Appropriation authorization.

(c) Section 721(b)(1) (42 U.S.C. 293a(b)) is amended (1) by inserting after "(1)" the following: "To be eligible to apply for a grant under section 720(a)(3) the applicant must be a public or nonprofit school providing the first 2 years of education leading to the degree of doctor of medicine and be accredited by a recognized body or bodies approved for such purpose by the Secretary of Education.", and (2) by striking out "under this part" and inserting in lieu thereof "under paragraph (1) or (2) of section 720(a)".

Ante, p. 915.

(d) Subsection 721(g)(1) is amended by striking out "section 720(a)(2)" and inserting in lieu thereof "paragraph (2) or (3) of section 720(a)".

(e) Subsection (a) of section 722 (42 U.S.C. 293b(a)) is amended by adding at the end the following:

"(3) The amount of any grant under section 720(a)(3) shall be such amount as the Secretary determines to be appropriate after obtaining advice from the Council, except that no grant for any project may exceed 80 percent of the necessary costs of construction, as determined by the Secretary.".

(f) Section 723(a) (42 U.S.C. 293c(a)) is amended by striking out "section 720(a)(1)" and inserting in lieu thereof "paragraph (1) or (3) of section 720(a)".

REPEAL OF ENROLLMENT INCREASE REQUIREMENT

SEC. 2724. (a) Paragraph (2) of section 721(c) (42 U.S.C. 293a(c)(2)) is amended (1) by inserting "and" after "the facility,", and (2) by striking out ", and (D)" and all that follows in that paragraph and inserting in lieu thereof a semicolon.

42 USC 293a note.

(b) The Secretary of Health and Human Services shall unilaterally release all recipients of grants, loan guarantees, and interest subsidies under sections 720(a) and 726 (as such sections were in effect prior to October 1, 1981) from any contractual obligation to fulfill enrollment increases incurred pursuant to such sections or under regulations published to implement such sections.

42 USC 293, 293f.

42 USC 293a note.

(c) The amendment made by subsection (a) shall apply with respect to any entity which received a grant, loan guarantee, or interest subsidy under section 720 or section 726 irrespective of the date of the grant, loan guarantee, or interest subsidy.

LOAN GUARANTEES AND INTEREST SUBSIDIES

42 USC 293f.

SEC. 2725. (a) Section 726(b) (42 U.S.C. 293i(b)) is amended (1) by inserting "before October 1, 1981," after "loan has been made", and (2) by striking out ", during the period beginning July 1, 1971, and ending with the close of September 30, 1980,".

(b) The second sentence of section 726(e) is amended by striking out "and" after "1979," and by inserting before the period a comma and "and $4,300,000 for the fiscal year ending September 30, 1982, and each of the next 2 fiscal years".

Repeal.

(c) Section 726(g) is repealed.

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 2726. (a)(1) The first sentence of section 728(a) (42 U.S.C. 294a(a)) is amended by striking out "and" after "1979;" and by inserting before the period a semicolon and "and $200,000,000 for the fiscal year ending September 30, 1982; $225,000,000 for the fiscal year

ending September 30, 1983; and $250,000,000 for the fiscal year ending September 30, 1984".

(2) The last sentence of such subsection is amended by striking out "1982" and inserting in lieu thereof "1987".

(b) Section 728(c) is amended to read as follows: 42 USC 294a.

"(c)(1) Subject to paragraph (2), the Student Loan Marketing Association, established under part B of title IV of the Higher Education Act of 1965, is authorized to make advances on the security of, purchase, service, sell, consolidate, or otherwise deal in loans which are insured by the Secretary under this subpart, except that if any loan made under this subpart is included in a consolidated loan pursuant to the authority of the Association under part B of title IV of the Higher Education Act of 1965, the interest rate on such consolidated loan shall be set at the weighted average interest rate of all loans offered for consolidation and the resultant per centum shall be rounded downward to the nearest one-eighth of 1 per centum, except that the interest rate shall be no less than the applicable interest rate of the guaranteed student loan program established under part B of title IV of the Higher Education Act of 1965. In the case of such a consolidated loan, the borrower shall be responsible for any interest which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of any provision of the Higher Education Act of 1965. Special allowances payable with respect to consolidated loans made by the Association pursuant to the terms of this subsection— 20 USC 1071. 20 USC 1001 note.

"(A) shall be computed in accordance with section 438(b)(2)(A) of the Higher Education Act of 1965, and *Ante*, p. 454.

"(B) shall be reduced (i) by subtracting 7 percent from the weighted average interest rate of a loan computed according to this subsection, and (ii) by subtracting the resultant remainder from such special allowance.

"(2) No loan insured by the Secretary under this subpart may be included in a consolidated loan pursuant to the authority of the Student Loan Marketing Association under part B of title IV of the Higher Education Act of 1965 if as a result of such inclusion the Federal Government becomes liable for any greater payment of principal or interest under the provisions of section 439(o) of the Higher Education Act of 1965 than the Federal Government would have been liable for had no consolidation occurred.". 94 Stat. 1430. 20 USC 1087-2.

LIMITATIONS

SEC. 2727. Section 729(a) (42 U.S.C. 294b(a)) is amended to read as follows:

"LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

"SEC. 729. (a) The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed $20,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $12,500 in the case of a student enrolled in a school of pharmacy, public health, or chiropractic, or a graduate program in health administration or clinical psychology. The aggregate insured unpaid principal amount for all such insured loans made to any

borrower shall not at any time exceed $80,000 in the case of a borrower who is or was a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $50,000 in the case of a borrower who is or was a student enrolled in a school of pharmacy, public health, or chiropractic, or a graduate program in health administration or clinical psychology. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.".

