base for fiscal year 1993. The base shall
be calculated using Generally Accepted
Accounting Principles and the com-
position of the base shall be applied
consistently from year to year.

§ 96.128 Requirements regarding
human immunodeficiency virus.

(a) In the case of a designated State
as described in paragraph (b) of this
section, the State shall do the fol-
lowing—

(1) With respect to individuals under-
going treatment for substance abuse,
the State shall, subject to paragraph
(c) of this section, carry out one or
more projects to make available to the
individuals early intervention services
for HIV disease as defined in § 96.121 at
the sites at which the individuals are
undergoing such treatment;

(2) For the purpose of providing such
early intervention services through
such projects, the State shall make
available from the grant the amounts
prescribed by section 1924 of the PHS
Act;

(3) the State shall, subject to para-
graph (d) of this section, carry out such
projects only in geographic areas of the
State that have the greatest need for
the projects;

(4) the State shall require programs
participating in the project to estab-
lish linkages with a comprehensive
community resource network of re-
lated health and social services organi-
zations to ensure a wide-based knowl-
edge of the availability of these ser-
vices; and

(5) the State shall require any entity
receiving amounts from the Block
Grant for operating a substance abuse
treatment program to follow proce-
dures developed by the principal aген-
cy of a State for substance abuse, in
consultation with the State Medical
Director for Substance Abuse Services,
and in cooperation with the State De-
partment of Health/Communicable Dis-
case Officer.

(b) For purposes of this section, a
“designated State” is any State whose
rate of cases of acquired immune defi-
ciency syndrome is 10 or more such
cases per 100,000 individuals (as indi-
cated by the number of such cases re-
ported to and confirmed by the Direc-
tor of the Centers for Disease Control
for the most recent calendar year for
which the data are available).

(c) With respect to programs that
provide treatment services for sub-
stance abuse, the State shall ensure
that each such program participating
in a project under paragraph (a) of this
section will be a program that began
operation prior to the fiscal year for
which the State is applying to receive
the grant. A program that so began
operation may participate in a project
under paragraph (a) of this section
without regard to whether the program
has been providing early intervention
services for HIV disease.

(d) If the State plans to carry out 2 or
more projects under paragraph (a) of
this section, the State shall carry out
one such project in a rural area of the
State, unless the requirement is
waived. The Secretary shall waive the
requirement if the State certifies to
the Secretary that:

(1) The rate of cases of acquired im-
mune deficiency syndrome is less than
or equal to two such cases per 100,000
individuals in any rural area of the
State, or there are so few infected per-
sons that establishing a project in the
area is not reasonable; or

(2) There are no rural areas in the
State as defined in § 96.121.

(e) With respect to the provision of
early intervention services for HIV dis-
ease to an individual, the State shall
ensure that the entities comply with
§ 96.137 regarding payment and § 96.135
regarding restrictions on expenditure
of grant. The State shall also ensure
that such services will be undertaken
voluntarily by, and with the informed
consent of, the individual, and under-
going such services will not be required
as a condition of receiving treatment
services for substance abuse or any
other services.

(f) With respect to services provided
for a State for purposes of compliance
with this section, the State shall main-
tain Statewide expenditures of non-
Federal amounts for such services at a
level that is not less than the average
level of such expenditures maintained
by the State for 2-year period pre-
ceding the first fiscal year for which
the State receives such a grant. In
making this determination, States
shall establish a reasonable base for
fiscal year 1993. The base shall be calculated using Generally Accepted Accounting Principles and the composition of the base shall be applied consistently from year to year.

§ 96.129 Revolving funds for establishment of homes in which recovering substance abusers may reside.

(a) The State shall establish and provide for the ongoing operation of a revolving fund as follows:

(1) The purpose of the fund is to make loans for the costs of establishing programs for the provision of housing in which individuals recovering from alcohol and drug abuse may reside in groups of not less than six individuals;

(2) Not less than $100,000 will be available for the revolving fund;

(3) Loans made from the revolving fund do not exceed $4,000 and that each such loan is repaid to the revolving fund not later than 2 years after the date on which the loan is made;

(4) Each such loan is repaid by such residents through monthly installments by the date specified in the loan agreement involved;

(5) Such loans are made only to non-profit private entities agreeing that, in the operation of the program established pursuant to the loan—

(i) The use of alcohol or any illegal drug in the housing provided by the program will be prohibited;

(ii) Any resident of the housing who violates such prohibition will be expelled from the housing;

(iii) The costs of the housing, including fees for rent and utilities, will be paid by the residents of the housing; and

(iv) The residents of the housing will, through a majority vote of the residents, otherwise establish policies governing residence in the housing, including the manner in which applications for residence in the housing are approved;

(6) States shall identify and clearly define legitimate purposes for which the funds will be spent, such as first month’s rent, necessary furniture (e.g., beds), facility modifications (e.g., conversion of basement into a game room or extra bedrooms), and purchase of amenities which foster healthy group living (e.g., dishwasher);

(7) In managing the revolving fund, the State and the financial entity managing the fund for the State shall abide by all Federal, State and local laws and regulations;

(8) If the State decides to indirectly manage the fund using a private non-profit entity as the fund management group, the State shall establish reasonable criteria for selecting the group, such as qualifications, expertise, experience, and capabilities of the group, and the State shall require that these entities abide by all Federal, State and local laws and regulations;

(9) The State may seek assistance to approve or deny applications from entities that meet State-established criteria;

(10) The State shall set reasonable criteria in determining the eligibility of prospective borrowers such as qualifications, expertise, capabilities, the acceptability of a proposed plan to use the funds and operate the house, and an assessment of the potential borrower’s ability to pay back the funds;

(11) The State shall establish a procedure and process for applying for a loan under the program which may include completion of the application, personal interviews and submission of evidence to support eligibility requirements, as well as establish a written procedure for repayment which will set forth reasonable penalties for late or missed payments and liability and recourse for default;

(12) The State shall provide clearly defined written instructions to applicants which lays out timeliness, milestones, required documentation, notification of reasonable penalties for late or missed payments and recourse for default, notification on legitimate purposes for which the loan may be spent, and other procedures required by the State; and

(13) The State shall keep a written record of the number of loans and amount of loans provided, the identities of borrowers and the repayment history of each borrower and retain it for three years.

(b) The requirements established in paragraph (a) of this section shall not apply to any territory of the United States.