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96th Congress
1st Session

COMMITTEE PRINT

COMPILATION

OF THE

ECONOMIC OPPORTUNITY ACT OF 1964

As Amended Through November 2, 1978

PREPARED FOR USE BY THE

COMMITTEE ON EDUCATION AND LABOR

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U.S. GOVERNMENT PRINTING OFFICE

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Economic Opportunity Act of 1964

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

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

(42 U.S.C. 2701 note) Enacted August 20, 1964, P.L. 88-452, sec. 1, 78 Stat. 508.

FINDINGS AND DECLARATION OF PURPOSE

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

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

(42 U.S.C. 2701) Enacted August 20, 1964, P.L. 88-452, sec. 2, 78 Stat. 508; amended November 8, 1966, P.L. 89-794, sec. 614(b), 80 Stat. 1472; amended November 2, 1978, P.L. 95-568, sec. 17(a)(1), 92 Stat. 2439.

SHORT TITLE

Sec. 3. Titles I through IX of this Act may be cited as the "Community Services Act of 1974".

(42 U.S.C. 2701 note) As added January 4, 1975, P.L. 93-644, sec. 3, 88 Stat. 2292; amended July 6, 1976, P.L. 94-341, sec. 2(a)(1), 90 Stat. 803.

DEFINITIONS

Sec. 4. As used in this Act—

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

(2) the term "United States" when used in a geographical sense includes all those places named in paragraph (1) of this section and all other places, continental or insular, subject to the jurisdiction of the United States;

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

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

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

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

(42 U.S.C. 2706) As added January 4, 1975, P.L. 93-644, sec. 3, 88 Stat. 2292; amended July 6, 1976, P.L. 94-341, sec. 2(a)(2), 90 Stat. 803.

TITLE I—RESEARCH AND DEMONSTRATIONS

STATEMENT OF PURPOSE

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

(42 U.S.C. 2711) As added January 4, 1975, P.L. 93-644, sec. 4, 88 Stat. 2292.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

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

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

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

(d) In making grants or contracts under this title, the Director shall give due consideration to request for funds by applicants receiving financial assistance under section 221 or 235 of this Act.

(42 U.S.C. 2712) As added January 4, 1975, P.L. 93–644, sec. 4, 88 Stat. 2293; amended July 6, 1976, P.L. 94–341, sec. 2(a)(4), 90 Stat. 803; amended November 2, 1978, P.L. 95–568, sec. 17(a)(2), 92 Stat. 2439.

CONSULTATION

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

(42 U.S.C. 2713) As added January 4, 1975, P.L. 93–644, sec. 4, 88 Stat. 2293; amended November 2, 1978, P.L. 95–568, sec. 3(a), 92 Stat. 2425.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 104. (a) the Director shall make a public announcement concerning—

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

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

(b) The public announcements required by subsection (a) [1] of this section shall be made within thirty days of making any such grant or contract, and the public announcements required by subsection (a) [2] of this section shall be made within thirty days of the receipt of such results, findings, data, or recommendations.

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

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

(42 U.S.C. 2714) As added January 4, 1975, P.L. 93–644, sec. 4, 88 Stat. 2293; amended July 6, 1976, P.L. 94–341, sec. 2(a)(5), 90 Stat. 803.

PROHIBITION OF FEDERAL CONTROL

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

(42 U.S.C. 2715) As added January 4, 1975, P.L. 93–644, sec. 4, 88 Stat. 2293.

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[1] So in orginal. Should read "subsection (a)(1)".
[2] So in orginal. Should read "subsection (a)(2)".

AUTHORIZATION OF APPROPRIATIONS

SEC. 106. There is authorized to be appropriated for the purpose of carrying out the provisions of this title $5,000,000 for the fiscal year 1979, $6,000,000 for the fiscal year 1980, and $8,000,000 for the fiscal year 1981.

(42 U.S.C. 2716) As added November 2, 1978, P.L. 95-568, sec. 3(b), 92 Stat. 2425.

TITLE II—URBAN AND RURAL COMMUNITY ACTION PROGRAMS

STATEMENT OF PURPOSE

SEC. 201. (a) This title provides for community action agencies and programs, prescribes the structure and describes the functions of community action agencies and authorizes financial assistance to community action programs and related projects and activities. Its basic purposes is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. Its specific purposes are to promote, as methods of achieving a better focusing of resources on the goal of individual and family self-sufficiency—

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

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

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

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

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

influence the quantity and quality of services of concern to the poor.

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

(42 U.S.C. 2781) Enacted August 20, 1964, P.L. 88–452, sec. 201, 78 Stat. 516; amended December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 690, amended July 6, 1976, P.L. 94–341, sec. 2(a)(6), 90 Stat. 803.

Part A—Community Action Agencies and Programs

DESIGNATION OF COMMUNITY ACTION AGENCIES: COMMUNITY ACTION PROGRAMS

SEC. 210. (a) A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, or an Indian tribal government, which—

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

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

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

(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the purposes and provisions of this title.

(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this

title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

(c) For the purpose of this title, a community may be a city, county, multicity or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program. The Director, in determining whether a county or multicounty unit is eligible to be served by a community action agency under this title, shall not apply, as the sole criterion for eligibility, any requirement or restriction relating to the number of individuals residing in the county or multicounty unit if at least 20 per centum of the families and unrelated individuals residing in such unit have incomes below the poverty line as determined by the Bureau of Census from the most recent census or survey. No new community action agency may be designated under subsection (a) within a county or multicounty unit if—

(1) such county or multicounty unit has a population of less than 50,000;

(2) such county or multicounty unit was served by an existing community action agency on June 1, 1978; and

(3) the new community action agency would serve a smaller geographical area than that served by an existing community action agency on June 1, 1978.

The Director shall consult with the heads of other Federal agencies responsible for programs relating to work and training programs, physical and economic development housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among these programs and community action programs assisted under this title.

(d) The Director may designate and provide financial assistance to a public or private nonprofit agency as a community action agency in lieu of a community action agency designated under subsection (a) for activities of the kind described in this title where the Director determines, in accordance with regulations promulgated by the Director (1) that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the criteria for approval set forth in this title, or to carry out such plan in a satisfactory manner, or (2) that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or ogranization to be so designated by the Director.

(e) No political subdivision of a State shall be included in the community action program of a community action agency designated under section 210(a) if the elected or duly appointed governing officials of such political subdivision do not wish to be so included. Such political subdivision, and any public or private nonprofit orga-

nization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

(f) The Director, in carrying out the responsibilities of the Director under this part, may delegate such functions (other than policy-making functions and the final approval of grants and contracts) to a State, in accordance with criteria and guidelines established by the Director, as the Director deems appropriate, except that no such delegation shall take place unless all the community action agencies within such State formally indicate their approval of such proposed delegation, except that whenever such delegated functions include the authority to approve programs within such State the Director shall make available to the State, in addition to an amount not less than the amount made available to such State for State agency assistance under section 231 in the previous fiscal year, an amount in each fiscal year equal to such State's share (as determined by the formula set forth in the third sentence of section 225(a)) of the aggregate amount made available during the fiscal year ending June 30, 1974, for the operation of regional offices of the Office of Economic Opportunity.

(42 U.S.C. 2790) Enacted August 20, 1964, P.L. 88-452, sec. 21, 78 Stat. 519; amended December 23, 1967, P.L. 90-222, sec. 104, 81 Stat. 691; amended January 4, 1975, P.L. 93-644, sec. 5(a), 5(b), 88 Stat. 2294; amended July 6, 1976, P.L. 94-341, sec. 2(a)(7), 90 Stat. 803-804; amended November 2, 1978, P.L. 95-568, secs. 4(a), 4(b), 17(a)(3), 92 Stat. 2425, 2439.

COMMUNITY ACTION AGENCIES AND BOARDS

SEC. 211. (a) Each community action agency which is a state or a political subdivision of a State, or a combination of political subdivisions, shall administer its program through a community action board which shall meet the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision of a State, or combination of political subdivisions, or is an agency designated by the Director under section 210(d), shall have a governing board which shall meet the requirements of subsection (b).

(b) Each board to which this subsection applies shall consist of not more than fifty-one, and not less than fifteen, members and shall be so constituted that (1) 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, (2) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served, and (3) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community. Each member of the board selected to represent a specific geographic area within a community must reside in the area he represents. No person selected under clause (2) or (3) of this subsection as a member of a board

shall serve on such board for more than five consecutive years, or more than a total of ten years.

(c) Where a community action agency places responsibility for major policy determinations with respect to the character, funding, extent, and administration of and budgeting for programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, such board, council, or agency shall be broadly representative of such area, subject to regulations of the Director which assure adequate opportunity for membership of elected public officials on such board, council, or agency. Each community action agency shall be encouraged to make use of neighborhood-based organizations composed of residents of the area or members of the groups served to assist such agency in the planning, conduct, and evaluation of components of the community action program.

(d)(1) The Director shall promulgate such standards or rules relating to the scheduling and notice of meetings, quorums (which shall be not less than 50 per centum of the total membership), procedures, establishment of committees, and similar matters as the Director may deem necessary to assure that boards which are subject to subsection (b) provide a continuing and effective mechanism for securing broad, community involvement in programs assisted under this title and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs. Such standards or rules shall not preclude any such board from appointing an executive commitment or similar group, which fairly reflects the composition of the board, to transact the board's business between its meetings. The quorum requirements for any such committee or group, which shall not be less than 50 percent of the membership, shall be established by the board.

(2) The Director shall require community action agencies to establish procedures under which community agencies and representative groups of the poor which feel themselves inadequately represented on the community action board or governing board may petition for adequate representation.

(e) The powers of every community action agency governing board shall include the power to appoint persons to senior staff positions, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this title.

(f) Each community action board referred to in the first sentence of subsection (a) shall—

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

(2) have at least one-third of its members chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served;

(3) be so established and organized that the poor and residents of the area concerned will be enabled to influence the character of programs affecting their interests and regularly participate in the planning and implementation of those programs; and

(4) be a continuing and effective mechanism for securing broad community involvement in the programs assisted under this title.

(g) The Director shall ensure that no election or other democratic selection procedure conducted pursuant to clause (2) of subsection (b), or pursuant to clause (2) of subsection (f), shall be held on a Sabbath Day which is observed as a day of rest and worship by residents in the area served.

(42 U.S.C. 2791) Enacted August 20, 1964, P.L. 88–452, sec. 211, 78 Stat. 519; amended December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 693; amended September 19, 1972, P.L. 92–424, secs. 6, 7, 86 Stat. 690; amended November 2, 1978, P.L. 95–568, secs. 4(c), 17(a)(4), 92 Stat. 2425–2426, 2439.

SPECIFIC POWERS AND FUNCTIONS OF COMMUNITY ACTION AGENCIES

SEC. 212. (a) In order to carry out its overall responsibility for planning, coordinating, evaluating, and administering a community action program, a community action agency must have authority under its charter or applicable law to receive and administer funds under this title, funds and contributions from private or local public sources which may be used in support of a community action program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a community action program. A community action agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this title, at least the following functions:

(1) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources.

(2) Encouraging agencies engaged in activities related to the community action program to plan for, secure and administer assistance available under this title or from other sources on a

common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to attack poverty, such as improving day-to-day communication, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible.

(3) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs.

(4) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

(5) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

(42 U.S.C. 2795) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 694.

ADMINISTRATIVE STANDARDS

SEC. 213. (a) Each community action agency shall observe, and shall (as appropriate) require or encourage other agencies participating in a community action program to observe, standards of organization, management and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this title and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each community action agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each community action agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. And

each community action agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties of advocacy on behalf of the poor in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

(b) The Director shall prescribe rules or regulations to supplement subsection (a), which shall be binding on all agencies carrying on community action program activities with financial assistance under this title. The Director may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. These special requirements shall not, however, affect the applicability of rules governing conflicts of interest, use of position or authority for partisan or nonpartisan political purposes or participation in direct action, regardless of customary practices or rules among agencies in the community. The Director shall consult with the heads of other Federal agencies responsible for programs providing assistance to activities which may be included in community action programs for the purpose of securing maximum consistency between rules or regulations prescribed or followed by those agencies and those prescribed under this section.

(c) The Director shall annually review, and consult with State economic opportunity offices authorized under section 231(a), for the purposes of updating and simplifying, all relevant regulations and guidelines applicable to programs funded under this Act, except with respect to programs funded under title V and or [1] title X.

(42 U.S.C. 2796) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 695; amended November 2, 1978, P.L. 95–568, secs. 4(d), 17(a)(5), 92 Stat. 2426, 2439.

HOUSING DEVELOPMENT AND SERVICES ORGANIZATIONS

SEC. 214. Each community action agency shall encourage the establishment of housing development and services organizations designed to focus on the housing needs of low-income families and individuals. Such organizations shall provide the technical, administrative, and financial assistance which is required to help low-income families and individuals more effectively to utilize existing programs, and which is required to enable nonprofit, cooperative, and public sponsors more effectively to take advantage of existing Federal, State, and local mortgage insurance and housing assistance programs. Where appropriate, such organizations may be nonprofit housing development corporations. Such corporations may themselves become sponsors of housing under existing programs of

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[1] So in original. Should read "and/or".

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specialized housing agencies, but under no circumstances shall such corporations insure mortgages or duplicate the long-term capital financing functions of programs now administered by the specialized housing agencies. Housing development and service organizations shall coordinate their efforts with other community action agency efforts so that any programs undertaken under authority of this section shall be closely related to other community action programs.

(42 U.S.C. 2797) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 696.

Part B—Financial Assistance to Community Action Programs and Related Activities

GENERAL PROVISIONS FOR FINANCIAL ASSISTANCE

Sec. 221. (a) The Director may provide financial assistance to community action agencies for the planning, conduct, administration and evaluation of community action programs and components. Those components may involve, without limitation, other activities and supporting facilities designed to assist participants including the elderly poor—

(1) to secure and retain meaningful employment;

(2) to attain an adequate education;

(3) to make better use of available income;

(4) to provide and maintain adequate housing and a suitable living environment;

(5) to undertake family planning, consistent with personal and family goals, religious and moral convictions;

(6) to obtain services for the prevention of narcotics addiction, alcoholism, and the rehabilitation of narcotic addicts and alcoholics;

(7) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing and employment-related assistance;

(8) to remove obstacles and solve personal and family problems which block the achievement of self-sufficiency;

(9) to achieve greater participation in the affairs of the community; and

(10) to make more frequent and effective use of other programs related to the purposes of this title.

The Director may also provide financial assistance to other public or private nonprofit agencies to aid them in planning for the establishment of a community action agency.

(b) If the Director determines that a limited purpose project or program involving activities otherwise eligible under this section is needed to serve needs of low-income families and individuals in a community and no community action agency has been designated for that community pursuant to section 210, or where a community action agency gives its approval for such a program to be funded directly through a public or private nonprofit agency or organization, the Director may extend financial assistance for that project or program to a public or private nonprofit agency which the Director finds is capable of carrying out the project in an efficient and effective manner consistent with the purpose of this title.

(c) The Director shall prescribe necessary rules or regulations governing applications for assistance under this section to assure that every reasonable effort is made by each applicant to secure the views of local public officials and agencies in the community having a direct or substantial interest in the application and to resolve all issues of co-operation and possible duplication prior to its submission.

(d) After July 1, 1968, the Director shall require, as a condition of assistance, that each community action agency has adopted a systematic approach to the achievement of the purposes of this title and to utilization of funds provided under this part. Such systematic approach shall encompass a planning and implementation process which seeks to identify the problems and causes of poverty in the community, seeks to mobilize and coordinate relevant public and private resources, establishes program priorities, links program components with one another and with other relevant programs, and provides for evaluation. The Director may, however, extend the time for such requirement to take into account the length of time a program has been in operation. The Director shall also take necessary steps to assure the participation of other Federal agencies in support of the development and implementation of plans under this subsection.

(e) In order to promote local responsibility and initiative, the Director shall not establish binding national priorities on funds authorized by this action, but the Director shall review each application for financial assistance on its merits. Before extending financial assistance to a new community action agency under this section, and in determining the amount of and conditions on which such assistance shall be extended, the Director shall consider the extent and nature of poverty in the community and the probable capacity of the agency to carry out an effective program. In reviewing or supplementing financial assistance to a previously existing community action agency, the Director shall consider the progress made in carrying on programs by such agency.

(42 U.S.C. 2808) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 696; amended November 2, 1978, P.L. 95–568, sec. 17(a)(6), 92 Stat. 2439.

SPECIAL PROGRAMS AND ASSISTANCE

SEC. 222. (a) In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are common to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under section 221, including assistance to components or projects based on models developed and promulgated by the Director. It shall also be used only with respect to programs which (A) involve activities which can be incorporated into or be closely coordinated with community action programs, (B) involve significant new combinations of resources or new and innovative approaches, or (C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of this title. Subject to such conditions as may be appropriate to assure effective and efficient admin-

istration, the Director may provide financial assistance to public or private nonprofit agencies to carry on local projects initiated under such special programs; but the Director shall do so in a manner that will encourage, wherever feasible, the inclusion of the assisted projects in community action programs, with a view to minimizing possible duplication and promoting efficiencies in the use of common facilities and services, better assisting persons or families having a variety of needs, and otherwise securing from the funds committed the greatest possible impact in promoting family and individual self-sufficiency. In no event shall the Director provide financial assistance under this title to a public or private nonprofit agency other than a community action agency in an area in which a community action agency exists without prior notification of such financial assistance to the board of such community action agency and to any State economic opportunity office in the State in which financial assistance is provided. Programs under this section shall include those described in the following paragraphs:

(1) A program to be known as "Community Food and Nutrition" designed to provide on an emergency basis, directly or by delegation of authority pursuant to the provisions of title VI of this Act, financial assistance for the provision of such supplies and services, nutritional foodstuffs, and related services, as may be necessary to counteract conditions of starvation or malnutrition among the poor. Such assistance may be provided by way of supplement to such other assistance as may be extended under the provisions of other Federal programs, and may be used to extend and broaden such programs to serve economically disadvantaged individuals and families where such services are not now provided and without regard to the requirements of such laws for local or State administration or financial participation. In extending such assistance, the Director may make grants to community action agencies or local public or private nonprofit organizations or agencies to carry out the purposes of this paragraph. The Director is authorized to carry out the functions under this paragraph through the Secretary of Agriculture and the Secretary of Health, Education, and Welfare in a manner that will insure the availability of such supplies and services, nutritional foodstuffs, and related services through a community action agency where feasible, or other agencies or organizations if no such agency exists or is able to administer programs to provide such foodstuffs, services, and supplies to needy individuals and families, or through a local public or private nonprofit organization or agency providing services to migrant or seasonal farmworkers or Native Americans.