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED LOANS

94 Stat. 3192.

SEC. 2728. (a)(1) Section 731(a)(1)(A) (42 U.S.C. 294d(a)(1)(A)) is amended by striking out clause (iii) and redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(2) Clause (iii) of such section (as redesignated by paragraph (1) of this subsection) is amended by striking out "and" before "other reasonable educational expenses" and by inserting "and reasonable living expenses," after "and laboratory expenses,".

(b) Section 731(a)(2) is amended—

(1) by striking out "15 years" in subparagraph (B) and inserting in lieu thereof "25 years";

(2) by striking out "23 years" in such subparagraph and inserting in lieu thereof "33 years";

(3) by striking out "installments of principal need not be paid, but interest shall accrue and be paid" in subparagraph (C) and inserting in lieu thereof "installments of principal and interest need not be paid, but interest shall accrue";

(4) by striking out "three years" in subparagraph (C)(ii) and inserting in lieu thereof "four years";

(5) by striking out "the 15-year period or the 23-year period" in subparagraph (C) and inserting in lieu thereof "the 25-year period or the 33-year period";

(6) by inserting "except as provided in subparagraph (C)" after "period of the loan" in subparagraph (D);

(7) by striking out "otherwise payable (i) before the beginning of the repayment period, (ii) during any period described in subparagraph (C), or (iii) during any other period of forbearance of payment of principal," in subparagraph (D);

(8) by inserting "for the purposes of calculating a repayment schedule" before the semicolon in subparagraph (D);

(9) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(10) by inserting after subparagraph (D) the following:

"(E) offers, in accordance with criteria prescribed by regulation by the Secretary, a schedule for repayment of principal and interest under which payment of a portion of the principal and interest otherwise payable at the beginning of the repayment period (as defined in such regulations) is deferred until a later time in the period;".

(c) Section 731(c) is amended by inserting before the period a comma and "except as provided in section 731(a)(2)(C)".

CERTIFICATE OF FEDERAL LOAN INSURANCE

SEC. 2729. Section 732 (42 U.S.C. 294e) is amended by adding at the end thereof the following new subsection:

"(f) Nothing in this section shall be construed to preclude the lender and the borrower, by mutual agreement, from consolidating all of the borrower's debts into a single instrument, except that the portion of such debt that is insured under this subpart shall not be consolidated on terms less favorable to the borrower than if no consolidation had occurred and no loan under this subpart may be consolidated with any other loan if, as a result of such consolidation, the Federal Government becomes liable for any payment of principal or interest under the provisions of section 439(o) of the Higher Education Act of 1965.". 94 Stat. 1430.
20 USC 1087-2.

DEFAULTS

SEC. 2730. Section 733(g) (42 U.S.C. 294f(g)) is amended to read as follows:

"(g) A debt which is a loan insured under the authority of this subpart may be released by a discharge in bankruptcy under title 11, United States Code, only if such discharge is granted—

"(1) after the expiration of the 5-year period beginning on the first date, as specified in subparagraphs (B) and (C) of section 731(a)(2), when repayment of such loan is required; *Ante*, p. 918.

"(2) upon a finding by the Bankruptcy Court that the nondischarge of such debt would be unconscionable; and

"(3) upon the condition that the Secretary shall not have waived the Secretary's rights to apply subsection (f) to the borrower and the discharged debt.".

DEFINITIONS; STUDENT ASSISTANCE

SEC. 2731. (a) Section 737(1) (42 U.S.C. 294j(1)) is amended to read as follows:

"(1) The term 'eligible institution' means, with respect to a fiscal year, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health or chiropractic, or a graduate program in health administration or clinical psychology.".

(b) Section 737 is further amended by striking out paragraph (2), by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (1) (as amended by subsection (a) of this section) the following new paragraphs:

"(2) The term 'school of chiropractic' means a school which provides training leading to a degree of doctor of chiropractic or an equivalent degree and which is accredited in the manner described in section 701(5). *Ante*, p. 913.

"(3) The term 'graduate program in clinical psychology' means a graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree and which is accredited in the manner described in section 701(5).".

ELIGIBLE STUDENTS

SEC. 2732. Subpart I of part C of title VII is amended by inserting after section 737 the following new section:

"DETERMINATION OF ELIGIBLE STUDENTS

"SEC. 737A. For purposes of determining eligible students under this part, in the case of a public school in a State that offers an accelerated, integrated program of study combining undergraduate 42 USC 294j-1.

premedical education and medical education leading to advanced entry, by contractual agreement, into an accredited four-year school of medicine which provides the remaining training leading to a degree of doctor of medicine, whenever in this part a provision refers to a student at a school of medicine, such reference shall include only a student enrolled in any of the last four years of such accelerated, integrated program of study.".

ELIGIBILITY OF INSTITUTIONS

42 USC 294*l*.

SEC. 2733. (a) Section 739(a) (42 U.S.C. 294k(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out "whether" in paragraph (3) and inserting in lieu thereof "whenever";

(3) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon and "and"; and

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

"(4) the collection of information from the borrower, lender, or eligible institution to assure compliance with the provisions of section 731.".