(2) A program to be known as "Senior Opportunities and Services" designed to identify and meet the needs of older, poor persons above the age of 60 in one or more of the following areas: development and provision of new employment and volunteer services; effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and recreational and other services; stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; modi-

fication of existing procedures, eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor; development of all-season recreation and service centers controlled by older persons themselves, and such other activities and services as the Director may determine are necessary or specially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency. In administering this program the Director shall utilize to the maximum extent feasible the services of the Administration of Aging in accordance with agreements with the Secretary of Health, Education, and Welfare, and other Federal agencies providing services to the elderly poor. The Director shall seek, to the maximum extent feasible, the utilization of agencies funded under section 221 for the provision of such services available under titles III, V, and VII of the Older Americans Act of 1965, or such other Federal programs serving the elderly poor.

(3) An "Environmental Action" program through which low-income persons will be paid for work (which would not otherwise be performed) on projects designed to combat pollution or to improve the environment. Projects may include, without limitation: cleanup and sanitation activities, including solid waste removal; reclamation and rehabilitation of eroded or ecologically damaged areas, including areas affected by strip mining; conservation and beautification activities, including tree planting and recreation area development; the restoration and maintenance of the environment; and the improvement of the quality of life in urban and rural areas.

(4) A program to be known as "Rural Housing Development and Rehabilitation" designed to assist low-income families in rural areas to construct and acquire ownership of adequate housing, to rehabilitate or repair existing substandard units in such areas, and to otherwise assist families in obtaining standard housing. Financial assistance under this paragraph shall be provided to non-profit rural housing development corporations and cooperatives or to local public or private nonprofit organizations or agencies providing services to migrant or seasonal farmworkers or Native Americans which serve areas which are defined by the Farmers Home Administration as rural areas, and shall be used for, but not limited to, such purposes as administrative expenses; revolving development funds; nonrevolving land, land development and construction writedowns; rehabilitation or repair of substandard housing; and loans to low-income families. In the construction, rehabilitation, and repair of housing for low-income families under this paragraph, the services of persons enrolled in Mainstream programs and programs under the Comprehensive Employment and Training Act of 1973 may be utilized. Loans under this paragraph may be used for, but not limited to, such purposes as the purchase of new housing units, the repair, rehabilitation and purchase of existing units, and to supplement existing Federal loan programs in order that low-income families may benefit from them. The repayment period of such loans shall not exceed thirty-three years. No loans under this

paragraph shall bear an interest rate of less than 1 per centum per annum, but if the Director, after having examined the family income of the applicant, the projected housing costs of the applicant, and such other factors as the Director deems appropriate, determines that the applicant would otherwise be unable to participate in this program, the Director may waive the interest in whole or in part and for such periods of time as the Director may establish except that (1) no such waiver may be granted to an applicant whose adjusted family income (as defined by the Farmers Home Administration) is in excess of $3,700 per annum and (2) any applicant for whom such a waiver is provided shall be required to comit at least 20 per centum of the adjusted family income of such applicant toward the mortgage debt service and other housing costs. Family incomes shall be recertified annually, and monthly payments for all loans under this paragraph adjusted accordingly.

(5) A program to be known as "Emergency Energy Conservation Services" designed to enable low-income individuals and families, including the elderly and the near poor, to participate in energy conservation programs designed to lessen the impact of the high cost of energy on such individuals and families and to reduce individual and family energy consumption. The Director is authorized to provide financial and other assistance for programs and activities, including, but not limited to, an energy conservation and education program; winterization of old or substandard dwellings, improved space conditioning, and insulation; emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; alternative fuel supplies, special fuel voucher or stamp programs; alternative transportation activities designed to save fuel and assure continued access to training, education, and employment; appropriate outreach efforts; furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of the poor in efforts relating to the energy crisis; nutrition, health, and other supportive services in emergency cases; and evaluation of programs and activities under this paragraph. Such assistance may be provided as a supplement to any other assistance extended under the provisions of this Act or under other provisions of Federal law. The Director, after consultation with the Administrator of the Federal Energy Office and appropriate Federal departments and agencies, shall establish procedures and take other appropriate action necessary to insure that the effects of the energy crisis on low-income persons, the elderly, and the near poor are taken into account in the formulation and administration of programs relating to the energy crisis. In carrying out programs to lessen the impact of the high cost of energy to migrants, other seasonally employed farmworkers, and Native Americans, the Director shall utilize local public or private nonprofit organizations or agencies where feasible. Eligibility for any of the programs authorized under this section shall not be based solely on delinquency in payment of fuel bills.

(6) A program to be known as "Summer Youth Recreation" designed to provide recreational opportunities for low-income children during the summer months. Funds made available for this paragraph shall be allocated by the Director among community action agencies where feasible, or other public or private nonprofit agencies where no such community action agency exists or is able to administer a program, to provide recreational opportunities for low-income children during the summer months.

(7) A program to be known as "Demonstration Employment and Training Opportunities" designed to establish experimental employment and training programs and projects for low-income persons who are unemployed or underemployed, with special emphasis on youth, the structurally unemployed (especially those dependent on public assistance), single heads of households with dependent children, older workers, and veterans. The Director may make grants to community action agencies, community economic development corporations (as designated under title VII), and public or private nonprofit organizations and agencies for experimental programs and activities including, but not limited to, providing innovative approaches to employment and training programs, which shall, if necessary, make available to participants comprehensive supportive services; developing programs and linkages for low-income persons to achieve satisfactory transition from either unemployment or federally subsidized jobs to employment that is not federally subsidized; and developing training programs, with special consideration for community development corporations, designed to place disadvantaged youth in the private sector. The Director and the Secretary of Labor shall assure a full exchange of information concerning the employment and training programs subject to their respective jurisdictions in order to assure the most effective and responsive demonstration programs and activities. Any employment and training activities assisted in whole or part with funds made available under this paragraph shall be subject to the applicable conditions, labor standards, and benefits set forth in the Comprehensive Employment and Training Act of 1973 and other related laws.

(b) Consistent with, and subject to, the provisions of sections 230 and 232 (a), (b), and (c), programs under this section may include related training, research, and technical assistance, and funds allocated for this purpose may be allotted and used in the manner otherwise provided under this title with respect to training, research, and technical assistance activities.

(42 U.S.C. 2809) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 698; amended October 16, 1968, P.L. 90–575, sec. 105(b), 82 Stat. 1019; amended December 30, 1969, P.L. 91–177, sec. 103–106, 83 Stat. 828, 829; amended September 19, 1972, P.L. 92–424, sec. 8–11, 86 Stat. 690, 691; amended December 28, 1973, P.L. 93–202, 87 Stat. 838; amended July 25, 1974, P.L. 93–355, sec. 3(d)(2), 88 Stat. 390; amended January 4, 1975, P.L. 93–644, sec. 5(c), 5(d)(1), 88 Stat. 2294; amended July 6, 1976, P.L. 94–341, sec. 2(a)(8)–(11), 90 Stat. 804; amended November 2, 1978, P.L. 95–568, secs. 5(a)–(g), 17(a)(7), 92 Stat. 2426–2427, 2439–2440.

RESIDENT EMPLOYMENT

SEC. 223. In the conduct of all component programs under this part, residents of the area and members of the groups served shall be provided maximum employment opportunity, including opportunity for further occupational training and career advancement. The Director shall encourage the employment of persons fifty-five years and older as regular, part-time and short-term staff in component programs.

(42 U.S.C. 2810) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 701.

NEIGHBORHOOD CENTERS

SEC. 224. The Director shall encourage the development of neighborhood centers, designed to promote the effectiveness of needed services in such fields as health, education, manpower, consumer protection, child and economic development, housing, legal, recreation, and social services, and so organized (through a corporate or other appropriate framework) as to promote maximum participation of neighborhood residents in center planning, policymaking, administration, and operation. In addition to providing such services as may not otherwise be conveniently or readily available, such centers shall be responsive to such neighborhood needs, such as counseling, referral, followthrough, and community development activities, as may be necessary or appropriate to best assure a system under which existing programs are extended to the most disadvantaged, are linked to one another, are responsive and relevant to the range of community, family, and individual problems and are fully adapted to neighborhood needs and conditions.

(42 U.S.C. 2811) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 701.

ALLOTMENT OF FUNDS: LIMITATIONS ON ASSISTANCE

SEC. 225. (a) Of the sums which are appropriated or allocated for assistance in the development and implementation of community action programs pursuant to section 221, and for special program projects referred to in section 222(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 per centum among Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. The Director shall also reserve not more than 20 per centum of those sums for allotment in accordance with such criteria and procedures as the Director may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the relative number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes below the poverty line in each State as compared to all States. For purposes of this subsection, the Director shall utilize the criteria of poverty used by the Bureau of the Census in compiling the 1970 decennial census. The Director shall insure that for the fiscal year ending June 30, 1975, and for each succeeding fiscal year, no State shall be allotted

for programs under section 221 and section 222(a) an amount which is less than the amount received for use within such State for programs described in such sections during the fiscal year ending June 30, 1974. That part of any State's allotment which the Director determines will not be needed may be reallotted, at such dates during the fiscal year as the Director may fix, in proportion to the original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallotted among the other States.

(b) The Director may provide for the separate allotment of funds for any special program referred to in section 222(a). This allotment may be made in accordance with the criteria prescribed in subsection (a), or it may be made in accordance with other criteria which the Director determines will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, except that in no event may more than 12½ per centum of the funds for any one program be used in any one State.

(c) Unless otherwise provided in this part, financial assistance extended to a community action agency or other agency pursuant to section 221 and section 222(a) shall not exceed 80 per centum of the approved cost of the assisted programs or activities. The Director may, however, approve assistance in excess of such percentages if the Director determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment or services. The Director shall not require non-Federal contributions in excess of the amount required to meet the approved cost of assisted programs or activities after calculating the per centum of Federal assistance for which such program is eligible under the first sentence of this subsection. In addition, the Director may approve assistance in excess of such per centum upon evidence that the aggregate of all non-Federal contributions by agencies within a State for financial assistance provided pursuant to sections 221 and 222(a) as a per centum of the aggregate of all financial assistance provided to such agencies in such State pursuant to such sections meets the per centum requirements of this subsection.

(d) No program shall be approved for assistance under sections 221 and 222(a) unless the Director is satisfied (1) that the services to be provided under such program will be in addition to, and not in substitution for, services previously provided without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community will not be diminished in order to provide any contributions required under subsection (c). The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

(42 U.S.C. 2812) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 702; amended September 19, 1972, P.L. 92–424, sec. 12(a), 13, 86 Stat. 692; amended January 4, 1975, P.L. 93–644, sec. 5(e), 88 Stat. 2295; amended July 6, 1976, P.L. 94–

341, sec. 2(a)(11), 90 Stat. 804; amended November 2, 1978, P.L. 95-568, secs. 5(g), 17(a)(8), 17(b), 92 Stat. 2427, 2440, 2443.

DESIGN AND PLANNING ASSISTANCE PROGRAMS

SEC. 226. (a) The Director shall make grants or enter into contracts to provide financial assistance for the operating expenses of programs conducted by community-based design and planning organizations to provide technical assistance and professional architectural and related services relating to housing, neighborhood facilities, transportation and other aspects of community planning and development to persons and community organizations or groups not otherwise able to afford such assistance. Such programs shall be conducted with maximum use of the voluntary services of professional and community personnel. In providing assistance under this section, the Director shall afford priority to persons in urban or rural poverty areas with substandard housing, substandard public service facilities, and generally blighted conditions. Design and planning services to be provided by such organizations shall include—

(1) comprehensive community or area planning and development;

(2) specific projects for the priority planning and development needs of the community; and

(3) educational programs directed to local residents emphasizing their role in the planning and development process in the community.

(b) No assistance may be provided under this section unless such design and planning organization—

(1) is a nonprofit organization located in the neighborhood or area to be served with a majority of the governing body of such organization comprised of residents of that neighborhood or area;

(2) has a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of local residents, especially low-income residents, in the planning and decisionmaking regarding the development of their community; and

(3) will carry out its design and planning services principally through the voluntary participation of professional and community personnel (including, where available, VISTA volunteers).

(c) Design and planning organizations receiving assistance under this section shall not subcontract with any profitmaking organization or pay fees for architectural or other professional services.

(d) The Director is authorized to make whatever arrangements as are necessary to continue pilot or demonstration projects of demonstrated effectiveness of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971.

(42 U.S.C. 2813) As added September 19, 1972, P.L. 92-424, sec. 14, 86 Stat. 693; amended January 4, 1975, P.L. 93-644, sec. 5(d)(2), 88 Stat. 2295.

NATIONAL YOUTH SPORTS PROGRAM

SEC. 227. (a) In order to provide to disadvantaged national youth physical fitness instruction and competition with high-quality facilities and supervision and related educational and counseling services (including instruction concerning study practices, career opportunities, job responsibilities, health and nutrition, and drug abuse education) through regular association with college instructors and athletes and exposure to college and university campuses and other recreational facilities, the Director shall make grants or enter into contracts for the conduct of an annual national youth sports program concentrated in the summer months and with continued activities throughout the year, so as to offer disadvantaged youth living in areas of rural and urban poverty an opportunity to receive such recreation and educational instruction, information, and services and to participate in such physical fitness programs and sports competitions.

(b) No assistance may be provided under this section unless satisfactory assurances are received that (1) not less than 90 per centum of the youths participating in each program to be assisted under this section are from families with incomes below the poverty level as determined by the Director, and that such participating youths and other neighborhood residents, through the involvement of the appropriate community action agency or otherwise, will have maximum participation in program planning and operation and (2) all significant segments of the low-income population of the community to be served will be served on an equitable basis in terms of participating youths and instructional and other support personnel.

(c) Programs under this section shall be administered by the Director through grants or contracts with any qualified organization of colleges and universities or such other qualified nonprofit organizations active in the field with access to appropriate recreational facilities as the Director shall determine in accordance with regulations which the Director shall prescribe. Each such grant or contract and subcontract with participating institutions of higher education or other qualified organizations active in the field shall contain provisions to assure that the program to be assisted will provide a non-Federal contribution (in cash or in kind) of no less than 20 per centum of the direct costs necessary to carry out the program. Each such grant, contract, or subcontract shall include provisions for—

(1) providing opportunities for disadvantaged youth to engage in competitive sports and receive sports skills and physical fitness instruction and education in good health and nutrition practices;

(2) providing such youth with instruction and information regarding study practices, career opportunities, job responsibilities, and drug abuse;

(3) carrying out continuing related activities throughout the year;

(4) meeting the requirements of subsection (b) of this section;

(5) enabling the contractor and institutions of higher education or other qualified organizations active in the field located conveniently to such areas of poverty and the students and personnel of such institutions or organizations active in the

field to participate more fully in the community life and in solutions of community problems; and

(6) serving metropolitan centers of the United States and rural areas, within the limits of program resources.

(42 U.S.C. 2814) As added September 19, 1972, P.L. 92-424, sec. 14, 86 Stat. 693; amended July 6, 1976, P.L. 94-341, sec. 2(a)(12), 90 Stat. 804; amended November 2, 1978, P.L. 95-568, sec. 17(a)(9), 92 Stat. 2440.

CONSUMER ACTION AND COOPERATIVE PROGRAMS

SEC. 228. (a) The Director shall make grants or enter into contracts to provide financial assistance for the development, technical assistance to and conduct of consumer action and advocacy and cooperative programs, credit resources development programs, and consumer protection and education programs designed to demonstrate various techniques and models and to carry out projects to assist and provide technical assistance to low-income persons to try to improve the quality, improve the delivery, and lower the price of goods and services, to obtain, without undue delay or burden, financial credit at reasonable cost, and to develop means of enforcing consumer rights, developing consumer grievance procedures and presenting consumer grievances, submitting consumer views and concerns for protection against unfair, deceptive, or discriminatory trade and commercial practices and educating low-income persons with respect to such rights, procedures, grievances, views and concerns.

(b) No assistance may be provided under this section unless the grantee or contracting organization or agency is a nonprofit organization and has as a primary function the goal of bringing about, through the involvement of the appropriate community action agency or otherwise, maximum possible participation of low-income persons in the project.

(c) The Director is authorized to make whatever arrangements are necessary to continue pilot or demonstration projects of demonstrated effectiveness, or which have not yet been evaluated until such time as an evaluation is conducted and the effectiveness determined and to carry out evaluations of such projects, of the type described in this section receiving assistance under section 232 of this Act during the fiscal year ending June 30, 1971 or June 30, 1972.

(42 U.S.C. 2815) As added September 19, 1972, P.L. 92-424, sec. 14, 86 Stat. 694; amended January 4, 1975, P.L. 93-644, sec. 5(d)(2), 88 Stat. 2295.

PART C—SUPPLEMENTAL PROGRAMS AND ACTIVITIES

TECHNICAL ASSISTANCE AND TRAINING

SEC. 230. The Director shall provide, directly or through grants or other arrangements (1) technical assistance to communities in developing, conducting, and administering programs under this title, and (2) training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purposes of this title. Upon request of an agency receiving financial assistance under this title, the Director shall, to the extent feasible, make special assignments of personnel to the agency to assist and advise it in the performance of functions

related to the assisted activity; but no such special assignment shall be for a period of more than two years in the case of any agency.

(42 U.S.C. 2823) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 703; amended November 2, 1978, P.L. 95–568, sec. 6(a), 92 Stat. 2427.

STATE AGENCY ASSISTANCE

SEC. 231. (a) The Director may provide financial assistance to State agencies designated in accordance with State law, to enable those agencies—

(1) to provide technical assistance to communities and local agencies in developing and carrying out programs under this title, with priority to programs funded under section 221 and section 222;

(2) to assist in coordinating State activities related to this title;

(3) to advise and assist the Director in developing procedures and programs to promote the participation of States and State agencies in programs under this title;

(4) to advise and assist the Director, the Economic Opportunity Council established by section 631 of the Act, and the heads of other Federal agencies, in identifying problems posed by Federal statutory or administrative requirements that operate to impede State level coordination of programs related to this title, and in developing methods or recommendations for overcoming those problems;

(5) to advise the Director and the chief elected official of the State on the status and impact of State and Federal programs and services affecting low-income individuals in the State; and

(6) to assist programs funded under section 221 and section 222 in coordinating and utilizing services available through other State agencies.