42 USC 294d.

(b) Section 739(b) is amended to read as follows:

Records.

"(b) The Secretary shall require an eligible institution to record, and make available to the lender and to the Secretary upon request, the name, address, postgraduate destination, and other reasonable identifying information for each student of such institution who has a loan insured under this subpart.".

AUTHORIZATIONS

SEC. 2734. (a) The first sentence of section 742(a) (42 U.S.C. 294o(a)) is amended by striking out "and" after "1979," and by inserting before the period a comma and $12,000,000 for the fiscal year ending September 30, 1982, $13,000,000 for the fiscal year ending September 30, 1983, and $14,000,000 for the fiscal year ending September 30, 1984".

Repeal.

(b) The second sentence of section 742(a) is repealed.

INTEREST RATE

SEC. 2735. Section 741(e) (42 U.S.C. 294n(e)) is amended by striking out "7" and inserting in lieu thereof "9".

DISTRIBUTION OF ASSETS FROM LOAN FUNDS

SEC. 2736. Section 743 (42 U.S.C. 294p) is amended by striking out "1983" each place it appears and inserting in lieu thereof "1987".

EXTENSION OF SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 2737. (a) Section 758(d) (42 U.S.C. 294z(d)) is amended (1) by striking out "and" after "1979,", and (2) by inserting before the period a comma and the following: "$6,000,000 for the fiscal year ending September 30, 1982, $6,500,000 for the fiscal year ending September 30, 1983, and $7,000,000 for the fiscal year ending September 30, 1984".

(b) Section 758(c) is amended (1) by striking out "distribute grants under this section among all schools of the health professions, but

shall", and (2) by striking out "such grants" and inserting in lieu thereof "grants under subsection (a)".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 2738. (a) Section 780(a) (42 U.S.C. 295g(a)) is amended by striking out "and maintain" and by inserting in lieu thereof a comma and "maintain, or improve".

(b) Section 780(b)(1)(D) is amended—

(1) by striking out "have control over" and inserting in lieu thereof "have control over (or in the case of a school of osteopathy, have control over or be closely affiliated with)"; and

(2) by striking out "twelve" and inserting in lieu thereof "nine".

(c) Section 780(c) is amended (1) by striking out "and" after "1979,", and (2) by inserting after "1980" a comma and the following: "$10,000,000 for the fiscal year ending September 30, 1982, $10,500,000 for the fiscal year ending September 30, 1983, and $11,000,000 for the fiscal year ending September 30, 1984".

AREA HEALTH EDUCATION CENTERS

SEC. 2739. (a) Section 781(c)(2) (42 U.S.C. 295g-1(c)(2)) is amended by adding a new sentence after the sentence at the end thereof to read as follows: "The Secretary may waive, for good cause shown, all or part of the requirement of paragraph (2) as it applies to a medical or osteopathic school participating in an area health education center program if another such school participating in the same program meets the requirement of that paragraph.".

(b) Section 781(d)(2)(C) is amended by inserting "a rotating osteopathic internship or" after "conduct".

(c) Section 781(d)(2)(E) is amended by striking out "support services" and inserting in lieu thereof "educational support services".

(d) Section 781(g) is amended (1) by striking out "and" after "1979,", and (2) by inserting a comma before the period and the following: "$21,000,000 for the fiscal year ending September 30, 1982, $22,500,000 for the fiscal year ending September 30, 1983, and $24,000,000 for the fiscal year ending September 30, 1984,".

(e)(1) Effective October 1, 1981, subsection (a) of section 781 is amended to read as follows:

"SEC. 781. (a)(1) The Secretary shall enter into contracts with schools of medicine and osteopathy for the planning, development, and operation of area health education center programs.

"(2) The Secretary shall enter into contracts with schools of medicine and osteopathy, which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professions Educational Assistance Act of 1976 in fiscal year 1979, or under this section to carry out under area health education center programs— 42 USC 295g-1 note.

"(A) projects to improve the distribution, supply, quality, utilization, and efficiency of health personnel in the health services delivery system;

"(B) projects to encourage the regionalization of educational responsibilities of the health professions schools; and

"(C) projects designed to prepare, through preceptorships and other programs, individuals subject to a service obligation under the National Health Service Corps scholarship program to effec-

tively provide health services in health manpower shortage areas.".

Repeal.
42 USC 295g-1.

(2) The first sentence of subsection (e) is repealed.

(3) Subsection (e) is amended by adding after paragraph (3) the following: "The Secretary may vest in entities which have received contracts under section 802 of the Health Professions Educational Assistance Act of 1976, section 774 as in effect before October 1, 1977, or under subsection (a) of this section for area health education centers programs title to any property acquired on behalf of the United States by that entity (or furnished to that entity by the United States) under that contract.".

42 USC 295g-1 note, 295f-4.

"Area health education center program."

(4) The first sentence of subsection (f) is amended to read as follows: "For purposes of this section, the term 'area health education center program' means a program which is organized as provided in subsection (b) and under which the participating medical and osteopathic schools and the area health education centers meet the requirements of subsections (c) and (d).".

(5) Subsection (g) of such section is amended by adding at the end the following: "The Secretary may obligate not more than 10 percent of the amount appropriated under this subsection for any fiscal year for contracts under subsection (a)(2).".