(b) In any grants or contracts with State agencies, the Director shall give preference to programs or activities which are administered or coordinated by the agencies designated pursuant to subsection (a), or which have been developed and will be carried on with the assistance of those agencies.

(c) In order to promote coordination in the use of funds under this Act and funds provided or granted by State agencies, the Director may enter into agreements with States or State agencies pursuant to which they will act as agents of the United States for purposes of providing financial assistance to community action agencies or other local agencies in connection with specific projects or programs involving the common or joint use of State funds and funds under this title.

(d) If any member of a board to which section 211(b) is applicable files an allegation with the Director that an agency receiving assistance under this section is not observing any requirement of this Act, or any regulation, rule, or guideline promulgated by the Director under this Act, the Director shall promptly investigate such allegation and shall consider it; and, if after such investigation and consideration the Director finds reasonable cause to believe that the allegations are true, the Director shall hold a hearing, upon the conclusion of which the Director shall notify all interested

persons of the findings of the Director. If the Director finds that the allegations are true, and that, after being afforded a reasonable opportunity to do so, the agency has failed to make appropriate corrections, the Director shall forthwith terminate further assistance under this title to such agency until the Director has received assurances satisfactory to the Director that further violations will not occur.

(42 U.S.C. 2824) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 703; amended September 19, 1972, P.L. 92–424, sec. 15, 86 Stat. 695; amended November 2, 1978, P.L. 95–568, secs. 6(b)–(c), 17(a)(10), 92 Stat. 2428, 2440.

RESEARCH AND PILOT PROGRAMS

SEC. 232. (a) The Director may contract or provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this title. The Director may also contract or provide financial assistance for research pertaining to the purposes of this title.

(b) The Director shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of preventing duplication among similar activities or projects and determining whether the findings resulting from any research or pilot projects may be incorporated into one or more programs for which those agencies are responsible. As part of the annual report required by section 608, or in a separate annual report, the Director shall submit a description for each fiscal year of the current plan required by this section, of activities subject to the plan, and of the findings derived from those activities, together with a statement indicating the time and, to the extent feasible, the manner in which the benefits of those activities and findings are expected to be realized.

(c) Not more than 15 per centum of the sums appropriated or allocated in any fiscal year for this title shall be used for the purposes of this section. One-third of the sums so appropriated or allocated shall be available only for projects authorized under subsection (f) of this section.

(d) No pilot or demonstration project under this section shall be commenced in any city, county, or other major political subdivision unless a plan setting forth such proposed pilot or demonstration project has been submitted to the appropriate community action agency, or, if there is no such agency, to the local governing officials of the political subdivision, and such plan has not been disapproved by the community action agency or governing body, as the case may be, within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by the Director to be fully consistent with the provisions and in furtherance of the purposes of this title.

(e) The Director shall develop and carry out pilot projects which (1) aid elderly persons to achieve greater self-sufficiency, (2) focus upon the problems of rural poverty, (3) are designed to develop new

techniques and community-based efforts to prevent narcotics addiction or to rehabilitate narcotic addicts, or (4) are designed to encourage the participation of private organizations other than nonprofit organizations, in programs under this title.

(f) The Director shall conduct, either directly or through grants or other arrangements, research and pilot projects designed to assure a more effective use of human and natural resources of rural America and to slow the migration from rural areas due to lack of economic opportunity, thereby reducing population pressures in urban centers. Such projects may be operated jointly or in cooperation with other federally assisted programs, particularly programs authorized under the Public Works and Economic Development Act of 1965, in the area to be served by the project.

(42 U.S.C. 2825) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 703; amended November 2, 1978, P.L. 95–568, secs. 6(d), 17(a)(11), 92 Stat. 2428, 2440.

SPECIAL ASSISTANCE

SEC. 234.[1] The Director may provide financial assistance for projects conducted by public or private nonprofit agencies which are designed to serve groups of low-income individuals who are not being effectively served by other programs under this title. In administering this section, the Director shall give special consideration to programs designed to assist older persons and other low-income individuals who do not reside in low-income areas and who are not being effectively served by other programs under this title.

(42 U.S.C. 2827) As added September 19, 1972, P.L. 92–424, sec. 16, 86 Stat. 695.

DEMONSTRATION COMMUNITY PARTNERSHIP AGREEMENTS

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

(b) Matching local and State funds supplied under this section shall be in cash and shall represent State and local initiatives newly obligated within the previous year to the purposes of the grant-supported activity; and no program shall be approved for assistance under this section unless the Director is satisfied (1) that the activities to be carried out under such program will be in addition to, and not in substitution for, activities previously carried on without Federal assistance, (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State will not be diminished in order to

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[1] New section 234 was added by section 16 of the Economic Opportunity Amendments of 1972, Public Law 92–424, September 19, 1972, 86 Stat. 695. Former section 233 (regarding the evaluation of programs under title II) was repealed by section 27(b)(1) of such Amendments. Section 27(a) of such Amendments added a new title IX to the Economic Opportunity Act of 1964 providing for the continuing evaluation of programs under the Act and of programs authorized under related Acts.

provide the contributions required under this section. The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

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

(42 U.S.C. 2828) As added January 4, 1975, P.L. 93–644, sec. 5(f), 88 Stat. 2296; amended July 6, 1976, P.L. 94–341, sec. 2(a)(13), 90 Stat. 804; amended November 2, 1978, P.L. 95–568, sec. 17(a)(12), 92 Stat. 2440.

FUNDS AVAILABLE

SEC. 236.[1] There is also authorized to be appropriated not to exceed $50,000,000 to carry out section 235 during the fiscal year 1975, and such sums as may be necessary during each of the six succeeding fiscal years, except that in no event may more than 12½ per centum of such additional amounts be used in any one State.

(42 U.S.C. 2830) As added January 4, 1975, P.L. 93–644, sec. 5(f), 88 Stat. 2297; amended November 2, 1978, P.L. 95–568, sec. 6(d)–(e), 92 Stat. 2428.

PART D—GENERAL AND TECHNICAL PROVISIONS

RURAL AREAS

SEC. 241.[2] (a) In exercising authority under this title, the Director shall take necessary steps to further the extension of benefits to residents of rural areas, consistent with the extent and severity of poverty among rural residents, and to encourage high levels of managerial and technical competence in programs undertaken in rural areas. These steps shall include, to the maximum extent practicable; (1) the development under section 222(a) of programs particularly responsive to special needs of rural areas; (2) the establishment, pursuant to section 232, of a program of research and pilot project activities specifically focused upon the problems of rural poverty; (3) the provision of technical assistance so as to afford a priority to agencies in rural communities and to aid those agencies, through such arrangements as may be appropriate, in securing assistance under Federal programs which are related to this title but which are not generally utilized in rural areas; and (4) the development of special or simplified procedures, forms, guidelines, model components, and model programs for use in rural areas.

(b) The Director shall establish criteria designed to achieve an equitable distribution of assistance under this title within the States between urban and rural areas. In developing such criteria, the Director shall consider the relative number in the States or

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[1] Former section 236 (relating to Intergovernmental Advisory Council on Community Services) was repealed by section 6(d) of the Economic Opportunity Amendments of 1978, Public Law 95–568, November 2, 1978, 92 Stat. 2428.

[2] Section 240 (relating to Assistant Directors for Community Action) was repealed by section 7(a) of the Economic Opportunity Amendments of 1978, Public Law 95–568, November 2, 1978, 92 Stat. 2428.

areas therein of: (1) low-income families, particularly those with children; (2) unemployed persons; (3) persons receiving cash or other assistance on a needs basis from public agencies or private organizations; (4) school dropouts; (5) adults with less than an eighth-grade education; (6) persons rejected for military service; and (7) poor persons living in urban places compared to the number living in rural places as determined by the latest reports of the Bureau of the Census.

(c) Notwithstanding any other provision of this title, the Director is authorized to provide financial assistance in rural areas to public or private nonprofit agencies for any project for which assistance to community action agencies is authorized, if the Director determines that it is not feasible to establish a community action agency within a reasonable period of time. The assistance so granted shall be subject to such conditions as the Director deems appropriate to promote adherence to the purposes of this title and the early establishment of a community action agency in the area.

(d) The Director shall encourage the development of programs for the interchange of personnel, for the undertaking of common or related projects, and other methods of cooperation between urban and rural communities, with particular emphasis on fostering cooperation in situations where it may contribute to new employment opportunities, and between larger urban communities with concentrations of low-income persons and families and rural areas in which substantial numbers of those persons and families have recently resided.

(42 U.S.C. 2833) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 705; amended November 2, 1978, P.L. 95–568, sec. 17(a)(13), 92 Stat. 2440.

SUBMISSION OF PLANS TO GOVERNORS

SEC. 242. In carrying out the provisions of this title, no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State of local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by the Director to be fully consistent with the provisions and in furtherance of the purposes of this title. Funds to cover the costs of the proposed contract, agreement, grant, loan, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of the approval of this Act.

(42 U.S.C. 2834) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 706; amended December 30, 1969, P.L. 91–177, sec. 107(a), 83 Stat. 830; amended November 2, 1978, P.L. 95–568, sec. 17(a)(14), 92 Stat. 2440.

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FISCAL RESPONSIBILITY AND AUDIT

SEC. 243. (a) No funds shall be released to any agency receiving financial assistance under this title until it has submitted to the Director a statement certifying that the assisted agency and its delegate agencies (or subcontractors for performance of any major portion of the assisted program) have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency and encourage compliance with prescribed management policies and such additional fiscal responsibility and accounting requirements as the Director may establish. The statement may be furnished by a certified public accountant, a duly licensed public accountant or, in the case of a public agency, the appropriate public financial officer who accepts responsibility for providing required financial services to that agency.

(b) Within three months after the effective date of a grant to or contract of assistance with an organization or agency, the Director shall make or cause to be made a preliminary audit survey to review and evaluate the adequacy of the accounting system and internal controls established thereunder to meet the standards set forth in the statement referred to in subsection (a). Promptly after the completion of the survey, the Director shall determine on the basis of findings and conclusions resulting from the survey whether the accounting systems and internal controls meet those standards and, if not, whether to suspend the grant or contract. In the event of suspension, the assisted agency shall be given not more than six months within which to establish the necessary systems and controls, and, in the event of failure to do so within such time period, the assistance shall be terminated by the Director.

(c) At least once annually the Director shall make or cause to be made an audit of each grant or contract of assistance under this title. Promptly after the completion of such audit, the Director shall determine on the basis of resulting findings and conclusions whether any of the costs of expenditures incurred shall be disallowed. In the event of disallowance, the Director may seek recovery of the sums involved by appropriate means, including court action or a commensurate increase in the required non-Federal share of the costs of any grant or contract with the same agency or organization which is then in effect or which is entered into within twelve months after the date of disallowance.

(d) The Director shall establish such other requirements and take such actions as the Director may deem necessary and appropriate to carry out the provisions of this section and to insure fiscal responsibility and accountability, and the effective and efficient handling of funds in connection with programs assisted under this title. These requirements and actions shall include (1) necessary action to assure that the rate of expenditure of any agency receiving financial assistance does not exceed the rate contemplated under its approved program; and (2) appropriate requirements to promote the continuity and coordination of all projects or components of programs receiving financial assistance under this title, including provision for the periodic reprograming and supplementation of assistance previously provided.

(42 U.S.C. 2835) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 706; amended November 2, 1978, P.L. 95–568, sec. 17(a)(15), 92 Stat. 2440.

SPECIAL LIMITATIONS

SEC. 244. The following special limitations shall apply, as indicated, to programs under this title.

(1) Financial assistance under this title may include funds to provide a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council or committee, as appropriate to assure and encourage the maximum feasible participation of members of groups and residents of areas served in accordance with the purposes of this title, and to provide reimbursement of actual expenses connected with those meetings; but those funds (or matching non-Federal funds) may not be used to pay allowances in the case of any individual who is a Federal, State, or local government employee, or an employee of a community action agency, or for payment of an allowance to any individual for attendance at more than two meetings a month.

(2) The Director shall issue necessary rules or regulations to assure that no employee engaged in carrying out community action program activities receiving financial assistance under this title is compensated from funds so provided at a rate in excess of $18,000 per annum, and that any amount paid to such an employee at a rate in excess of $18,000 per annum shall not be considered in determining whether the non-Federal contributions requirements of section 225(c) have been complied with; the Director may, however, provide in those rules or regulations for exceptions covering cases where, because of the need for specialized or professional skills or prevailing local salary levels, application of the foregoing restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

(3) No officer or employee of the Office of Economic Opportunity shall serve as member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title; but this shall not prohibit an officer or employee from serving on a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

(4) In granting financial assistance for projects or activities in the field of family planning, the Director shall assure that family planning services, including the dissemination of family planning information and medical assistance and supplies, are made available to all low-income individuals who meet the criteria for eligibility for assistance under this title which have been established by the assisted agency and who desire such information, assistance, or supplies. The Director shall require, in connection with any such financial assistance, that—

(A) no individual will be provided with any information, medical supervison, or supplies which that individual indicates are inconsistent with the moral, philosophical, or religious beliefs of such individual; and

(B) no individual will be provided with any medical supervision or supplies unless such individual has voluntarily requested such medical supervision or supplies.

The use of family planning services assisted under this title shall not be a prerequisite to the receipt of services from or participation in any other programs under this Act.

(5) No financial assistance shall be extended under this title to provide general aid to elementary or secondary education in any school or school system; but this shall not prohibit the provision of special, remedial, and other noncurricular educational assistance.

(6) In extending assistance under this title the Director shall give special consideration to programs which make maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

(7) No financial assistance shall be extended under this title in any case in which the Director determines that the costs of developing and administering all of the programs assisted under this title carried on by or under the supervision of any community action agency exceed 15 per centum of the total costs, including non-Federal contributions to such costs, of such programs. The Director, after consultation with the Director of the Bureau of the Budget, shall establish by regulation, criteria for determining (i) the costs of developing and administering such programs, and (ii) the total costs of such programs. In any case in which the Director determines that the cost of administering such programs does not exceed 15 per centum of such total costs but is, in the judgment of the Director excessive, the Director, shall forthwith require such community action agency to take such steps prescribed by the Director as will eliminate such excessive administrative cost, including the sharing by one or more such community action agencies of a common director and other administrative personnel. The Director may waive the limitation prescribed by this paragraph for specific periods of time not to exceed six months whenever the Director determines that such a waiver is necessary in order to carry out the purposes of this title.

(8) Consistent with the provisions of this Act, the Director shall assure that financial assistance under this title will be distributed on an equitable basis in any community and within any State so that all significant segments of the low-income population are being served.

(42 U.S.C. 2836) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 707; amended September 19, 1972, P.L. 92–424, sec. 17, 86 Stat. 695; amended November 2, 1978, P.L. 95–568, sec. 7(b), 17(a)(16), 92 Stat. 2428, 2440.

DURATION OF PROGRAM

SEC. 245. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the fourteen succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law.

(42 U.S.C. 2837) As added December 23, 1967, P.L. 90–222, sec. 104, 81 Stat. 709; amended December 30, 1969, P.L. 91–177, sec. 101(b), 83 Stat. 827; amended September 19, 1972, P.L. 92–424, sec. 2(a), 86 Stat 688, amended January 4, 1975, P.L. 93–644, sec. 14(a), 88 Stat. 2329; amended November 2, 1978, P.L. 95–568, sec. 7(c), 92 Stat. 2428.

TITLE III—SPECIAL PROGRAMS TO COMBAT POVERTY IN RURAL AREAS[1]

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to meet some of the special needs of low-income rural families by establishing a program of loans to assist in raising and maintaining their income living standards.

(42 U.S.C. 2841) Enacted August 30, 1964, P.L. 88–452, sec. 301, 78 Stat. 524; amended December 23, 1967, P.L. 90–222, sec. 105(b), 81 Stat. 709; amended November 2, 1978, P.L. 95–568, sec. 8(b)(1), 92 Stat. 2428.

LOANS TO FAMILIES

SEC. 302. (a) The Director is authorized to make loans having a maximum maturity of 15 years and in amounts not resulting in an aggregate principal indebtedness of more than $3,500 at any one time to any low income rural family where, in the judgment of the Director, such loans have a reasonable possibility of effecting a permanent increase in the income of such families, or, in the case of the elderly, will contribute to the improvement of their living or housing conditions by assisting or permitting them to—

(A) acquire or improve real estate or reduce encumbrances or erect improvements thereon,

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

(C) participate in cooperative associations; and/or to finance nonagricultural enterprises which will enable such families to supplement their income.

(b) Loans under this section shall be made only if the family is not qualified to obtain such funds by loan under other Federal programs.

(42 U.S.C. 2851) Enacted August 20, 1964, P.L. 88–452, sec. 302, 78 Stat. 524; amended October 9, 1965, P.L. 89–253, sec. 21, 79 Stat. 976; amended November 8, 1966, P.L. 89–794, sec. 301(a), 80 Stat. 1464; amended December 23, 1967, P.L. 90–222, sec. 105(c), 81 Stat. 709; amended December 30, 1969, P.L. 91–177, sec. 108, 83 Stat. 830.

COOPERATIVE ASSOCIATIONS

SEC. 303. The Director is authorized to make loans to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income rural families.

(42 U.S.C. 2852) Enacted August 20, 1964, P.L. 88–452, sec. 303, 78 Stat. 524.

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[1] Part B of title III (relating to assistance for migrant, and other seasonally employed, farmworkers and their families) and part C of title III (relating to duration of program) were repealed by section 8(a)(2) of the Economic Opportunity Amendments of 1978, Public Law 95–568, November 2, 1978, 92 Stat. 2428.

LIMITATIONS ON ASSISTANCE

SEC. 304. No financial or other assistance shall be provided under this part unless the Director determines that—

(a) the providing of such assistance will materially further the purposes of this part, and

(b) in the case of assistance provided pursuant to section 303, the applicant is fulfilling or will fulfill a need for services, facilities, or activities which is not otherwise being met.

(42 U.S.C. 2853) Enacted August 20, 1964, P.L. 88-452, sec. 304, 78 Stat. 524.

LOAN TERMS AND CONDITIONS

SEC. 305. Loans pursuant to sections 302 and 303 shall have such terms and conditions as the Director shall determine, subject to the following limitations:

(a) there is reasonable assurance of repayment of the loan;

(b) the credit is not otherwise available on reasonable terms from private sources or other Federal, State, or local programs;

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

(d) the loan bears interest at a rate not less than (1) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (2) such additional charge, if any, toward covering other costs of the program as the Director may determine to be consistent with its purposes;

(e) with respect to loans made pursuant to section 303, the loan is repayable within not more than thirty years; and

(f) no financial or other assistance shall be provided under this part to or in connection with any corporation or cooperative organization for the production of agricultural commodities or for manufacturing purposes: *Provided,* That (1) packing, canning, cooking, freezing, or other processing used in preparing or marketing edible farm products, including dairy products, shall not be regarded as manufacturing merely by reason of the fact that it results in the creation of a new or different substance; and (2) a cooperative organization formed by and consisting of members of an Indian tribe (including any tribe with whom the special Federal relationship with Indians has been terminated) engaged in the production of agricultural commodities, or in manufacturing products, on an Indian reservation (or former reservation in the case of tribes with whom the special Federal relationship with Indians has been terminated) shall not be regarded as a cooperative organization within the purview of this clause.

(42 U.S.C. 2854) Enacted August 20, 1964, P.L. 88-452, sec. 305, 78 Stat. 524; amended October 9, 1965, P.L. 89-253, sec. 22, 79 Stat. 977; amended November 8, 1966, P.L. 89-794, sec. 301(b), 80 Stat. 1464.

REVOLVING FUND

SEC. 306. (a) To carry out the lending and guaranty functions authorized under this part there is authorized to be established a revolving fund. The capital of the fund shall consist of such

amounts as may be advanced to it by the Director from funds appropriated pursuant to section 321 and shall remain available until expended.

(b) The Director shall pay into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the capital of the fund at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity during the last month of the preceding fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest.

(c) Whenever any capital in the fund is determined by the Director to be in excess of current needs, such capital shall be credited to the appropriation from which advanced, where it shall be held for future advances.

(d) Receipts from any lending and guaranty operations under this title shall be credited to the fund. The fund shall be available for the payment of all expenditures of the Director for loans, participations, and guaranties authorized under this title.

(42 U.S.C. 2855) Enacted August 20, 1964, P.L. 88-452, sec. 606, 78 Stat. 531; amended November 8, 1966, P.L. 89-794, sec. 407, 80 Stat. 1465; renumbered and amended December 23, 1967, P.L. 90-222, sec. 105(d), 81 Stat. 709; amended August 23, 1974, P.L. 93-386, sec. 2(b) 88 Stat. 745; amended July 6, 1976, P.L. 94-341, sec. 2(a)(15), 90 Stat. 804; amended November 2, 1978, P.L. 95-568, sec. 8(b)(2), 92 Stat. 2428.

AUTHORIZATION OF APPROPRIATIONS

SEC. 307. There is authorized to be appropriated for the purpose of carrying out the provisions of this title $3,000,000 for fiscal year 1979, $5,000,000 for fiscal year 1980, and $7,000,000 for fiscal year 1981.

(42 U.S.C. 2856) As added November 2, 1978, P.L. 95-568, sec. 8(a)(3), 92 Stat. 2428.

TITLE IV—ASSISTANCE FOR MIGRANT AND OTHER SEASONALLY EMPLOYED FARMWORKERS AND THEIR FAMILIES

STATEMENT OF PURPOSE

SEC. 401. The purpose of this title is to assist migrant and seasonal farmworkers and their families to improve their living conditions and develop skills necessary for a productive and self-sufficient life in an increasingly complex and technological society.

(42 U.S.C. 2901) As added November 2, 1978, P.L. 95-568 sec. 9, 92 Stat. 2429.

FINANCIAL ASSISTANCE

SEC. 402. (a) The Director may provide financial assistance to assist State and local agencies, private nonprofit institutions, and cooperatives in developing and carrying out programs to fulfill the purpose of this title.

(b) Programs assisted under this title may include projects or activities—

(1) to meet the immediate needs of migrant and seasonal farmworkers and their families, such as day care for children,

education, health services, improved housing and sanitation (including the provision and maintenance of emergency and temporary housing and sanitation facilities), legal advice and representation, and consumer training and counseling;

(2) to promote increased community acceptance of migrant and seasonal farmworkers and their families; and

(3) to equip unskilled migrant and seasonal farmworkers and members of their families, as appropriate, through education and developmental programs to meet the changing demands in agricultural employment brought about by technological advancement and to take advantage of opportunities available to improve their well-being and self-sufficiency by gaining regular or permanent employment or by participating in available federally assisted employment or training programs.

(42 U.S.C. 2902) As added November 2, 1978, P.L. 95–568, sec. 9, 92 Stat. 2429.

LIMITATIONS ON ASSISTANCE

SEC. 403. (a) Assistance may not be extended under this title unless the Director determines that the applicant will maintain its prior level of effort in similar activities.

(b) The Director shall establish necessary procedures or requirements to assure that programs under this title are carried out in coordination with other programs or activities providing assistance to the persons and groups served.

(42 U.S.C. 2903) As added November 2, 1978, P.L. 95–568, sec. 9, 92 Stat. 2429.

TECHNICAL ASSISTANCE TRAINING AND EVALUATION

SEC. 404. The Director may provide directly or through grants, contracts, or other arrangements, such technical assistance or training of personnel as may be required to implement effectively the purpose of this title.

(42 U.S.C. 2904) As added November 2, 1978, P.L. 95–568, sec. 9, 92 Stat. 2429.

SPECIAL RESPONSIBILITIES

SEC. 405. The Director shall be responsible for coordinating programs under this title with other Federal programs designed to assist or serve migrant and seasonal farmworkers, for reviewing and monitoring such programs, and for insuring that programs assisted under this title cooperate with and receive the cooperation of programs assisted under section 221 in communities which such programs mutually serve. Programs under this title shall be administered at the national level.

(42 U.S.C. 2905) As added November 2, 1978, P.L. 95–568, sec. 9, 92 Stat. 2430.

AUTHORIZATION OF APPROPRIATIONS

SEC. 406. There are authorized to be appropriated for carrying out the purposes of this title $3,000,000 for fiscal year 1979, $5,000,000 for fiscal year 1980, $8,000,000 for fiscal year 1981.

(42 U.S.C. 2906) As added November 2, 1978, P.L. 95–568, sec. 9, 92 Stat. 2430.

TITLE V—HEADSTART AND FOLLOW THROUGH

SHORT TITLE

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

(42 U.S.C. 2921) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2300.

STATEMENT OF PURPOSE

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

(42 U.S.C. 2922) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2300.

POLICY WITH RESPECT TO INDIAN AND MIGRANT CHILDREN

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

(42 U.S.C. 2923) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2300.

PART A—HEADSTART PROGRAMS

FINANCIAL ASSISTANCE FOR HEADSTART PROGRAMS

SEC. 511. The Secretary may, upon application by an agency which is eligible for designation as a Headstart agency pursuant to section 514, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Headstart program focused primarily upon children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential, and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

(42 U.S.C. 2928) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2300.

AUTHORIZATION OF APPROPRIATIONS

SEC. 512. There are authorized to be appropriated for carrying out the purposes of this part such sums as may be necessary for fiscal years 1979 through 1981.

(42 U.S.C. 2928a) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2301; amended November 2, 1978, P.L. 95-568, sec. 10(a), 92 Stat. 2430.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 513. (a)(1) Of the sums appropriated pursuant to section 512 for any fiscal year beginning after September 30, 1978, the Secretary shall allot such sums in accordance with paragraphs (2) through (4).

(2) The Secretary shall allot at least 78 percent among the States, in accordance with the latest satisfactory data available, so that equal proportions are distributed on the basis of—

(A) the relative number of recipients receiving payments 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

(B) the relative number of related 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.

(3)(A) Subject to the provisions of subsection (b), the Secretary shall reserve 20 percent of the sums so appropriated for each fiscal year for use in accordance with the following order of priorities:

(i) funding shall be given with equal consideration to Indian and migrant Headstart programs and to services for handicapped children, except that—

(I) there shall be made available, for use by Indian and migrant Headstart programs, nationally, no less funds for fiscal year 1979 and thereafter than were obligated for use by Indian and migrant Headstart programs in fiscal year 1978, and

(II) cost-of-living adjustments (which shall, at the minimum reflect changes in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor) shall be made with respect to such Indian and migrant Headstart programs in fiscal year 1979 and thereafter;

(ii) payments shall be made available to each State or territory, if necessary, to maintain such State or territory at a level of funding equal to its level of funding for fiscal year 1978;

(iii) training and technical assistance activities which, at a minimum, are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities; and

(iv) subject to the provisions of subparagraph (B), the remainder in accordance with such criteria and procedures as the Secretary shall prescribe by regulation.

(B) Additional financial assistance for a fiscal year may be provided to a State if funds are available after meeting the requirements of clauses (i) through (iii) of subparagraph (A), for purposes other than assistance to Indian and migrant programs, services for handicaped children, payments under subparagraph (A)(ii), and training and technical assistance activities, only if such State's allotment for such fiscal year under paragraph (2) and subparagraph (A)(ii) is not greater than 175 percent of the amount such State is eligible to receive in such fiscal year under paragraph (2).

(4)(A) Subject to the provisions of subparagraph (E), the Secretary shall reserve 2 percent of the sums appropriated for—

(i) allotment among Guam, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands, according to their respective needs, and

(ii) the provision of assistance to States in accordance with the provisions of subparagraph (C).

(B) A State shall receive the total amount of assistance calculated under subparagraph (C) for any fiscal year if—

(i) such State receives an allotment under paragraph (2) and paragraph (3)(A)(ii) which is greater than 100 percent and less than 140 percent of the amount such State is eligible to receive under paragraph (2); or

(ii) such State receives an allotment under paragraph (2) only and such allotment, as compared to the total amount of assistance received by such State in the previous fiscal year, represents an increase which is less than 50 percent of the percentage increase in the appropriation for such fiscal year for which the determination is made as compared to the appropriation for the fiscal year preceding the fiscal year for which the determination is made.

(C) Except as provided in subparagraph (D), each State specified in subparagraph (B) shall receive a total amount of assistance for any fiscal year which is equal to the sum of—

(i) the amount of the allotment received by such State under paragraph (2);

(ii) the amount of any payments received by such State under paragraph (3)(A)(ii); and

(iii) an amount equal to the difference between—

(I) an amount equal to the sum of the total amount of assistance received by such State for the fiscal year preceding the fiscal year for which the determination is made; and the amount derived by multiplying the total amount of assistance received by such State for the most recent fiscal year by a percentage equal to one-half of the percentage increase in the appropriation for that fiscal year for which the determination is made as compared to the appropriation for the fiscal year preceding the fiscal year for which the determination is made; and

(II) the total of the payments received by such State under paragraph (2) and paragraph (3)(A)(ii) for the fiscal year for which the determination is made.

In the case of any fiscal year for which there is no increase in the appropriation as compared to the appropriation for the preceding fiscal year, each State specified in subparagraph (B) shall receive a total amount of assistance for such fiscal year which is equal to the total amount of assistance such State received for such preceding fiscal year. In the case of any fiscal year for which there is a reduction in the appropriation as compared to the appropriation for the preceding fiscal year, the Secretary shall make such adjustments in the total amount of assistance which each State otherwise would receive under this subparagraph as may be necessary to assure an equitable distribution of such assistance under this subparagraph.

(D) For fiscal year 1979, each State described in subparagraph (B) shall receive payments in an amount equal to 69 percent of the percentage increase, up to 9 percent, in the appropriation for fiscal year 1979 over the appropriation for fiscal year 1978, or 50 percent of the percentage increase in the appropriation for fiscal year 1979 over the appropriation for fiscal year 1978, whichever is greater.

(E)(i) Any funds not allotted according to the provisions of this paragraph for any fiscal year shall be allotted according to the provisions of paragraph (2) to those States which, for such fiscal year, receive an allotment under paragraph (2) only.

(ii) If sums reserved under subparagraph (A) of this paragraph are insufficient in any fiscal year to carry out the provisions of subparagraphs (A), (B), (C), and (D) of this paragraph, the Secretary shall transfer from sums reserved under paragraph (3) an amount necessary to carry out such provisions.

(b) Whenever funds appropriated pursuant to section 512 for any fiscal year beginning after September 30, 1978, are equivalent to, or exceed $800,000,000, the Secretary, pursuant to the provision of subsection (a)(3), shall reserve not more than 20 percent of $800,000,000 or 15 percent of the funds so appropriated, whichever is greater.

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

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

(e) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1975 not less than 10 per centum of the total number of enrollment opportunities in Headstart programs in the Nation shall be available for handicapped children and that for fiscal year 1976 and thereafter no less than 10 per centum of the total number of enrollement opportunities in Headstart programs in each State shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Headstart programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

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

(42 U.S.C. 2928b) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2301; amended November 2, 1978, P.L. 95-568, secs. 10(b), 17(a)(17), 92 Stat. 2430-2432, 2441.

DESIGNATION OF HEADSTART AGENCIES

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

(b) For the purposes of this title, a community may be a city, county, 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 Headstart program.

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

(d) The Secretary shall require that the practice of significantly involving parents and area residents affected by the program in selection of Headstart agencies be continued.

(42 U.S.C. 2928c) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2302; amended July 6, 1976, P.L. 94-341, sec. 2(a)(18), 90 Stat. 804; amended November 2, 1978, P.L. 95-568, sec. 10(c), 92 Stat. 2432.

POWERS AND FUNCTIONS OF HEADSTART AGENCIES

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

(b) In order to be so designated, a Heastart 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, and (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

(42 U.S.C. 2928d) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2302; amended November 2, 1978, P.L. 95-568, sec. 10(d), 92 Stat. 2432.

SUBMISSION OF PLANS TO GOVERNORS

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

(42 U.S.C. 2928e) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2302; amended November 2, 1978, P.L. 95-568, sec. 17(a)(18), 92 Stat. 2441.

ADMINISTRATIVE REQUIREMENTS AND STANDARDS

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

(b) No financial assistance shall be extended under the Act in any case in which the Secretary determines that the costs of developing and administering a program assisted under the Act exceed

15 per centum of the total costs, including non-Federal contributions to such costs, of such program. The Secretary shall establish by regulation, criteria for determining (i) the costs of developing and administering such program and (ii) the total costs of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 per centum of such total costs but is, in the judgment of the Secretary, excessive, the Secretary shall forthwith require the recipient of such financial assistance to take such steps prescribed by the Secretary as will eliminate such excessive administrative cost, including the sharing by one or more Headstart agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this paragraph for specific periods of time not to exceed twelve months whenever the Secretary determines that such a waiver is necessary in order to carry out the purposes of the Act.

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

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

(42 U.S.C. 2928f) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2303; amended July 6, 1976, P.L. 94–341, sec. 2(a)(19), 90 Stat. 804; amended November 2, 1978, P.L. 95–568, secs. 10(e), 17(a)(19), 92 Stat. 2432, 2441.

PARTICIPATION IN HEADSTART PROGRAMS

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

(2) Whenever a Headstart 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 Secre-

tary 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 sections 332(a)(1) of such Act, (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 per centum of the families to be served in the community are eligible under the eligibility criteria established by the Secretary under paragraph (1) of this subsection, the Headstart 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 Headstart programs, unless such fees are authorized by legislation hereafter enacted. Nothing in this subsection shall be construed to prevent the families of children who participate in Headstart programs and who are willing and able to pay the full cost of such participation from doing so.

(42 U.S.C. 2928g) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2304; amended November 2, 1978, P.L. 95–568, sec. 10(f), 92 Stat. 2432–2433.

APPEALS, NOTICE, AND HEARING

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

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

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

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

(42 U.S.C. 2928h) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2304; amended November 2, 1978, P.L. 95–568, sec. 17(a)(20), 92 Stat. 2441.

RECORDS AND AUDITS

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

cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

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

(42 U.S.C. 2928i) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2305.

TECHNICAL ASSISTANCE AND TRAINING

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

(42 U.S.C. 2928j) As added January 4, 1975; P.L. 93–644, sec. 8(a) 88 Stat. 2305.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 522. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this part.

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

(42 U.S.C. 2928k) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2305.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS CONTRACTS

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

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

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

(b) The public announcements required by subsection (a)(1) of this section shall be made within thirty days of making such grants or contracts, and the public announcements required by subsection (a)(2) of this section shall be made within ninety 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 title shall become the property of the United States.

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

(42 U.S.C. 2928*l*) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2305; amended July 6, 1976, P.L. 94–341, sec. 2(a)(20), 90 Stat. 805; amended November 2, 1978, P.L. 95–568, sec. 10(g)–(h), 92 Stat. 2433.

EVALUATION

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

(b) The Secretary shall operate the programs and projects covered by this part in accordance with Headstart 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 part.

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

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

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

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

(42 U.S.C. 2928m) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2306; amended November 2, 1978, P.L. 95–568, sec. 10(i), 92 Stat. 2433.

POVERTY LINE

SEC. 525. (a) The Secretary shall revise annually (or at any shorter interval the Secretary deems feasible and desirable) a pov-

erty line which, except as provided in section 518, shall be used as a criterion of eligibility for participation in Headstart programs.

(b) The revision required by subsection (a) of this section shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

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

(42 U.S.C. 2928n) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2306; amended July 6, 1976, P.L. 94-341, sec. 2(a)(21), 90 Stat. 805; amended November 2, 1978, P.L. 95-568, sec. 17(a)(21), 92 Stat. 2441.

Part B—Follow Through Programs

FINANCIAL ASSISTANCE FOR FOLLOW THROUGH PROGRAMS

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

(2) Whenever the Secretary determines (A) that a local educational agency receiving assistance under paragraph (1) is unable or unwilling to include in a Follow Through program children enrolled in nonprofit private schools who would otherwise be eligible to participate therein, or (B) that it is otherwise necessary in order to accomplish the purposes of this section, 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.

(3) 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 paragraph (1) to their full potential. Such projects shall provide for the direct participation of the parents of such children in the development, conduct, and overall direction of the program at the local level. If the Secretary determines that participation in the project of children who are not from low-income families will serve to carry out the purposes of this section, 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

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[1] Section 551 contains a subsection (a) but does not contain any other subsections.

dilute the effectiveness of the services designed for children described in paragraph (1) of this subsection.

(42 U.S.C. 2929) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2306; amended November 2, 1978. P.L. 95–568, secs. 11(a)–(b), 17(a)(22), 92 Stat. 2433, 2441.