PHYSICIAN ASSISTANTS

SEC. 2740. (a) Section 783(e) (42 U.S.C. 295g-3(e)) is amended (1) by striking out "and" after "1979,", and (2) by inserting after "1980" a comma and the following: "$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".

(b) Section 783(c) is amended by striking out "830" and inserting in lieu thereof "822".

(c)(1) Subsection (a) of section 783 is amended to read as follows:

"(a) The Secretary may make grants to and enter into contracts with public or nonprofit private schools of medicine and osteopathy and other public or nonprofit private entities to meet the costs of projects to plan, develop, and operate or maintain programs for the training of physician assistants (as defined in section 701(7)).".

Ante, p. 913.

(2) The heading for section 783 is amended to read as follows:

"PROGRAMS FOR PHYSICIAN ASSISTANTS".

(d) Section 783 is amended by striking out subsection (d) and by redesignating subsection (e) as subsection (d).

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 2741. (a) Section 784(a) (42 U.S.C. 295g-4(a)) is amended—

(1) by inserting ", public or private nonprofit hospital, or any other public or private nonprofit entity" after "osteopathy";

(2) by striking out "and" after the semicolon in paragraph (1);

(3) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon and "and"; and

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

"(3) to plan, develop, and operate a program for the training of physicians who plan to teach in a general internal medicine or general pediatrics training program; and

"(4) which provide financial assistance (in the form of traineeships and fellowships) to physicians who are participants in any such program and who plan to teach in a general internal medicine or general pediatrics training program.".

(b) Section 784(b) (42 U.S.C. 295g-4(b)) is amended (1) by striking out "and" after "1979,", and (2) by inserting after "1980" a comma and the following: "$17,000,000 for the fiscal year ending September 30, 1982, $18,000,000 for the fiscal year ending September 30, 1983, and $20,000,000 for the fiscal year ending September 30, 1984".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 2742. (a) Section 786(d) (42 U.S.C. 295g-6(d)) is amended—

(1) by striking out "and" after "1979,";

(2) by inserting after "1980" a comma and the following: "$32,000,000 for the fiscal year ending September 30, 1982, $34,000,000 for the fiscal year ending September 30, 1983, and $36,000,000 for the fiscal year ending September 30, 1984"; and

(3) by adding at the end thereof the following new sentence: "In making grants and entering into contracts under this section with amounts appropriated under this subsection for the fiscal years ending September 30, 1982, September 30, 1983, and September 30, 1984, the Secretary shall give priority to grants and contracts for residency or internship programs under paragraphs (1) and (2) of subsection (a)."

(b) Section 786(a)(1) is amended by striking out "a continuing education program or".

(c) Section 786 is amended by striking out subsection (c) and by redesignating subsection (d) as subsection (c).

ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 2743. Effective with respect to fiscal years beginning after September 30, 1981, section 787 (42 U.S.C. 295g-7) is amended—

(1) by inserting "allied health," after "pharmacy," in subsection (a)(1), and

(2) by amending subsection (b) to read as follows:

"(b) There are authorized to be appropriated for grants and contracts under subsection (a)(1), $20,000,000 for the fiscal year ending September 30, 1982, $21,500,000 for the fiscal year ending September 30, 1983, and $23,000,000 for the fiscal year ending September 30, 1984. Not less than 80 percent of the funds appropriated in any fiscal year shall be obligated for grants or contracts to institutions of higher education and not more than 5 percent of such funds may be obligated for grants and contracts having the primary purpose of informing individuals about the existence and general nature of health careers." Appropriation authorization.

CONVERSION AND CURRICULUM GRANTS

SEC. 2744. (a)(1) Subsections (a) and (b) of section 788 (42 U.S.C. 295g-8) are repealed.

(2) Notwithstanding the amendment made by paragraph (1), a school which received a grant under section 788(a) of the Public Health Service Act for the fiscal year ending September 30, 1981, may continue to receive grants under such section (as in effect on the day before the date of the enactment of this Act) for each year such school is a new school as determined under such section. For purposes of 42 USC 295g-8 note.

making such grants, there are authorized to be appropriated such sums as may be necessary.

(b) Subsection (c) of such section is redesignated as subsection (a) and effective with respect to fiscal years beginning after September 30, 1981, is amended to read as follows:

Grants.

"(a)(1) The Secretary may make grants to schools which provide the first two years of education leading to the degree of doctor of medicine to assist the schools in accelerating the date they will become schools of medicine.

"(2) The amount of a grant under paragraph (1) to a school shall be equal to the product of $25,000 and the number of full-time, third-year students which the Secretary estimates will enroll in the school in the school year beginning in the fiscal year in which such grant is made. Estimates by the Secretary under this paragraph of the number of full-time, third-year students to be enrolled in the school may be made on assurances provided by the school.

Eligibility requirements.

"(3) To be eligible to apply for a grant under paragraph (1), the applicant must be a public or nonprofit school providing the first two years of education leading to the degree of doctor of medicine and be accredited by a recognized body or bodies approved for such purpose by the Secretary of Education.".

(c) Subsection (d) of such section is redesignated as subsection (b) and is amended—

(1) by inserting "dentistry," before "optometry" in paragraph (6),

(2) by striking out "and" at the end of paragraph (20),

(3) by striking out the period at the end of paragraph (21) and inserting in lieu thereof a semicolon, and

(4) by adding at the end the following:

"(22) training of health professionals in the diagnosis, treatment, and prevention of diabetes and other severe chronic diseases and their complications;

"(23) dental education, the training of expanded function dental auxiliaries, and dental team practice; and

"(24) training of allied health personnel.".

(d) Subsections (f) and (g) of such section are repealed.

(e) Subsection (e) of such section is redesignated as subsection (f) and effective with respect to fiscal years beginning after September 30, 1981, is amended to read as follows:

Appropriation authorization.

"(f) For purposes of this section, there are authorized to be appropriated $6,000,000 for the fiscal year ending September 30, 1982; $6,500,000 for the fiscal year ending September 30, 1983; and $7,000,000 for the fiscal year ending September 30, 1984.".

42 USC 295g-8.

(f) Section 788 is amended by inserting after subsection (b) (as redesignated by subsection (c) of this section) the following new subsections:

"(c)(1) The Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, or other appropriate public or nonprofit private entities to assist in meeting the costs of planning, establishing, and operating projects to provide support services to health professionals practicing in health manpower shortage areas designated under section 332. Such support services may include continuing education, relief services, specialist referral services, and placement of students in a preceptorial relationship with the practitioner.

42 USC 254e.

"(2) No grant may be made to or contract entered into with an entity under paragraph (1)—

"(A) unless the entity agrees to provide support services to any physician, dentist, veterinarian, optometrist, podiatrist, or pharmacist (as appropriate to the category of health professionals proposed to be served by the grant or contract) who requests such services within the health manpower shortage area proposed to be served, including any member of the National Health Service Corps;

"(B) to carry out activities required to be carried out under section 781; or 42 USC 295g-1.

"(C) unless the amount of the award under this section is matched by a no less than equal amount from non-Federal sources.

"(3) Not more than 15 percent of funds available to carry out this subsection may be used by the Secretary to fund eligible recipients to carry out research relating to the support needs of practitioners in health manpower shortage areas, nor shall more than 30 percent of such funds be used to provide continuing education.

"(d) The Secretary may make grants to and enter into contracts with schools of medicine or osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—

"(1) plan, develop, and establish courses, or expand or strengthen instruction in geriatric medicine; and

"(2) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

"(e) The Secretary may make grants to and enter into contracts with schools of podiatry to assist in meeting the costs to such schools of providing projects to—

"(1) recruit students who reside in areas having shortages of podiatric manpower, as determined by the Secretary; and

"(2) to operate clinical training programs at public or nonprofit entities located in such areas.".

FINANCIAL DISTRESS; ADVANCED FINANCIAL DISTRESS

SEC. 2745. Title VI is amended by inserting after section 788 the following new sections:

"FINANCIAL DISTRESS GRANTS

"SEC. 788A. (a) The Secretary may make grants to, and enter into contracts with, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health that is in serious financial distress for the purposes of assisting such school to— 42 USC 295g-8a.

"(1)(A) meet the costs of operation if such school's financial status threatens its continued operation; or

"(B) meet applicable accreditation requirements if such school has a special need to be assisted in meeting such requirements; and

"(2) carry out appropriate operational, managerial, and financial reforms.

"(b) Any grant or contract under this section may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree to—

"(1) disclose any financial information or data necessary to determine the sources or causes of such school's financial distress;

"(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

"(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

"(c) No school may receive a grant under this section if such school has previously received support for three or more years under this section or under section 788(b) (as such section was in effect prior to October 1, 1981).".

Ante, p. 923.

"ADVANCED FINANCIAL DISTRESS ASSISTANCE

42 USC 295g-8b.

"SEC. 788B. (a) The Secretary may enter into a multiyear contract with a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or pharmacy to provide financial assistance to such school to meet incurred or prospective costs of operation if the Secretary determines that payment of such costs is essential to remove the school from serious and long-standing financial instability. To be eligible for a contract under this section, a school must have previously received financial support under section 788A or under section 788(b) (as such section was in effect prior to October 1, 1981) for a period of not less than three years.

Ante, p. 925.
Ante, p. 923.

"(b) No school may enter into a contract under this section unless—

"(1) the school has submitted to the Secretary a plan providing for the school to achieve financial solvency within five years and has agreed to carry out such plan;

"(2) such plan includes securing increased financial support from non-Federal sources;

"(3) such plan has been reviewed by a panel selected by the Secretary and consisting of three experts in the field of financial management who are not directly affiliated with the school or the Federal Government; and

"(4) the Secretary determines, after consultation with such panel, that such plan has a reasonable likelihood of achieving success.

"(c) The panel described in subsection (b)(3) shall be appointed by the Secretary within thirty days after the date of receipt of the school's plan and shall be dissolved no later than forty-five days after the panel's recommendation has been transmitted to the Secretary. Members of the panel shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including traveltime) during which they perform duties.

5 USC 5332 note.

"(d) Any contract under this section may be entered into upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree to—

"(1) disclose any financial information or data necessary to determine the sources or causes of such school's financial distress;

"(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

"(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

"(e) Pursuant to the approved plan in subsection (b), funds received under this section may be used to pay short-term or long-term debts of such school, meet accreditation requirements, or meet other costs, payment of which is essential to the continued operation of the institution or to permit such institution to achieve financial solvency within the period of the contract.

"(f) No school may receive support under this section for more than five years. No contract may be entered into under this section, or continued, in a fiscal year in which the school receives support under section 788A. *Ante*, p. 925.