AUTHORIZATION OF APPROPRIATIONS

SEC. 552. (a) There is authorized to be appropriated for carrying out the purposes of this part $70,000,000 for fiscal year 1979, $85,000,000 for fiscal year 1980, and $100,000,000 for fiscal year 1981. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

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

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

(42 U.S.C. 2929a) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2307; amended November 2, 1978, P.L. 95–568, secs. 11(c), 17(a)(23), 92 Stat. 2433, 2441.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 553. (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 that will aid in overcoming special problems or in otherwise furthering the purposes of this part.

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

(42 U.S.C. 2929b) As added November 2, 1978, P.L. 95–568, sec. 11(d), 92 Stat. 2434.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECT CONTRACTS

SEC. 554. (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 part; 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 of making such grants or contracts, and the public announcements required by subsection (a)(2) shall be made not later than 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 part shall become the property of the United States.

(d) The Secretary shall publish summaries of the results of activities carried out pursuant to this part 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.

(42 U.S.C. 2929b–1) As added November 2, 1978, P.L. 95–568, sec. 11(d), 92 Stat. 2434.

EVALUATION

SEC. 555. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this part, including evaluations that measure and evaluate the impact of programs authorized by this part, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and 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 evaluation.

(b) The Secretary shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this part. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this part.

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

(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.

(42 U.S.C. 2929b–2) As added November 2, 1978, P.L. 95–568, sec. 11(d), 92 Stat. 2434–2435.

TECHNICAL ASSISTANCE AND TRAINING

SEC. 556. 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 part, and (2) training for specialized or other personnel which is needed in connection with Follow Through programs.

(42 U.S.C. 2929b–3) As added November 2, 1978, P.L. 95–568, sec. 11(d), 92 Stat. 2435.

SPECIAL CONDITIONS

SEC. 557. (a) Recipients of financial assistance under this part shall provide maximum employment opportunities for residents of the area to be served, and to parents of children who are participating in projects assisted under this part.

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

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

(42 U.S.C. 2929c) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2308; redesignated November 2, 1978, P.L. 95–568, sec. 11(d)(2), 92 Stat. 2433.

PART C—GENERAL PROVISIONS

DEFINITIONS

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

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

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

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

(42 U.S.C. 2930) As added January 4, 1975, P.L. 93–644, sec. 8(a), 88 Stat. 2308.

LABOR STANDARDS

SEC. 572. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this title shall be paid wages at rates not

less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

(42 U.S.C. 2930a) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2308.

COMPARABILITY OF WAGES

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

(42 U.S.C. 2930b) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2309.

NONDISCRIMINATION PROVISIONS

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

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

(42 U.S.C. 2930c) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2309.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 575. No individual employed or assigned by any Headstart agency or other agency assisted under this title shall, pursuant to or during the performance of services rendered in connection with

any program or activity conducted or assisted under this part by such Headstart agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

(42 U.S.C. 2930d) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2309.

POLITICAL ACTIVITIES

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

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

(42 U.S.C. 2930e) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2309; amended July 6, 1976, P.L. 93-341, sec. 2(a)(22), 90 Stat. 805.

ADVANCE FUNDING

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

(42 U.S.C. 2930f) As added January 4, 1975, P.L. 93-644, sec. 8(a), 88 Stat. 2310.

PART D—DAY CARE PROJECTS

STATEMENT OF PURPOSE

SEC. 581. The purpose of this part is to provide day care for children from families which need such assistance to become or remain self-sufficient or otherwise to obtain objectives related to the purposes of this Act, with particular emphasis upon enabling the parents or relatives of such children to choose to undertake or to continue basic education, vocational training, or gainful employment.

(42 U.S.C. 2931) As added December 23, 1967, P.L. 90-222, sec. 107(a), 81 Stat. 713; redesignated January 4, 1975, P.L. 93-644, sec. 8(c), 88 Stat. 2310

FINANCIAL ASSISTANCE FOR DAY CARE PROJECTS

SEC. 582. (a) The Secretary is authorized to provide financial assistance to appropriate public agencies and private organizations to pay not to exceed 90 per centum of the cost of planning, conducting, administering, and evaluating projects under which children from low-income families or from urban and rural areas with large concentrations or proportions of low-income persons may receive day care. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment and services. Such day care projects shall provide health, education, social, and such other supportive services as may be needed. Financial assistance under this section may be provided to employers, labor unions, or to joint employer-union organizations, for day care projects established at or in association with a place of employment or training where such projects are financed in major part through private funds. Project costs payable under this part may include costs of renovation and alteration of physical facilities. Financial assistance under this section may be provided in conjunction with or to supplement day care projects under the Social Security Act or other relevant statutes.

(b) The Secretary may require a family which is not a low-income family to make payment, in whole or in part, for the day care services provided under this program where the family's financial condition is, or becomes through employment or otherwise, such as to make such payment appropriate.

(c) The Secretary may provide, directly or through contracts or other arrangements, technical assistance and training necessary for the initiation or effective operation of programs under this part.

(d) The Secretary shall take all necessary steps to coordinate programs under his jurisdiction which provide day care, with a view to establishing, insofar as possible, a common set of program standards and regulations, and mechanisms for coordination at the State and local levels. Such standards shall be no less comprehensive than the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare, the Office of Economic Opportunity, and the Department of Labor on September 23, 1968. In approving applications for assistance under this part, the Secretary shall take into consideration (1) the extent to which applicants show evidence of coordination and cooperation between their projects and other day care programs in the areas which they will serve, and (2) the extent to which unemployed or low-income individuals are to be employed, including individuals receiving or eligible to receive assistance under the Social Security Act.

(e) Each project to which payments are made hereunder shall provide for a thorough evaluation. This evaluation shall be conducted by such agency or independent public or private organization as the Director shall designate, with a view to determining, among other things, the extent to which the day care provided may have increased the employment of parents and relatives of the children served, the extent to which such day care may have reduced the costs of aid and services to such children, the extent to which such children have received health and educational benefits,

and the extent to which the project has been coordinated with other day care activities in the area served. Up to 100 per centum of the costs of evaluation may be paid by the Director from funds appropriated for the purposes of carrying out this part, except that where such evaluation is carried on by the assisted agency itself, the Secretary [1] may pay only 90 per centum of such costs. Such evaluations, together with a report on the program described in this part, shall be included in the report required by section 608.

(42 U.S.C. 2932) As added December 23, 1967, P.L. 90–222, sec. 107(a), 81 Stat. 713; amended September 19, 1972, P.L. 92–424, sec. 19, 86 Stat. 696; redesignated and amended January 4, 1975, P.L. 93–644, sec. 8(b), 8(c), 88 Stat. 2310; amended November 2, 1978, P.L. 95–568, sec. 17(a)(24), 92 Stat. 2441.

DURATION OF PROGRAMS

SEC. 583. The Secretary shall carry out the programs provided for in this part during the fiscal year ending June 30, 1968, and the thirteen succeeding fiscal years.

(42 U.S.C. 2933) As added December 23, 1967, P.L. 90–222, sec. 107(a), 81 Stat. 714; amended December 30, 1969, P.L. 91–177, sec. 101(c), 83 Stat. 827; amended September 19, 1972, P.L. 92–424, sec. 2(b), 86 Stat. 688; redesignated and amended January 4, 1975, P.L. 93–644, sec. 8(b), 8(c), 14(b), 88 Stat. 2310, 2329; amended November 2, 1978, P.L. 95–568, sec. 12, 92 Stat. 2435.

TITLE VI—ADMINISTRATION AND COORDINATION

PART A—ADMINISTRATION

COMMUNITY SERVICES ADMINISTRATION

SEC. 601. (a) Upon the date of enactment of the Headstart, Economic Opportunity, and Community Partnership Act of 1974, there is established within the executive branch an agency known as the "Community Services Administration" which shall be headed by a Director and which shall be, in all respects and for all purposes, the successor authority to the Office of Economic Opportunity. The Director of the Administration shall be appointed by the President by and with the advice and consent of the Senate. The Director shall be compensated at a rate equal to the rate in effect for the compensation of the Director of the Office of Economic Opportunity on the date of the enactment of such Act.

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

(c) The Administration shall be an independent agency. The Director shall have the responsibility for carrying out titles I, II, III–B, VI, VII, and IX of this Act. The functions of the Director with respect to carrying out titles I, II (except section 232), III–B, VI,

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[1] So in original. Probably should read "the Director".

VII, and IX of this Act shall not be delegated to any other officer not directly responsible, both with respect to program operation and administration, to the Director. The Director shall promulgate rules and regulations regarding the final approval of grants and contracts.

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

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

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

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

(42 U.S.C. 2941) Enacted August 20, 1964, P.L. 88–452, sec. 601, 78 Stat. 528; amended November 8, 1966, P.L. 89–794, sec. 601(a), 80 Stat. 1468; amended December 23, 1967, P.L. 90–222, sec. 108(a), 81 Stat. 714; amended January 4, 1975, P.L. 93–644, sec. 9(a), 88 Stat. 2310; amended July 6, 1976, P.L. 94–341, sec. 2(a) (23)–(28), 90 Stat. 805; amended November 2, 1978, P.L. 95–568, secs. 13(a), 17(a)(25), 92 Stat. 2435, 2441.

AUTHORITY OF DIRECTOR

SEC. 602. In addition to the authority conferred upon the Director by other sections of this Act, the Director is authorized, in carrying out the functions of the Director under this Act, to—

(a) appoint in accordance with the civil service laws such personnel as may be necessary to enable the Community Services Administration to carry out its function, and, except as otherwise provided herein, fix their compensation in accordance with the Classification Act of 1949 (5 U.S.C. 1071 et seq.);

(b)(1) employ experts and consultants or organizations thereof as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), except that no individual may be employed under the authority of this subsection for more than 100 days in any fiscal year; (2) compensate individuals so employed at rates not in excess of $100 per diem, including travel time; and (3) allow them, while away from their homes or regular places of business, travel expenses (including per diem

in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b–2) for persons in the Government service employed intermittently, while so employed: *Provided, however,* That contracts for such employment may be renewed annually.

(c) appoint, without regard to the civil service laws, one or more advisory committees composed of such private citizens and officials of the Federal, State, and local governments as the Director deems desirable to advise the Director with respect to the functions of the Director under this Act; and members of such committees (including the National Advisory Council established in section 605), other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Director, shall be entitled to receive compensation and travel expenses as provided in subsection (b) with respect to experts and consultants;

(d) arrange with and reimburse the heads of other Federal agencies for the performance of any of the functions of the Director under this Act and, as necessary or appropriate, delegate any of the powers of the Director under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the Community Services Administration and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the Community Services Administration and the furnishing of such information by such Community Services Administration to such other agencies;

(e) utilize, with their consent, the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or a political subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivision without reimbursement;

(f) accept in the name of the Community Services Administration, and employ or dispose of in furtherance of the purposes of this Act, or of any title thereof, any money, or property, real, personal, or mixed, tangible or intangible, received by gift, device, bequest, or otherwise;

(g) accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes (31 U.S.C. 665(b));

(h) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this Act as the Director deems necessary to carry out the provisions hereof, including (without regard to the provisions of section 4774(d) of title 10, United States Code) expenditure for construction, repairs, and capital improvements;

(i) disseminate, without regard to the provisions of section 4154 of title 39, United States Code, data and information, in such forms as the Director shall deem appropriate, to public agencies, private organizations, and the general public;

(j) adopt an official seal, which shall be judicially noticed;

(k) notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real or personal prop-

erty by the United States, deal with, complete, rent, renovate, modernize, or sell for cash or credit at his discretion any properties acquired by the Director in connection with loans, participations, and guaranties made by the Director pursuant to this Act;

(l) collect or compromise all obligations to or held by the Director and all legal or equitable rights accruing to the Director in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection;

(m) expend funds made available for purposes of this Act—

(1) for printing and binding, in accordance with applicable law and regulation; and

(2) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by the Director; but the Director shall not utilize the authority contained in this subparagraph (2)—

(A) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this Act, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which, it is needed, and

(B) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of the intention of the Director to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority; and

(n) establish such policies, standards, criteria, and procedures, prescribe such rules and regulations, enter into such contracts and agreements with public agencies and private organizations and persons, make such payments (in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants, with necessary adjustments on account of overpayments or underpayments), and generally perform such functions and take such steps as the Director may deem to be necessary or appropriate to carry out the provisions of this Act.

(42 U.S.C. 2942) Enacted August 20, 1964, P.L. 88-452, sec. 602, 78 Stat. 528; amended November 8, 1966, P.L. 89-794, sec. 602, 603, 80 Stat. 1468; amended December 23, 1967, P.L. 90-222, sec. 108(b), 81 Stat. 714; amended August 12, 1970, P.L. 91-375, sec. 6(n), 84 Stat. 783; amended August 23, 1974, P.L. 93-386, sec. 2(b), 88 Stat. 745; amended January 4, 1975, P.L. 93-644, sec. 9(c)(1), 88 Stat. 2314; amended July 6, 1976, P.L. 94-341, sec. 2(a)(29)-(30), 90 Stat. 805; amended November 2, 1978, P.L. 95-568, secs. 13(b), 17(a)(26), 92 Stat. 2435, 2441-2442.

POLITICAL ACTIVITIES

SEC. 603. (a) For purposes of chapter 15 of title 5 of the United States Code any overall community action agency which assumes responsibility for planning, developing, and coordinating communi-

ty-wide antipoverty programs and receives assistance under this Act shall be deemed to be a State or local agency; and for purposes of clauses (1) and (2) of section 1502(a) of such title any agency receiving assistance under this Act shall be deemed to be a State or local agency.

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

(c) No part of any funds appropriated to carry out this Act, subpart (1)[1] of part B of title V of the Higher Education Act of 1965,[2] or any program administered by ACTION shall be used to finance, directly or indirectly, any activity designed to influence the outcome of any election to Federal office, or any voter registration activity, or to pay the salary of any officer or employee of the Community Services Administration, the Teacher Corps, or ACTION, who, while acting in an official capacity as such an officer or employee, engages in any such activity. As used in this section, the term "election" has the same meaning given such term by section 301(a) of the Federal Election Campaign Act of 1971, and the term "Federal office" has the same meaning given such term by section 301(c) of such Act.

(42 U.S.C. 2943) Enacted August 20, 1964, P.L. 88-452, sec. 603, 78 Stat. 530; amended October 9, 1965, P.L. 89-253; sec. 26, 79 Stat. 977; amended September 6, 1966, P.L. 89-554, sec. 8(a), 80 Stat. 662; amended November 8, 1966, P.L. 89-794, sec. 604, 80 Stat. 1469; amended December 23, 1967, P.L. 90-222, sec. 108(c), 81 Stat. 714; amended September 19, 1972, P.L. 92-424, sec. 20, 86 Stat. 696; amended January 4, 1975, P.L. 93-644, sec. 9(c)(2), 88 Stat. 2314; amended July 6, 1976, P.L. 94-341, sec. 2(a)(31), 90 Stat. 805; amended November 2, 1978, P.L. 95-568, sec. 17(a)(27), 92 Stat. 2442.

APPEALS, NOTICES, AND HEARING

SEC. 604. The Director shall prescribe procedures to assure that—

(1) special notice of and an opportunity for a timely and expeditious appeal to the Director is provided for an agency or organization which would like to serve as a delegate agency under title II and whose application to the community action agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Director;

(2) financial assistance under title II and part B of title III shall not be suspended for failure to comply with applicable

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[1] So in original. Should read "subpart 1".

[2] This provision of the Higher Education Act of 1965 was repealed by section 151(a)(3)(A) of the Education Amendments of 1976 (P.L. 94-482; 90 Stat. 2151).

terms and conditions, except in emergency situations, nor shall an application for refunding under section 221, 222, or 312 be denied unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(3) financial assistance under title II and part B of title III shall not be terminated for failure to comply with applicable terms and conditions unless the recipient agency has been afforded reasonable notice and opportunity for a full and fair hearing.

(42 U.S.C. 2944) Enacted August 20, 1964, P.L. 88-452, sec. 604, 78 Stat. 531; amended November 8, 1966, P.L. 89-794; sec. 901(d), 80 Stat. 1475; amended December 23, 1967, P.L. 90-222, sec. 108(d), 81 Stat. 715; amended July 6, 1976, P.L. 94-341, sec. 2(a)(32)-(33), 90 Stat. 805.

NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY

SEC. 605. (a) There is hereby established in the Community Services Administration a National Advisory Council on Economic Opportunity (hereinafter referred to as the Advisory Council) to be composed of fifteen members appointed, for staggered terms and without regard to the civil service laws, by the President. Of such members, five shall be appointed from among poor persons, five shall be appointed from among individuals who represent poor persons, and five shall be appointed from among members of the general public. The President shall designate the chairman from among such members. The Advisory Council shall meet at the call of the chairman but not less often than four times a year. The Director shall be an ex officio member of the Advisory Council.

(b) The Advisory Council shall—

(1) advise the Director with respect to policy matters arising in the administration of this Act; and

(2) review the effectiveness and the operation of programs under this Act and make recommendations concerning (A) the improvement of such programs, (B) the elimination of duplication of effort and (C) the coordination of such programs with other Federal programs designed to assist low income individuals and families.

Such recommendations shall include such proposals for changes in this Act as the Advisory Council deems appropriate.

(c) The Advisory Council shall make an annual report of its findings and recommendations to the President not later than March 31 of each calendar year beginning with the calendar year 1967. The President shall transmit each such report to the Congress together with his comments and recommendations.

(d) The Advisory Council may not make expenditures or incur obligations, from sums available to carry out this section, which exceed $225,000 for fiscal year 1979, $250,000 for fiscal year 1980, and $275,000 for fiscal year 1981.

(42 U.S.C. 2945) Enacted August 20, 1964, P.L. 88-452, sec. 605, 78 Stat. 531; amended October 9, 1965, P.L. 89-253, sec. 27, 79 Stat. 978; amended November 8, 1966, P.L. 89-794, sec. 605, 80 Stat. 1469; amended January 4, 1975, P.L. 93-644, sec. 9(c)(3), 88 Stat. 2314; amended November 2, 1978, P.L. 95-568, sec. 13(c) 92 Stat. 2435.

ANNOUNCEMENT OF RESEARCH OR DEMONSTRATION CONTRACTS

SEC. 606. (a) The Director or head of any Federal agency administering a program under this Act shall make a public announcement concerning:

(1) The title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency or organization for any demonstration or research project: and

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

(b) The public announcements required by subsection (a) shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

(c) It shall be the duty of the Comptroller General to assure that the requirements of this section are met, and the Comptroller General shall at once report to the Congress concerning any failure to comply with these requirements.

(42 U.S.C. 2946) As added December 23, 1967, P.L. 90–222, sec. 108(e), 81 Stat. 715; amended November 2, 1978, P.L. 95–568, sec. 17(a)(28), 92 Stat. 2442.

LABOR STANDARDS

SEC. 607. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair, including painting and decorating of projects, buildings and works which are federally assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133—133z-15), and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(C)).

(42 U.S.C. 2947) Enacted August 20, 1964, P.L. 88–452, sec. 607, 78 Stat. 532.

REPORTS

SEC. 608. Not later than one hundred and twenty days after the close of each fiscal year, the Director shall prepare and submit to the President for transmittal to the Congress a full and complete report on the activities of the Community Services Administration during such year, and shall include the types of services delivered by community action agencies and other programs funded under this Act.

(42 U.S.C. 2948) Enacted August 20, 1964, P.L. 88–452, sec. 608, 78 Stat. 532; amended July 6, 1976, P.L. 94–341, sec. 2(a)(34), 90 Stat. 805; amended November 2, 1978, P.L. 95–568, sec. 13(d), 92 Stat. 2435.

PROGRAMS FOR THE ELDERLY POOR

SEC. 609. It is the intention of Congress that whenever feasible the special problems of the elderly poor shall be considered in the development, conduct, and adminstration of programs under this Act. The Director shall (1) carry out such investigations and stud-

ies, including consultations with appropriate agencies and organizations, as may be necessary to develop and carry out a plan for the participation of the elderly poor in programs under this Act, including programs providing employment opportunities, public service opportunities, education and other services and activities which assist the elderly poor to achieve self-sufficiency; (2) maintain a constant review of all programs under this Act to assure that the needs of the elderly poor are given adequate consideration; (3) initiate and maintain interagency liaision with all other appropriate Federal agencies to achieve a coordinated national approach to the needs of the elderly poor; and (4) determine and recommend to the President and the Congress such programs requiring additional authority and the necessary legislation to provide such authority. In exercising the responsibilities of the Director under this section, the Director shall cooperate with the Commissioner on Aging. The Director shall describe the ways in which this section has been implemented in the annual report required by section 608.

(42 U.S.C. 2950) As added October 9, 1965, P.L. 88–253, sec. 28, 79 Stat. 978; amended November 8, 1966, P.L. 89–794, sec. 601(b), 80 Stat. 1468; amended December 23, 1967, P.L. 90–222, sec. 108(g), 81 Stat. 716; redesignated and amended November 2, 1978, P.L. 95–568, secs. 13(e), 17(a)(29), 92 Stat. 2436, 2442.

COMPARABILITY OF WAGES

SEC. 610 (a) The Director shall take such action as may be necessary to assure that persons employed in carrying out programs financed under title II (except a person compensated as provided in section 602) shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparably services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

(b) No person whose compensation exceeds $8,000 per annum and is paid pursuant to any grant, contract or agreement authorized under part A of title II (except a person conpensated as provided in section 602) shall be employed at a rate of compensation which exceeds by more than 20 percent the salary which such person was receiving in the immediately preceding employment of such person, but the Director may grant exceptions for specific cases. In determining salary in preceding employment for one regularly employed for a period of less than 12 months per year, the salary shall be adjusted to an annual basis.

(42 U.S.C. 2951) As added November 8, 1966, P.L. 89–794, sec. 606, 80 Stat. 1470; amended December 23, 1967; P.L. 90–222, sec. 108(h), 81 Stat. 716; amended January 2, 1975, P.L. 93–608, sec. 1(23), 88 Stat. 1970; amended July 6, 1976, P.L. 94–341, sec. 2(a)(35), 90 Stat. 805; redesignated and amended November 2, 1978, P.L. 95–568, secs. 13(e)–(f), 17(a)(30), 92 Stat. 2436, 2442.

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LIMITATION ON BENEFITS FOR THOSE VOLUNTARILY POOR

SEC. 611. The Director shall take such action as may be necessary to assure that, in determining a person's eligibility for benefits under this Act on account of the poverty of such person, such person will not be deemed to meet the poverty criteria if the lack of income of such person results from the refusal of such person, without good cause, to seek or accept employment commensurate with the health, age, education, and ability of such person.

(42 U.S.C. 2961) Enacted August 20, 1964, P.L. 88–452, sec. 611, 78 Stat. 532; amended November 8, 1966, P.L. 89–794, sec. 607, 80 Stat. 1470; amended December 23, 1967, P.L. 90–222, sec. 108(i), 81 Stat. 716; amended November 2, 1978, P.L. 95–568, sec. 17(a)(31), 92 Stat. 2442.

JOINT FUNDING

SEC. 612. Pursuant to regulations prescribed by the President, where funds are advanced for a single project by more than one Federal agency to a community action agency or other agency assisted under this Act, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single local share requirement may be established according to the proportion of funds advanced by each agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

(42 U.S.C. 2962) Enacted August 20, 1964, P.L. 88–452, sec. 612, 78 Stat. 533; amended December 23, 1967, P.L. 90–222, sec. 108(j), 81 Stat. 716.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 613. No individual employed or assigned by any community action agency or other agency assisted under this Act shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this Act by such community action agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

(42 U.S.C 2963) Enacted August 20, 1964, P.L. 88–452, sec. 613, 78 Stat. 533; amended November 8, 1966, P.L. 89–794, sec. 608, 80 Stat. 1471, amended December 23, 1967, P.L. 90–222, sec. 108(k), 81 Stat. 717.

PROHIBITION OF FEDERAL CONTROL

SEC. 614. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school system.

(42 U.S.C. 2964) Enacted August 20, 1964, P.L. 88–452, sec. 614, 78 Stat. 533.

DURATION OF PROGRAM

SEC. 615. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the fourteen succeeding fiscal years. For each such fiscal year only

such sums may be appropriated as the Congress may authorize by law.

(42 U.S.C. 2965) Enacted August 20, 1964, P.L. 88–452, sec. 615, 78 Stat. 533; amended October 9, 1965, P.L. 89–253, sec. 30(e), 79 Stat. 979; amended November 8, 1966, P.L. 89–794, sec. 609, 80 Stat. 1471; amended December 30, 1969, P.L. 91–177, sec. 101(b), 83 Stat. 827; amended September 19, 1972, P.L. 92–424, sec. 2(a), 86 Stat. 688; amended January 4, 1975, P.L. 93–644, sec. 14(a), 88 Stat. 2329; amended November 2, 1978, P.L. 95–568, sec. 13(g), 92 Stat. 2436.

TRANSFER OF FUNDS

SEC. 616. Notwithstanding any limitation on appropriations for any program or activity under this Act or any Act authorizing appropriations for such program or activity, not to exceed 10 per centum for fiscal years ending prior to July 1, 1970, and not to exceed 15 per centum for fiscal years ending prior to July 1, 1972, and not to exceed 20 per centum for fiscal years ending thereafter of the amount appropriated or allocated from any appropriation for the purpose of enabling the Director to carry out any such program or activity under the Act may be transferred and used by the Director for the purpose of carrying out any other such program or activity under the Act.

(42 U.S.C. 2966) Enacted August 20, 1964, P.L. 88–452, sec. 616, 78 Stat. 533; amended October 9, 1965, P.L. 89–253, sec. 29, 79 Stat. 978; amended November 8, 1966, P.L. 89–794, sec. 610, 80 Stat. 1471; amended December 23, 1967, P.L. 90–222, sec. 108(1), 81 Stat. 717; amended December 30, 1969, P.L. 91–177, sec. 110, 83 Stat. 831; amended September 19, 1972, P.L. 92–424, sec. 4, 86 Stat. 690.

DISTRIBUTION OF BENEFITS BETWEEN RURAL AND URBAN AREAS

SEC. 617. The Director shall adopt appropriate administrative measures to assure that benefits of this Act will be distributed equitably between residents of rural and urban areas.

(42 U.S.C. 2967) As added October 9, 1965, P.L. 89–253, sec. 30(f), 79 Stat. 797.

LIMITATIONS ON FEDERAL ADMINISTRATIVE EXPENSES

SEC. 619.[1] The total administrative expenses, including the compensation of Federal employees, incurred by Federal agencies under the authority of this Act for any fiscal year shall not exceed ten percent of the amount authorized to be appropriated by this Act for that year: *Provided, however*, That grants, subsidies, and contributions, and payments to individuals, other than Federal employees shall not be counted as an administrative expense.

(42 U.S.C. 2969) As added November 8, 1966, P.L. 89–794, sec. 612, 80 Stat. 1472; amended November 2, 1978, P.L. 95–568, sec. 13(h), 92 Stat. 2436.

PRIVATE ENTERPRISE PARTICIPATION

SEC. 620. The Director and the heads of any Federal departments or agencies to which the conduct of programs described in this Act have been delegated shall take such steps as may be desirable and appropriate to insure that the resources of private enterprise are

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[1] Section 618, which formerly preceded this section, expired by its terms at the end of fiscal year 1967 (see sec. 611 of the Economic Opportunity Act Amendments of 1966, Public Law 89–794, 80 Stat. 1471).

employed to the maximum feasible extent in the programs described in this Act.

(42 U.S.C. 2970) As added November 8, 1966, P.L. 89–794, sec. 614(a), 80 Stat. 1472; amended November 2, 1978, P.L. 95–568, sec. 13(h), 92 Stat. 2436.

ADVANCE FUNDING

SEC. 621. For the purpose of affording adequate notice of funding available under this Act, appropriations for grants, contracts, or other payments under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(42 U.S.C. 2971a) As added December 30, 1969, P.L. 91–177, sec. 111(a), 83 Stat. 831; redesignated November 2, 1978, P.L. 95–568, sec. 13(i), 92 Stat. 2436.

GUIDELINES

SEC. 622. All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be published in the Federal Register at least thirty days prior to their effective date.

(42 U.S.C. 2971b) As added September 19, 1972, P.L. 92–424, sec. 22, 86 Stat. 696; redesignated November 2, 1978, P.L. 95–568, sec 13(i), 92 Stat. 2436.

NONDISCRIMINATION PROVISIONS

SEC. 623. (a) The Director shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect to such program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any such program because of race, creed, color, national origin, sex, political affiliation, or beliefs.

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

(42 U.S.C. 2971c) As added September 19, 1972, P.L. 92–424, sec. 23, 86 Stat. 696; redesignated November 2, 1978, P.L. 95–568, sec 13(i), 92 Stat. 2436.

CRITERIA FOR DETERMINING ELIGIBILITY

SEC. 624. (a) Every agency administering programs authorized by this Act in which the poverty line is a criterion of eligibility shall revise the poverty line at annual intervals, or at any shorter interval it deems feasible and desirable.

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

the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

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

(42 U.S.C. 2971d) As added September 19, 1972, P.L. 92-424, sec. 24, 86 Stat. 697; amended January 4, 1975, P.L. 93-644, sec. 9(d), 88 Stat. 2314; redesignated November 2, 1978, P.L. 95-568, sec. 13(i), 92 Stat. 2436.

INDEPENDENCE OF LEGAL SERVICES CORPORATION

SEC. 625. Nothing in this Act, except title X, and no reference to this Act unless such reference refers to title X, shall be construed to affect the powers and activities of the Legal Services Corporation.

(42 U.S.C. 2971e) As added July 25, 1975, P.L. 93-355, sec. 3(f), 88 Stat. 390; redesignated November 2, 1978, P.L. 95-568, sec. 13(i), 92 Stat. 2436.

CRIMINAL PROVISIONS

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

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

(42 U.S.C. 2971f) As added January 4, 1975, P.L. 93-644, sec 9(e), 88 Stat. 2314; redesignated July 6, 1976, P.L. 94-341, sec. 2(c), 90 Stat. 806; redesignated November 2, 1978, P.L. 95-568, sec. 13(i), 92 Stat. 2436.

WITHHOLDING CERTAIN FEDERAL TAXES BY ANTIPOVERTY AGENCIES

SEC. 627. Upon notice from the Secretary of the Treasury that any person otherwise entitled to receive a payment made pursuant to a grant, contract, agreement, loan or other assistance made or entered into under this Act is delinquent in paying or depositing (1) the taxes imposed on such person under chapters 21 and 23 of the Internal Revenue Code of 1954, or (2) the taxes deducted and withheld by such person under chapters 21 and 24 of such Code, the Director shall suspend such portion of such payment due to such person, which, if possible, is sufficient to satisfy such delinquency, and shall not make or enter into any new grant, contract, agreement, loan or other assistance under this Act with such person until the Secretary of the Treasury has notified the Director that

such person is no longer delinquent in paying or deposting such tax or the Director determines that adequate provision has been made for such payment. In order to effectuate the purpose of this section on a reasonable basis the Secretary of the Treasury and the Director shall consult on a quarterly basis.

(42 U.S.C. 2971g) As added January 4, 1975, P.L. 93-644, sec. 9(e), 88 Stat. 2314; redesignated July 6, 1976, P.L. 94-341, sec. 2(c), 90 Stat 806; redesignated and amended November 2, 1978, P.L. 95-568, secs. 13(i), 17(a)(32), 92 Stat. 2436, 2442.

PART B—COORDINATION

STATEMENT OF PURPOSE

SEC. 630. This part establishes an Economic Opportunity Council, provides for an information center, and prescribes certain duties and responsibilities. Its purpose is to promote better coordination among all programs related to this Act, with a view to making those programs more effective in reaching and serving the poor, assisting State and local agencies to adapt diverse Federal programs to varying local problems and conditions, stimulating new and more imaginative ways of combining complementary Federal resources in the solution of specific problems, and generally improving cooperation and communication among all levels of government, agencies, and institutions in matters related to the purposes of this Act.

(42 U.S.C 2972) As added December 23, 1967, P.L. 90-222, sec. 108(m)(3), 81 Stat. 717.

ECONOMIC OPPORTUNITY COUNCIL

SEC. 631. (a) There is established, in the Executive Office of the President, the Economic Opportunity Council[1] (hereinafter referred to as the "Council"), which shall be composed of the Director and the heads of such Federal departments and agencies, such Presidential assistants and such other officials of the Federal Government as the President may from time to time designate. The President shall designate one of the members of the council to serve as chairman. Each member shall designate an alternate to sit in place of such member in the event of the unavoidable absence of such member.

(b) It shall be the responsibility of the Council to assist the President in—

(1) providing for the coordination of Federal programs and activities related to this Act;

(2) developing basic policies and setting priorities with respect to such programs and activities;

(3) resolving differences arising among Federal departments and agencies with respect to such programs and activities; and

(4) initiating and arranging for the carrying out of specific actions or projects designed to achieve the objectives of this Act.

(c) The President shall appoint an Executive Secretary of the Council. The Executive Secretary is authorized to appoint and fix

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[1] The Economic Opportunity Council was abolished in accordance with section 3 of Reorganization Plan No. 1 of 1977 (42 Federal Register 56101), which was made effective by section 3(b) of Executive Order No. 12045 (March 27, 1978; 43 Federal Register 13347).

the compensation of such personnel as may be necessary to assist the Executive Secretary in the performance of the duties of the Executive Secretary. Employees of other Federal departments and agencies may be detailed to the Council from time to time to provide temporary assistance.

(d) To the extent appropriate, a report of the activities of the Council shall be included in the annual report of the Director to the President and to the Congress, or in a separate report to the Congress.

(e) From the sums authorized and appropriated to carry out the provisions of this title, the President shall reserve such amounts as may be necessary to carry out the purposes of this section.

(42 U.S.C. 2973) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 718; amended November 2, 1978, P.L. 95–568, sec. 17(a)(33), 92 Stat. 2442.

RESPONSIBILITIES OF THE DIRECTOR

SEC. 632. In addition to the other powers of the Director under this Act, and to assist the President in coordinating the antipoverty efforts of all Federal agencies, the Director shall—

(1) undertake special studies of specific coordination problems at the request of the President or the Council, or on the initiative of the Director;

(2) consult with interested agencies and groups, including State agencies described in section 231 of this Act and the National Advisory Council, with a view to identifying coordination problems that may warrant consideration by the Council or the President and, to the extent feasible or appropriate, initiate action for overcoming those problems, either through the Community Services Administration or in conjunction with other Federal, State, or local agencies; and

(3) prepare a five-year national poverty action plan showing estimates of Federal and other governmental expenditures, and, where feasible, the contributions of the private sector, needed to eliminate poverty in this country within alternative periods of time. The Director shall consult with community action agencies and State offices of economic opportunity in the development of such plan. Such plan shall include estimates of the funds necessary to finance all relevant programs authorized by this and other Acts, and any new programs which may be necessary to eliminate poverty in this country, and it shall include recommendations for such new programs. The plan shall be presented to the Congress and updated on an annual basis.

(42 U.S.C. 2974) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 718; amended September 19, 1972, P.L. 92–424, sec. 27(b)(2), 86 Stat. 705; amended January 4, 1975, P.L. 93–644, sec. 9(c)(4), 88 Stat. 2314; amended November 2, 1978, P.L. 95–568, secs. 13(j), 17(a)(34), 92 Stat. 2436, 2442.

COOPERATION OF FEDERAL AGENCIES

SEC. 633. (a) Federal agencies administering programs related to this Act shall—

(1) cooperate with the Director and with the Council in carrying out their duties and responsibilities; and

(2) carry out their programs and exercise their functions so as to assist in carrying out the provisions and purposes of this Act, to the fullest extent permitted by other applicable law.

(b) The Council and the Director may call upon Federal agencies to supply statistical data, program reports, and other materials as they deem necessary to discharge their responsibilities under this Act.

(c) The President may direct that particular programs and functions, including the expenditure of funds, of Federal agencies shall be carried out, to the extent not inconsistent with other applicable law, in conjunction with or in support of programs authorized under this Act.

(42 U.S.C. 2975) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 719.