"(g) An application for a contract under this section shall contain or be supported by assurances that the applicant will, in carrying out its function as a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, expend during the fiscal year for which such contract is sought, an amount of funds from non-Federal sources (other than funds for construction and any contract under this section) at least as great as the average annual amount of funds from non-Federal sources expended by such applicant in the preceding two years.

"(h) For the purpose of entering into contracts to carry out this section and section 788A, there are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1982, and each of the succeeding two fiscal years. Of the amounts appropriated under the preceding sentence, not more than $2,000,000 shall be available under section 788A. Funds provided under this section shall remain available until expended without regard to any fiscal year limitation.".

PUBLIC HEALTH AND HEALTH ADMINISTRATION

SEC. 2746. (a)(1) Section 770(e)(4) (42 U.S.C. 295f(e)(4)) is amended by striking out "and" after "1979," and by inserting after "1980," the following: "$6,500,000 for the fiscal year ending September 30, 1982, $7,000,000 for the fiscal year ending September 30, 1983, and $7,500,000 for the fiscal year ending September 30, 1984,".

(2) Section 771(e) (42 U.S.C. 295g(e)) is amended by striking out ", in addition to the requirements of subsection (a)," and by adding at the end thereof the following sentence: "The requirements of subsection (a)(1) shall not apply to schools of public health.". 42 USC 295f-1.

(b)(1) Section 791(d) (42 U.S.C. 295h(d)) is amended by striking out "and" after "1979," and by inserting before the period the following: ", $1,500,000 for the fiscal year ending September 30, 1982, $1,750,000 for the fiscal year ending September 30, 1983, and $2,000,000 for the fiscal year ending September 30, 1984".

(2) Section 749 (42 U.S.C. 249s) is inserted after section 791, redesignated as section 791A, and amended in subsection (c) (A) by striking out "and" after "1979;", and (B) by inserting before the period a semicolon and the following: "and $500,000 for the fiscal year ending September 30, 1982, and the next two fiscal years". 42 USC 294s, 295h-1a.

(c) Section 792 (42 U.S.C. 295h-1) is repealed. Repeal. 42 USC 295h-1.

(d) Section 748 (42 U.S.C. 294r) is inserted after section 791A, redesignated as section 792, and amended (1) by striking out "749" in subsection (a)(2) and inserting in lieu thereof "791A", (2) by striking out "postbaccalaureate" in subsection (b)(3)(A)(i) and inserting in lieu thereof "baccalaureate", (3) by striking out "and" after "1979;" in subsection (c), and (4) by inserting before the period in such subsection a semicolon and the following: "$3,000,000 for the fiscal year ending September 30, 1982; $3,500,000 for the fiscal year ending 42 USC 294r, 295h-1b.

September 30, 1983; and $4,000,000 for the fiscal year ending September 30, 1984".

(e) Part C of title VII is amended by striking out "Subpart III—Traineeships for Students in Schools, Public Health and Other Graduate Programs".

42 USC 295h-2.

(f) Section 793 (42 U.S.C. 295h-3) entitled "statistics and annual report" is redesignated as section 794 and the following new section is inserted after section 792:

"TRAINING IN PREVENTIVE MEDICINE

Grants.
42 USC 295h-1c.

"SEC. 793. (a) The Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, and public health to meet the costs of projects—

"(1) to plan and develop new residency training programs and to maintain or improve existing residency training programs in preventive medicine; and

"(2) to provide financial assistance to residency trainees enrolled in such programs.

"(b)(1) The amount of any grant under subsection (a) shall be determined by the Secretary. No grant may be made under subsection (a) unless an application therefor is submitted to and approved by the Secretary. Such an application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

Eligibility.

"(2) To be eligible for a grant under subsection (a), the applicant must demonstrate to the Secretary that it has or will have available full-time faculty members with training and experience in the fields of preventive medicine and support from other faculty members trained in public health and other relevant specialties and disciplines.

Appropriation authorization.

"(c) For the purpose of grants under subsection (a), there are authorized to be appropriated $1,000,000 for the fiscal year ending September 30, 1982, and $1,500,000 for the fiscal year ending September 30, 1983, and $2,000,000 for the fiscal year ending September 30, 1984.".

PHYSICIAN STUDY

42 USC 292h note.

SEC. 2747. (a) The Secretary of Health and Human Services shall arrange, in accordance with subsection (c), for a study to determine—

(1) the implications of the increase in the supply of physicians and the projected distribution of the increased number of physicians in the various medical specialties for—

(A) the cost of health care,

(B) the distribution of all physicians by geographic area, and

(C) the quality of health care; and

(2) the implications of the patterns of payments of physicians by Federal and other public and private third-party payers (including differences in the levels of payments to physicians in various medical specialties and geographic areas and differences in the amount of payments which support post-graduate training programs in such specialties) for—

(A) the distribution of physicians in the various medical specialties,

(B) the cost of health care,

(C) the distribution of physicians by geographic area, and

(D) the quality of health care.

(b) An interim report on such study shall be completed not later than March 30, 1983. Such interim report shall include an analysis of the most effective means of providing financial assistance to graduate medical education in the United States in general internal medicine, general pediatrics, and family medicine, with particular attention to identifying ways of reducing or eliminating the need for special Federal financial assistance for such programs. A final report of such study shall be completed not later than September 30, 1984. Both reports shall be submitted to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Energy and Commerce of the House of Representatives.

Report.

Reports; submittal to congressional committee.