COMBINATIONS AMONG PROJECTS AND PROGRAMS

SEC. 634. In order to encourage efficiencies, close unnecessary service gaps, and generally promote more effective administration, the Director shall require, to the fullest extent feasible, that projects or programs assisted under this Act be carried on so as to supplement one another, or where appropriate other related programs or projects, and be included within or otherwise carried on in combination with community action programs. In the case of other programs related to this Act, the heads of the Federal agencies responsible for those programs shall, to the extent permitted by law, similarly provide assistance for projects and activities in a manner which encourages combinations with other related projects and activities where appropriate, and with community action programs. The Economic Opportunity Council shall, in carrying out its responsibilities under this part, make a continuing review of the operation of this section with a view to (1) determining particular groups of programs which, because of their objectives, or similarities in target groups or areas, are especially appropriate for combined or closely coordinated operation at the State or local level, and making recommendations accordingly to the President or appropriate Federal officials; (2) evaluating Federal agency procedures for carrying out this section, and developing or recommending additional or common procedures, as appropriate; and (3) determining whether, and to what extent, consolidations of Federal programs may be justified and making recommendations respecting such consolidations to the Director and the President.

(42 U.S.C. 2976) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 719.

INFORMATION CENTER

SEC. 635. (a) The Director shall establish and operate an information center for the purpose of insuring that maximum use is made of Federal programs related to this Act and that information concerning those programs and other relevant information is readily available to public officials and other interested persons. The Director shall collect, prepare, analyze, correlate, and distribute information as described above, either free of charge or by sale at cost (any funds so received to be deposited to the Director's account as

an offset of that cost), and may make make arrangements and pay for any printing and binding without regard to the provisions of any other law or regulations. In connection with operation of the center, the Director may carry on research or studies concerning the improvement of information systems in support of the purposes of this Act, the adequacy of existing data, ways in which data generated on the State and local level may be incorporated into Federal information systems, and methods by which data may be made more readily available to State and local officials or used to further coordination objectives.

(b) The Director shall publish and maintain on a current basis, a catalog of Federal programs relating to individual and community improvement. The Director may also make grants, from funds appropriated to carry out title II of this Act, to States and communities to establish information service centers on the collection, correlation, and distribution of information required to further the purposes of this Act.

(c) In order to assure that all appropriate officials are kept fully informed of programs related to this Act, and that maximum use is made of those programs, the Director shall establish procedures to assure prompt distribution to State and local agencies of all current information, including administrative rules, regulations, and guidelines, required by those agencies for the effective performance of their responsibilities.

(42 U.S.C. 2977) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 719; amended November 2, 1978, P.L. 95–568, sec. 17(a)(35), 92 Stat. 2443.

PROHIBITION

SEC. 636. In order to assure that existing Federal agencies are used to the fullest extent possible in carrying out the purposes of this Act, no funds appropriated to carry out this Act shall be used to establish any new department or office when the intended function is being performed by an existing department or office.

(42 U.S.C. 2978) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 720.

SPECIAL RESPONSIBILITIES: TRAINING PROGRAMS

SEC. 637. (a) It shall be the responsibility of the Director, the Secretary of Labor, the Secretary of Health, Education, and Welfare, and the heads of all other departments and agencies concerned, acting through such procedures or mechanisms as the President may prescribe, to provide for, and take such steps as may be necessary and appropriate to implement, the effective coordination of all programs and activities within the executive branch of the Government relating to the training of individuals for the purpose of improving or restoring employability.

(b) The Secretary of Labor, pursuant to such agreements as may be necessary or appropriate (which may include arrangements for reimbursement) shall—

(1) be responsible for assuring that the Federal-State employment service provides and develops its capacity for providing maximum support for the programs described in subsection (a); and

(2) obtain from the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Director of the Community Services Administration, and the head of any other Federal agency administering a training program, such employment information as will facilitate the placement of individuals being trained.

(42 U.S.C. 2979) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 720; amended January 4, 1975, P.L. 93–644, sec. 9(c)(5), 88 Stat. 2314.

REGIONAL OFFICES

SEC. 638. (a) The Director may utilize regional Community Services Administration offices for the purpose of—

(1) carrying out the national responsibilities and directives delegated to them;

(2) processing and finalizing grants and contracts authorized under this Act;

(3) monitoring and evaluating programs funded under this Act within that designated region;

(4) monitoring and evaluating on an annual basis all relevant regulations and guidelines applicable to programs funded under this Act within that designated region; and

(5) providing technical assistance to local community action agencies and other programs funded under this Act.

(b) The Director shall monitor and evaluate at least annually the activities of regional offices as described in subsection (a).

(42 U.S.C. 2979a) As added November 2, 1978, P.L. 95–568, sec. 13(k), 92 Stat. 2436.

DEFINITIONS

SEC. 639. As used in this part, "programs related to this Act" and "coordination" shall include the programs and action described in this section:

(1) "Programs related to this Act" include programs under this Act and all Federal or federally assisted programs which have objectives which are, in whole or substantial part, complementary to the purposes of this Act, or which provide resources which may be used in combination with resources under this Act to assist in achieving any of the purposes of this Act.

(2) "Coordination" includes, but is not limited to—

(A) actions to improve the common effectiveness of programs in reaching and serving the poor, such as actions: To extend services to new areas, provide them in a common place, or structure them so that they are more readily accepted or widely utilized; to eliminate procedures or requirements that may be inappropriate for or result in unnecessary hardship to disadvantaged persons with limited education or other special handicaps; to establish common eligibility standards among programs serving substantially similar groups or operating in the same areas; or to develop methods of operation or administration that will provide new employment incentives or oppotunities for the poor;

(B) actions to promote better use at the State or local level of Federal assistance available under diverse programs, such as actions to establish procedures for cooperation among State or local agencies seeking assistance from different Federal sources with a view to eliminating unnecessary duplication and service gaps and promoting common or complementary priorities; or to modify or improve technical or administrative requirements imposed by different Federal agencies that may operate to increase unnecessarily the burdens of State or local agencies, minimize their opportunities for the imaginative use of Federal assistance, or discourage their cooperation with one another;

(C) actions to promote simplification and efficiencies through the joint or combined use of Federal resources, such as actions to develop new methods of processing requests for assistance or granting assistance that will enable Federal agencies more generally to use resources jointly in support of common objectives; to establish common priorities for purposes of program planning, research and demonstration activities; and to effect combinations among or redirect Federal programs or activities for the purpose of eliminating unnecessary duplication;

(D) actions to improve communication and general cooperation, such as actions to strengthen ties among regional offices of different Federal agencies and among such offices and other regional agencies or organizations; to develop and improve procedures by which Federal agencies may act together in promulgating or making available items of information, including information as to the availability and allocation of funds, which are closely related to one another for purposes of State or local planning and budgeting; or to develop procedures by which State and local agencies may be afforded new opportunities to participate in Federal policy decisions including decisions on recommended legislation, affecting their capacity to operate efficiently and effectively.

(42 U.S.C. 2980) As added December 23, 1967, P.L. 90–222, sec. 108(m)(3), 81 Stat. 721; redesignated November 2, 1978, P.L. 95–568, sec. 13(k), 92 Stat. 2436.

TITLE VII—COMMUNITY ECONOMIC DEVELOPMENT

STATEMENT OF PURPOSE

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

(42 U.S.C. 2981) As added September 19, 1972, P.L. 92–424, sec. 25(a), 86 Stat. 697; amended January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2315.

DEFINITION

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

(42 U.S.C. 2981a) As added January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2315.

AUTHORIZATION OF APPROPRIATIONS

SEC. 703. For the purpose of carrying out this title, there is authorized to be appropriated $70,000,000 for fiscal year 1979, $85,000,000 for fiscal year 1980, and $105,000,000 for fiscal year 1981. Any sums appropriated under this section shall remain available until expended.

(42 U.S.C. 2981b) As added January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2316; amended November 2, 1978, P.L. 95-568, sec. 14(a), 92 Stat. 2436.

ADVISORY COMMUNITY INVESTMENT BOARDS

SEC. 704. (a) 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 fifteen members appointed, for staggered terms and without regard to the civil service laws, by the President, in consultation with the Director. Such members shall be representative of the investment and business communities and appropriate fields of endeavor related to this title. The Investment Board shall meet at the call of the chairperson, but not less often than three times each year. The Director and the administrator of community economic development programs shall be ex officio members of the Investment Board.

(b) The Investment Board shall promote cooperation between private investors and businesses and community development corporation projects through—

(1) advising the Director 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 Director, 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.

(42 U.S.C. 2981c) As added November 2, 1978, P.L. 95–568, sec. 14(b), 92 Stat. 2436–2437.

Part A—Urban and Rural Special Impact Programs

STATEMENT OF PURPOSE

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

(42 U.S.C. 2982) As added September 19, 1972, P.L. 92–424, sec. 25(a), 86 Stat. 698; amended January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2316.

ESTABLISHMENT AND SCOPE OF PROGRAMS

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

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

(2) community physical development programs, including industrial parks and housing activities, which contribute to an

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improved environment and which create new training, employment, and ownership opportunities for residents of such area;

(3) training and public service employment programs and related services for unemployed or low-income persons which support and complement community development programs financed under this part, including, without limitation, activities such as those described in the Comprehensive Employment and Training Act of 1973, and in section 222(a)(7) of this Act; and

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

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

(42 U.S.C. 2982a) As added September 19, 1972, P.L. 92–424, sec. 25(a), 86 Stat. 698; amended August 23, 1974, P.L. 93–386, sec. 2(b), 88 Stat. 745; amended January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2316; amended July 6, 1976, P.L. 94–341, sec. 2(b)(1), 90 Stat. 805; amended November 2, 1978, P.L. 95–568, sec. 14(c), 92 Stat. 2437.

FINANCIAL ASSISTANCE REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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) The level of financial assistance for related purposes under this Act, or any other program for Federal financial assistance, to the area served by a special impact program shall not be diminished in order to substitute funds authorized by this part.

(d) 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 title has specified in some detail its development goals and its development timetable. The Director, in providing continued financial assistance to a community economic development program, shall give serious consideration to the experience that program has had in meeting development goals or in adhering to development timetables.

(42 U.S.C. 2982b) As added September 19, 1972, P.L. 92–424, sec. 25(a), 86 Stat. 698; amended January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2317; amended November 2, 1978, P.L. 95–568, secs. 14(d)–(e), 17(a)(36), 92 Stat. 2437, 2443.

FEDERAL SHARE

SEC. 714. (a)(1) Assistance provided under this title to any program described in section 712(a) shall not exceed 90 per centum of the cost of such program including costs of administration unless

the Director determines that the assistance in excess of such percentage is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

(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 Director deems appropriate, within thirty days following approval of the grant agreement by the Director and such grantee, or (B) whenever the Director deems appropriate, in accordance with applicable rules and regulations prescribed by the Secretary of the Treasury, and including any other conditions which the Director deems appropriate, within 30 days following approval of the grant agreement by the Director 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 title, 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.

(42 U.S.C. 2982c) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 699; amended January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2318; amended July 6, 1976, P.L. 94-341, sec. 2(b)(2)-(3), 90 Stat. 805; amended November 2, 1978, P.L. 95-568, sec. 14(f), 92 Stat. 2437-2438.

Part B—Special Rural Programs

STATEMENT OF PURPOSE

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

(42 U.S.C. 2983) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 700; amended January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2318.

FINANCIAL ASSISTANCE

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

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

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

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

(b) The Director is authorized to provide financial assistance to local copperative 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 but not be limited to—

(1) administrative costs of staff and overhead;

(2) costs of planning and developing new enterprises;

(3) costs of acquiring technical assistance; and

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

(42 U.S.C. 2983a) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 700; amended January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2318; amended November 2, 1978, P.L. 95-568, sec. 14(g), 92 Stat. 2438.

LIMITATION ON ASSISTANCE

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

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

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

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

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

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

(42 U.S.C. 2983b) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 701; amended January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2318.

PART C—DEVELOPMENT LOANS TO COMMUNITY ECONOMIC DEVELOPMENT PROGRAMS

DEVELOPMENT LOAN FUND

SEC. 731. (a) The Director is authorized to make or guarantee loans (either directly or in cooperation with banks or other organizations through agreements to participate on an immediate or deferred basis) to community development corporations, to families

and local cooperatives and the designated supportive organizations of cooperatives eligible for financial assistance under this title, to community action agencies and other community-based organizations eligible for financial assistance under title II of this Act, or to public and private nonprofit organizations or agencies, for business facilities and community development projects, including community development credit unions, which the Director determines will carry out the purposes of this part. No loans, guarantees, or other financial assistance shall be provided under this section unless the Director determines that—

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

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

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

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

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

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

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

(3) The Community Development Loan Fund shall consist of such amounts as may be deposited in such fund by the Director out of funds made available from appropriations for the purpose of carrying out this title. The Director may make deposits in the Community Development Loan Fund in any fiscal year in which the Director has made available for grants to community development corpora-

tions under this title not less than $60,000,000 out of funds made available from appropriations for the purpose of carrying out this title.

(42 U.S.C. 2984) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 701; amended January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2319; amended July 6, 1976, P.L. 94-341, sec. 2(b) (4)-(5), 90 Stat. 805; amended November 2, 1978, P.L. 95-568, secs. 14(h), 17(a)(37), 92 Stat. 2438, 2443.

ESTABLISHMENT OF MODEL COMMUNITY ECONOMIC DEVELOPMENT FINANCE CORPORATION

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

(b) Not later than June 1, 1979, the Director shall submit to the appropriate committees of the Congress the plan required by this section.

(42 U.S.C. 2984a) As added September 19, 1972, P.L. 92-424, sec. 25(a), 86 Stat. 702; amended January 4, 1975. P.L. 93-644, sec. 10(a), 88 Stat. 2320; amended July 6, 1976, P.L. 94-341, sec. 2(b)(6), 90 Stat. 806; amended November 2, 1978, P.L. 95-568, sec. 14(i), 92 Stat. 2438.

PART D—SUPPORTIVE PROGRAMS AND ACTIVITIES

TRAINING AND TECHNICAL ASSISTANCE

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

(b) Technical assistance to community development corporations and both urban and rural cooperatives may include planning, management, legal 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 title.

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

(42 U.S.C. 2985) As added September 19, 1972, P.L. 92–424, sec. 25(a), 86 Stat. 703; amended January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2321; amended July 6, 1976, P.L. 94–341, sec. 2(b)(7)–(8), 90 Stat. 806.

SMALL BUSINESS ADMINISTRATION AND DEPARTMENT OF COMMERCE PROGRAMS

SEC. 742. (a)(1) Funds granted under this title 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.

(2) Within ninety days of the enactment of this title, the Administrator of the Small Business Administration, after consultation with the Director, shall promulgate regulations to insure the availability to community development corporations of such programs as shall further the purposes of this title, including, but not limited to, programs under section 8(a) of the Small Business Act.

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

(2) Within ninety days of the enactment of this title, the Secretary of Commerce shall prescribe regulations which will insure 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 title.

(42 U.S.C. 2985a) As added January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2321; amended July 6, 1976, P.L. 94–341, sec. 2(b) (9)–(12), 90 Stat. 806; amended November 2, 1978, P.L. 95–568, sec. 14(j), 92 Stat. 2438.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS

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

(42 U.S.C. 2985b) As added January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2322; amended July 6, 1976, P.L. 94-341, sec. 2(b)(13), 90 Stat. 806.

DEPARTMENT OF AGRICULTURE AND FARMERS HOME ADMINISTRATION PROGRAMS

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

(42 U.S.C. 2985c) As added January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2322; amended July 6, 1976, P.L. 94-341, sec. 2(b)(14), 2(b)(17)(B), 90 Stat. 806.

COORDINATION AND ELIGIBILITY

SEC. 745. (a) The Director shall take all necessary and appropriate steps to encourage Federal departments and agencies and State and local governments to make grants, provide technical assistance, enter into contracts, and generally support and cooperate with community development corporations and local cooperative associations.

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

(42 U.S.C. 2985d) As added January 4, 1975, P.L. 93-644, sec. 10(a), 88 Stat. 2322; renumbered July 6, 1976, P.L. 94-341, sec. 2(b)(16), 90 Stat. 806; redesignated November 2, 1978, P.L. 95-568, sec. 14(k), 92 Stat. 2438.

EVALUATION AND RESEARCH

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

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

(42 U.S.C. 2985e) As added January 4, 1975, P.L. (93–644, sec. 10(a), 88 Stat. 2322; renumbered July 6, 1976, P.L. 94–341, sec. 2(b)(16), 90 Stat. 806; redesignated and amended November 2, 1978, P.L. 95–568, sec. 14(k)–(l), 92 Stat. 2438–2439.

PLANNING GRANTS

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

(42 U.S.C. 2985f) Enacted January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2323; renumbered July 6, 1976, P.L. 94–341, sec. 2(b)(16), 90 Stat. 806; redesignated November 2, 1978, P.L. 95–568, sec. 14(k), 92 Stat. 2438.

NONDISCRIMINATION PROVISIONS

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

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

(42 U.S.C. 2985g) As added January 4, 1975, P.L. 93–644, sec. 10(a), 88 Stat. 2323; redesignated July 6, 1976, P.L. 94–341, sec. 2(b)(16), 90 Stat. 806; redesignated November 2, 1978, P.L. 95–568, sec. 14(k), 92 Stat. 2438.

TITLE VIII—NATIVE AMERICAN PROGRAMS

SHORT TITLE

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

(42 U.S.C. 2991) As added January 4, 1975, P.L. 93–644, sec. 11, 88 Stat. 2324.

STATEMENT OF PURPOSE

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

(42 U.S.C. 2991a) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2324.

FINANCIAL ASSISTANCE FOR NATIVE AMERICAN PROJECTS

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

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

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

(42 U.S.C. 2991b) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2324; amended November 2, 1978, P.L. 95-568, sec. 17(a)(39), 92 Stat. 2443.

TECHNICAL ASSISTANCE AND TRAINING

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

(42 U.S.C. 2991c) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2324.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

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

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

(42 U.S.C. 2991d) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2324.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, OR PILOT PROJECTS

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

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

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

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

(42 U.S.C. 2991e) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2325.

SUBMISSION OF PLANS TO STATE AND LOCAL OFFICIALS

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

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

(c) No financial assistance may be provided to any project under section 803 of this title or any research, demonstration, or pilot project under section 805 of this title, which is to be carried out in a city, county, or other major political subdivision of a State, other than on or in an Indian reservation or Alaskan Native village, or

Hawaiian Homestead, unless the Secretary has notified the local governing officals of the political subdivision of the decision of the Secretary to provide that assistance.

(42 U.S.C. 2991f) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2325; amended November 2, 1978, P.L. 95-568, sec. 17(a)(40), 92 Stat. 2443.

RECORDS AND AUDITS

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

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

(42 U.S.C. 2991g) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2325.

APPEALS, NOTICE, AND HEARING

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

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

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

(42 U.S.C. 2991h) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2326.