(c)(1) The Secretary shall enter into a contract with the Institute of Medicine of the National Academy of Sciences to conduct the study described in subsection (a). If the Institute of Medicine is unwilling to enter into a contract to conduct such study, then the Secretary shall enter into a contract with another appropriate nonprofit private entity to conduct such study and prepare and submit the reports thereon as provided in subsection (b).

Study alternate, report.

(2) The authority of the Secretary to enter into a contract under paragraph (1) shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance by appropriation Acts.

CHAPTER 3—NURSE TRAINING

REPEAL OF ENROLLMENT INCREASE REQUIREMENT

SEC. 2751. The Secretary may waive the enforcement of assurances given by any school under section 802(b)(2)(D) (42 U.S.C. 296a(b)(2)(D)).

Waiver. 42 USC 296a note.

FINANCIAL DISTRESS GRANTS

SEC. 2752. Section 815(c) (42 U.S.C. 296j(c)) is amended by striking out "and" after "1977," and by inserting before the period a comma and "$3,000,000 for the fiscal year ending September 30, 1982, $2,000,000 for the fiscal year ending September 30, 1983, and $1,000,000 for the fiscal year ending September 30, 1984".

SPECIAL PROJECTS

SEC. 2753. (a)(1) Section 820(a) (42 U.S.C. 296k(a)) is amended (A) by striking out paragraphs (1), (2), and (8), (B) by inserting "or" at the end of paragraph (6), (C) by striking out the semicolon and "or" at the end of paragraph (7) and inserting in lieu thereof a period, and (D) by redesignating paragraphs (3), (4), (5), (6), and (7) as paragraphs (1), (2), (3), (4), and (5), respectively.

(2) Notwithstanding the amendment made by paragraph (1) of this subsection and paragraph (2) of subsection (b), an entity which received a grant or contract under section 820(a) of the Public Health Service Act for the fiscal year ending September 30, 1981, for a project described in paragraph (1), (2), or (8) of such section (as in effect when it received the grant or contract) may receive one additional grant or contract under such section for such project.

42 USC 296k note.

(b) Section 820(d) is amended—

42 USC 296k.

(1) by striking out "and" after "1978,", and by inserting after "1980" a comma and the following: "$10,000,000 for the fiscal year ending September 30, 1982, $10,500,000 for the fiscal year ending September 30, 1983, and $11,000,000 for the fiscal year ending September 30, 1984"; and

(2) by amending the last sentence to read as follows: "Of the funds appropriated under this subsection for any fiscal year beginning after September 30, 1981, not less than 20 percent of the funds shall be obligated for payments under grants and contracts for special projects described in subsection (a)(1), not less than 20 percent of the funds shall be obligated for payments under grants and contracts for special projects described in subsection (a)(4), and not less than 10 percent of the funds shall be obligated for payments under grants and contracts for special projects described in subsection (a)(5).".

ADVANCED NURSE TRAINING

42 USC 296*l*.

SEC. 2754. (a) Section 821(a)(1) (42 U.S.C. 296l(a)(1)) is amended by striking out "to each" and inserting in lieu thereof "to teach".

(b) Section 821(b) is amended (1) by striking out "and" after "1978,", and (2) by inserting after "1980" a comma and the following: "$14,000,000 for the fiscal year ending September 30, 1982, $15,000,000 for the fiscal year ending September 30, 1983, and $16,000,000 for the fiscal year ending September 30, 1984".

(c) Section 821(a) is amended (1) by striking out "(1)" after "(a)", and (2) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively.

NURSE PRACTITIONER PROGRAMS

SEC. 2755. (a) Section 822(b)(1) (42 U.S.C. 296m(b)(1)) is amended by striking out "who are residents of a health manpower shortage area (designated under section 332)" and inserting in lieu thereof a period and the following: "In considering applications for a grant or contract under this subsection, the Secretary shall give special consideration to applications for traineeships to train individuals who are residents of health manpower shortage areas designated under section 332.".

42 USC 254e.

(b)(1) Section 822(b)(3) is amended by inserting before the period the following: "for a period equal to one month for each month for which the recipient receives such a traineeship".

(2) Section 822(b) is amended by adding after paragraph (3) the following:

Repayments.

"(4)(A) If, for any reason, an individual who received a traineeship under paragraph (1) fails to complete a service obligation under paragraph (3), such individual shall be liable for the payment of an amount equal to the cost of tuition and other education expenses and other payments paid under the traineeship, plus interest at the maximum legal prevailing rate.

"(B) When an individual who received a traineeship is academically dismissed or voluntarily terminates academic training, such individual shall be liable for repayment to the Government for an amount equal to the cost of tuition and other educational expenses paid to or for such individual from Federal funds plus any other payments which were received under the traineeship.

"(C) Any amount which the United States is entitled to recover under subparagraph (A) or (B) shall, within the three-year period beginning on the date the United States becomes entitled to recover such amount, be paid to the United States.

Waiver or suspension.

"(D) The Secretary shall by regulation provide for the waiver or suspension of any obligation under subparagraph (A) or (B) applicable to any individual whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if

enforcement of such obligation with respect to any individual would be against equity and good conscience.".

(c) Section 822(e) is amended (1) by striking out "and" after "1978,", and (2) by inserting after "1980" a comma and the following: "$12,000,000 for the fiscal year ending September 30, 1982, $13,000,000 for the fiscal year ending September 30, 1983, and $14,000,000 for the fiscal year ending September 30, 1984". 42 USC 296m.

TRAINEESHIPS

SEC. 2756. Section 830(b) (42 U.S.C. 297(b)) is amended—

(1) by striking out "and" after "1978,", and by inserting after "1980" a comma and the following: "$10,000,000 for the fiscal year ending September 30, 1982, $10,500,000 for the fiscal year ending September 30, 1983, and $11,000,000 for the fiscal year ending September 30, 1984"; and

(2) by adding at the end the following: "Not less than 25 percent of the funds appropriated under this subsection for any fiscal year shall be obligated for traineeships described in subsection (a)(1)(A), except that if the obligation of that amount of the funds appropriated under this subsection will prevent the continuation of a traineeship to an individual who received a traineeship under subsection (a) for the fiscal year ending September 30, 1981, the Secretary shall reduce the amount to be obligated for traineeships described in subsection (a)(1)(A) by such amount as may be necessary for the continuation of traineeships first awarded in such fiscal year. Priority in the award of traineeships under subsection (a)(1)(C) shall go to nurse midwife trainees.".

STUDENT LOANS

SEC. 2757. (a) Section 835(b)(4) (42 U.S.C. 297a(b)(4)) is amended by striking out ", and that while the agreement remains in effect no such student who has attended such school before October 1, 1980, shall receive a loan from a loan fund established under section 204 of the National Defense Education Act of 1958". 20 USC 424.

(b) Section 836(b)(5) (42 U.S.C. 297b(b)(5)) is amended by striking out "3" and inserting in lieu thereof "6".

(c) Section 837 (42 U.S.C. 297c) is amended (1) by striking out "and" after "1978,", (2) by inserting after "September 30, 1980" a comma and the following: "$14,000,000 for the fiscal year ending September 30, 1982, $16,000,000 for the fiscal year ending September 30, 1983, and $18,000,000 for the fiscal year ending September 30, 1984", (3) by striking out "1981" in the second sentence and inserting in lieu thereof "1985", (4) by striking out "October 1, 1980" and inserting in lieu thereof "October 1, 1984", and (5) by adding at the end the following: "Of the amount appropriated under the first sentence for the fiscal year ending September 30, 1982, and the two succeeding fiscal years, not less than $1,000,000 shall be obligated in each such fiscal year for loans from student loan funds established under section 835 to individuals who are qualified to receive such loans and who, on the date they receive the loan, have not been employed on a full-time basis or been enrolled in any educational institution on a full-time basis for at least seven years. A loan to such an individual may not exceed $500 for any academic year.".

(d) Section 839 (42 U.S.C. 297e) is amended by striking out "1983" each place it occurs and inserting in lieu thereof "1987".

SCHOLARSHIPS

SEC. 2758. (a) Section 845(b) (42 U.S.C. 297j(b)) is amended by striking out "and for each of the two succeeding fiscal years".

(b) Section 845(c)(1)(B) is amended by striking out ", and for each of the two succeeding fiscal years".

Repeal. (c) Section 846 (42 U.S.C. 297k) is repealed.

GENERAL PROVISIONS

SEC. 2759. (a) Section 851(a) (42 U.S.C. 298(a)) is amended by striking out "and the Commissioner of Education, both of whom shall be ex officio members" and inserting in lieu thereof "and an ex officio member".

(b)(1) Section 853(2) (42 U.S.C. 298b(2)) is amended by inserting "in a State" before the period.

(2) Section 853(6) is amended by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary".

(c) Section 856 (42 U.S.C. 298b-3) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

CHAPTER 4—SURGEON GENERAL

SURGEON GENERAL

SEC. 2765. (a) The first sentence of section 211(a)(1) of the Public Health Service Act (42 U.S.C. 212(a)(1)) is amended (1) by striking out "shall be retired on" and inserting in lieu thereof "shall, if he applies for retirement, be retired on or after", and (2) by amending the last sentence to read as follows: "This paragraph does not permit or require the involuntary retirement of any individual because of the age of the individual.".

(b)(1) Section 204 of the Public Health Service Act (42 U.S.C. 205) is amended by striking out the second sentence and inserting in lieu Appointment. thereof the following: "The Surgeon General shall be appointed from individuals who (1) are members of the Regular Corps, and (2) have specialized training or significant experience in public health programs.".

(2) The third sentence of such section 204 is amended to read as follows: "Upon the expiration of such term, the Surgeon General, unless reappointed, shall revert to the grade and number in the Regular or Reserve Corps that he would have occupied had he not served as Surgeon General.". 42 USC 205.

(c) The first sentence of section 207(b)(1) of the Public Health Service Act (42 U.S.C. 209(b)(1)) is amended by inserting "(other than an appointment under section 204)" after "no such appointment".

Approved August 13, 1981.

LEGISLATIVE HISTORY—H.R. 3982 (S. 1377):

HOUSE REPORTS: No. 97-158, vols. I-III (Comm. on the Budget) and No. 97-208, bks. 1, 2 (Comm. of Conference).
SENATE REPORT No. 97-139 accompanying S. 1377 (Comm. on the Budget).
CONGRESSIONAL RECORD, Vol. 127 (1981):
June 22-25, S. 1377 considered and passed Senate.
June 25, 26, considered and passed House.
July 13, considered and passed Senate, amended, in lieu of S. 1377.
July 31, House and Senate agreed to conference report.