EVALUATION

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

(b) Prior to obligating funds for the programs and projects covered by this title with respect to fiscal year 1976, the Secretary shall develop and publish general standards for evaluation of pro-

gram and project effectiveness in achieving the objectives of this title. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this title.

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

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

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

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

(42 U.S.C. 2992) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2326.

LABOR STANDARDS

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

(42 U.S.C. 2992a) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2327.

DELEGATION OF AUTHORITY

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

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

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

(42 U.S.C. 2992b) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2327; amended November 2, 1978, P.L. 95-568, sec. 17(a)(41), 92 Stat. 2443.

DEFINITIONS

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

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

(2) "Indian reservation or Alaskan Native village" includes the reservation of any federally or State recognized Indian tribe, including any band, nation, pueblo, or rancheria, any former reservation in Oklahoma, any community under the jurisdiction of an Indian tribe, including a band, nation, pueblo, or rancheria, with allotted lands or lands subject to a restriction against alienation imposed by the United States or a State, and any lands of or under the jurisdiction of an Alaskan Native village or group, including any lands selected by Alaskan Natives or Alaskan Natives organizations under the Alaska Native Claims Settlement Act;

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

(42 U.S.C. 2992c) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2327.

AUTHORIZATION OF APPROPRIATIONS

SEC. 814. There are authorized to be appropriated for the purpose of carrying out the provisions of this title, such sums as may be necessary for fiscal years 1979 through 1981.

(42 U.S.C. 2992d) As added January 4, 1975, P.L. 93-644, sec. 11, 88 Stat. 2327; amended November 2, 1978, P.L. 95-568, sec. 15, 92 Stat. 2439.

TITLE IX—EVALUATION

PROGRAM AND PROJECT EVALUATION

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

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

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

(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities in section 102(a) of this Act, whether and on what

basis such activities should be continued, revised, or terminated.

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

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

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

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

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

(42 U.S.C. 2995) As added September 19, 1972, P.L. 92-424, sec. 27(a), 86 Stat. 704; amended January 4, 1975, P.L. 93-644, sec. 12, 88 Stat. 2328; amended November 2, 1978, P.L. 95-568, sec. 17(a)(42), 92 Stat. 2443.

COOPERATION OF AND CONSULTATION WITH OTHER FEDERAL AGENCIES

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

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

(42 U.S.C. 2995a) As added September 19, 1972, P.L. 92-424, sec. 27(a), 86 Stat. 704; amended January 4, 1975, P.L. 93-644, sec. 12, 88 Stat. 2329; amended November 2, 1978, P.L. 95-568, sec. 17(a)(43), 92 Stat. 2443.

EVALUATION BY OTHER ADMINISTERING AGENCIES

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

(42 U.S.C. 2995b) As added September 19, 1972, P.L. 92-424, sec. 27(a), 86 Stat. 704; amended January 4, 1975, P.L. 93-644, sec. 12, 88 Stat. 2329.

AUTHORIZATION OF APPROPRIATIONS

SEC. 904. There is authorized to be appropriated for the purpose of carrying out the provisions of this title $4,000,000 for fiscal year 1979, $7,000,000 for fiscal year 1980, and $10,000,000 for fiscal year 1981.

(42 U.S.C. 2995c) As added November 2, 1978, P.L. 95-568, sec. 16, 92 Stat. 2439.

TITLE X—LEGAL SERVICES CORPORATION ACT

STATEMENT OF FINDINGS AND DECLARATION OF PURPOSE

SEC. 1001. The Congress finds and declares that—

(1) there is a need to provide equal access to the system of justice in our Nation for individuals who seek redress of grievances;

(2) there is a need to provide high quality legal assistance to those who would be otherwise unable to afford adequate legal counsel and to continue the present vital legal services program;

(3) providing legal assistance to those who face an economic barrier to adequate legal counsel will serve best the ends of justice;

(4) for many of our citizens, the availability of legal services has reaffirmed faith in our government of laws and assist in improving opportunities for low-income persons consistent with the purposes of this Act;

(5) to preserve its strength, the legal services program must be kept free from the influence of or use by it of political pressures; and

(6) attorneys providing legal assistance must have full freedom to protect the best interests of their clients in keeping with the Code of Professional Responsibility, the Canons of Ethics, and the high standards of the legal profession.

(42 U.S.C. 2996) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 378.

DEFINITIONS

SEC. 1002. As used in this title, the term—

(1) "Board" means the Board of Directors of the Legal Services Corporation;

(2) "Corporation" means the Legal Services Corporation established under this title;

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(3) "eligible client" means any person financially unable to afford legal assistance;

(4) "Governor" means the chief executive officer of a State;

(5) "legal assistance" means the provision of any legal services consistent with the purposes and provisions of this title;

(6) "recipient" means any grantee, contractee, or recipient of financial assistance described in clause (A) of section 1006(a)(1);

(7) "staff attorney" means an attorney who receives more than one-half of his annual professional income from a recipient organized solely for the provision of legal assistance to eligible clients under this title; and

(8) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

(42 U.S.C. 2996a) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 378.

ESTABLISHMENT OF CORPORATION

SEC. 1003. (a) There is established in the District of Columbia a private nonmembership nonprofit corporation, which shall be known as the Legal Services Corporation, for the purpose of providing financial support for legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance.

(b) The Corporation shall maintain its principal office in the District of Columbia and shall maintain therein a designated agent to accept service of process for the Corporation. Notice to or service upon the agent shall be deemed notice to or service upon the Corporation.

The Corporation, and any legal assistance program assisted by the Corporation, shall be eligible to be treated as an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954 and as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code. If such treatments are conferred in accordance with the provisions of such Code, the Corporation, and legal assistance programs assisted by the Corporation, shall be subject to all provisions of such Code relevant to the conduct of organizations exempt from taxation.

(42 U.S.C. 2996b) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 379.

GOVERNING BODY

SEC. 1004. (a) The Corporation shall have a Board of Directors consisting of eleven voting members appointed by the President, by and with the advice and consent of the Senate, no more than six of whom shall be of the same political party. A majority shall be members of the bar of the highest court of any State, and none shall be a full-time employee of the United States. Effective with respect to appointments made after the date of enactment of the Legal Services Corporation Act Amendments of 1977 but not later than July 31, 1978, the membership of the Board shall be appointed so as to include eligible clients, and to be generally representa-

tive of the organized bar, attorneys providing legal assistance to eligible clients, and the general public.

(b) The term of office of each member of the Board shall be three years, except that five of the members first appointed, as designated by the President at the time of appointment, shall serve for a term of two years. Each member of the Board shall continue to serve until the successor to such member has been appointed and qualified. The term of initial members shall be computed from the date of the first meeting of the Board. The term of each member other than initial members shall be computed from the date of termination of the preceding term. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which such member's predecessor was appointed shall be appointed for the remainder of such term. No member shall be reappointed to more than two consecutive terms immediately following such member's initial term.

(c) The members of the Board shall not, by reason of such membership, be deemed officers or employees of the United States.

(d) The President shall select from among the voting members of the board a chairman, who shall serve for a term of three years. Thereafter the Board shall annually elect a chairman from among its voting members.

(e) A member of the Board may be removed by a vote of seven members for malfeasance in office or for persistent neglect of or inability to discharge duties, or for offenses involving moral turpitude, and for no other cause.

(f) Within six months after the first meeting of the Board, the Board shall request the Governor of each State to appoint a nine-member advisory council for such State. A majority of the members of the advisory council shall be appointed, after recommendations have been received from the State bar association, from among the attorneys admitted to practice in the State, and the membership of the council shall be subject to annual reappointment. If ninety days have elapsed without such an advisory council appointed by the Governor, the Board is authorized to appoint such a council. The advisory council shall be charged with notifying the Corporation of any apparent violation of the provisions of this title and applicable rules, regulations, and guidelines promulgated pursuant to this title. The advisory council shall, at the same time, furnish a copy of the notification to any recipient affected thereby, and the Corporation shall allow such recipient a reasonable time (but in no case less than thirty days) to reply to any allegation contained in the notification.

(g) All meetings of the Board, of any executive committee of the Board, and of any advisory council established in connection with this title shall be open and shall be subject to the requirements and provisions of section 552b of title 5, United States Code (relating to open meetings).

(h) The Board shall meet at least four times during each calendar year.

(42 U.S.C. 2996c) As added July 25, 1974, P.L. 93-355, sec. 2, 88 stat. 379.

OFFICERS AND EMPLOYEES

SEC. 1005. (a) The Board shall appoint the president of the Corporation, who shall be a member of the bar of the highest court of a State and shall be a non-voting[1] ex officio member of the Board, and such other officers as the Board determines to be necessary. No officer of the Corporation may receive any salary or other compensation for services from any source other than the Corporation during his period of employment by the Corporation, except as authorized by the Board.

(b)(1) The president of the Corporation, subject to general policies established by the Board, may appoint and remove such employees of the Corporation as he determines necessary to carry out the purposes of the Corporation.

(2) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the Corporation or of any recipient, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(c) No member of the Board may participate in any decision, action, or recommendation with respect to any matter which directly benefits such member or pertains specifically to any firm or organization with which such member is then associated or has been associated within a period of two years.

(d) Officers and employees of the Corporation shall be compensated at rates determined by the Board, but not in excess of the rate of level V of the Executive Schedule specified in section 5316 of title 5, United States Code.

(e)(1) Except as otherwise specifically provided in this title, officers and employees of the Corporation shall not be considered officers or employees, and the Corporation shall not be considered a department, agency, or instrumentality, of the Federal Government.

(2) Nothing in this title shall be construed as limiting the authority of the Office of Management and Budget to review and submit comments upon the Corporation's annual budget request at the time it is transmitted to the Congress.

(f) Officers and employees of the Corporation shall be considered officers and employees of the Federal Government for purposes of the following provisions of title 5, United States Code: subchapter I of chapter 81 (relating to compensation for work injuries); chapter 83 (relating to civil service retirement); chapter 87 (relating to life insurance); and chapter 89 (relating to health insurance). The Corporation shall make contributions at the same rates applicable to agencies of the Federal Government under the provisions referred to in this subsection.

(g) The Corporation and its officers and employees shall be subject to the provisions of section 552 of title 5, United States Code (relating to freedom of information).

(42 U.S.C. 2996d) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 380.

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[1] So in original. Should read "nonvoting".

POWERS, DUTIES, AND LIMITATIONS

SEC. 1006. (a) To the extent consistent with the provisions of this title, the Corporation shall exercise the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (except for section 1005(o) of title 29 of the District of Columbia Code). In addition, the Corporation is authorized—

(1)(A) to provide financial assistance to qualified programs furnishing legal assistance to eligible clients, and to make grants to and contracts with—

(i) individuals, partnerships, firms, corporations, and nonprofit organizations, and

(ii) State and local governments (only upon application by an appropriate State or local agency or institution and upon a special determination by the Board that the arrangements to be made by such agency or institution will provide services which will not be provided adequately through nongovernmental arrangements),

for the purpose of providing legal assistance to eligible clients under this title, and (B) to make such other grants and contracts as are necessary to carry out the purposes and provisions of this title;

(2) to accept in the name of the Corporation, and employ or dispose of in furtherance of the purposes of this title, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise; and

(3) to undertake directly, or by grant or contract, the following activities relating to the delivery of legal assistance—

(A) research, except that broad general legal or policy research unrelated to representation of eligible clients may not be undertaken by grant or contract,

(B) training and technical assistance, and

(C) to serve as a clearinghouse for information.

(b)(1)(A) The Corporation shall have authority to insure the compliance of recipients and their employees with the provisions of this title and the rules, regulations, and guidelines promulgated pursuant to this title, and to terminate, after a hearing in accordance with section 1011, financial support to a recipient which fails to comply.

(B) No question of whether representation is authorized under this title, or the rules, regulations or guidelines promulgated pursuant to this title, shall be considered in, or affect the final disposition of, any proceeding in which a person is represented by a recipient or an employee of a recipient. A litigant in such a proceeding may refer any such question to the Corporaton which shall review and dispose of the question promptly, and take appropriate action. This subparagraph shall not preclude judicial review available under applicable law.

(2) If a recipient finds that any of its employees has violated or caused the recipient to violate the provisions of this title or the rules, regulations, and guidelines promulgated pursuant to this title, the recipient shall take appropriate remedial or disciplinary action in accordance with the types of procedures prescribed in the provisions of section 1011.

(3) The Corporation shall not, under any provision of this title, interfere with any attorney in carrying out his professional responsibilities to his client as established in the Canons of Ethics and the Code of Professional Responsibility of the American Bar Association (referred to collectively in this title as "professional responsibilities") or abrogate as to attorneys in programs assisted under this title the authority of a State or other jurisdiction to enforce the standards of professional responsibility generally applicable to attorneys in such jurisdiction. The Corporation shall insure that activities under this title are carried out in a manner consistent with attorneys' professional responsibilities.

(4) No attorney shall receive any compensation, either directly or indirectly, for the provision of legal assistance under this title unless such attorney is admitted or otherwise authorized by law, rule, or regulation to practice law or provide such assistance in the jurisdiction where such assistance is initiated.

(5) The Corporation shall insure that (A) no employee of the Corporation or of any recipient (except as permitted by law in connection with such employee's own employment situation), while carrying out legal assistance activities under this title, engage in, or encourage others to engage in, any public demonstration or picketing, boycott, or strike; and (B) no such employee shall, at any time, engage in, or encourage others to engage in, any of the following activities: (i) any rioting or civil disturbance, (ii) any activity which is in violation of an outstanding injunction of any court of competent jurisdiction, (iii) any other illegal activity, or (iv) any intentional identification of the Corporation or any recipient with any political activity prohibited by section 1007(a)(6). The Board, within ninety days after its first meeting, shall issue rules and regulations to provide for the enforcement of this paragraph and section 1007(a)(5), which rules shall include, among available remedies, provisions, in accordance with the types of procedures prescribed in the provisions of section 1011, for suspension of legal assistance supported under this title, suspension of an employee of the Corporation or of any employee of any recipient by such recipient, and, after consideration of other remedial measures and after a hearing in accordance with section 1011, the termination of such assistance or employment, as deemed appropriate for the violation in question.

(6) In areas where significant numbers of eligible clients speak a language other than English as their principal language, the Corporation shall, to the extent feasible, provide that their principal language is used in the provision of legal assistance to such clients under this title.

(c) The Corporation shall not itself—

(1) participate in litigation unless the Corporation or a recipient of the Corporation is a party, or a recipient is representing an eligible client in litigation in which the interpretation of this title or a regulation promulgated under this title is an issue, and shall not participate on behalf of any client other than itself; or

(2) undertake to influence the passage or defeat of any legislation by the Congress of the United States or by any State or local legislative bodies, except that personnel of the Corpora-

tion may testify or make other appropriate communication (A) when formally requested to do so by a legislative body, a committee, or a member thereof, or (B) in connection with legislation or appropriations directly affecting the activities of the Corporation.

(d)(1) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(2) No part of the income or assets of the Corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) Neither the Corporation nor any recipient shall contribute or make available corporate funds or program personnel or equipment to any political party or association, or the campaign of any candidate for public or party office.

(4) Neither the Corporation nor any recipient shall contribute or make available corporate funds or program personnel or equipment for use in advocating or opposing any ballot measures, initiatives, or referendums. However, an attorney may provide legal advice and representation as an attorney to any eligible client with respect to such client's legal rights.

(5) No class action suit, class action appeal, or amicus curiae class action may be undertaken, directly or through others, by a staff attorney, except with the express approval of a project director of a recipient in accordance with policies established by the governing body of such recipient.

(6) Attorneys employed by a recipient shall be appointed to provide legal assistance without reasonable compensation only when such appointment is made pursuant to a statute, rule, or practice applied generally to attorneys practicing in the court where the appointment is made.

(e)(1) Employees of the Corporation or of recipients shall not at any time intentionally identify the Corporation or the recipient with any partisan or nonpartisan political activity associated with a political party or association, or the campaign of any candidate for public or party office.

(2) Employees of the Corporation and staff attorneys shall be deemed to be State or local employees for purposes of chapter 15 of title 5, United States Code, except that no staff attorney may be a candidate in a partisan political election.

(f) If an action is commenced by the Corporation or by a recipient and a final order is entered in favor of the defendant and against the Corporation or a recipient's plaintiff, the court shall, upon motion by the defendant and upon a finding by the court that the action was commenced or pursued for the sole purpose of harassment of the defendant or that the Corporation or a recipient's plaintiff maliciously abused legal process, enter an order (which shall be appealable before being made final) awarding reasonable costs and legal fees incurred by the defendant in defense of the action, except when in contravention of a State law, a rule of court, or a statute of general applicability. Any such costs and fees shall be directly paid by the Corporation.

(42 U.S.C. 2996e) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 381.

GRANTS AND CONTRACTS

SEC. 1007. (a) With respect to grants or contracts in connection with the provision of legal assistance to eligible clients under this title, the Corporation shall—

(1) insure the maintenance of the highest quality of service and professional standards, the preservation of attorney-client relationships, and the protection of the integrity of the adversary process from any impairment in furnishing legal assistance to eligible clients;

(2)(A) establish, in consultation with the Director of the Office of Management and Budget and with the Governors of the several States, maximum income levels (taking into account family size, urban and rural differences, and substantial cost-of-living variations) for individuals eligible for legal assistance under this title;

(B) establish guidelines to insure that eligibility of clients will be determined by recipients on the basis of factors which include—

(i) the liquid assets and income level of the client,

(ii) the fixed debts, medical expenses, and other factors which affect the client's ability to pay,

(iii) the cost of living in the locality, and

(iv) such other factors as relate to financial inability to afford legal assistance, which may include evidence of a prior determination that such individual's lack of income results from refusal or unwillingness, without good cause, to seek or accept an employment situation; and

(C) insure that (i) recipients, consistent with goals established by the Corporation, adopt procedures for determining and implementing priorities for the provision of such assistance, taking into account the relative needs of eligible clients for such assistance (including such outreach, training, and support services as may be necessary), including particularly the needs for service on the part of significant segments of the population of eligible clients with special difficulties of access to legal services or special legal problems (including elderly and handicapped individuals); and (ii) appropriate training and support services are provided in order to provide such assistance to such significant segments of the population of eligible clients;

(3) insure that grants and contracts are made so as to provide the most economical and effective delivery of legal assistance to persons in both urban and rural areas;

(4) insure that attorneys employed full time in legal assistance activities supported in major part by the Corporation refrain from (A) any compensated outside practice of law, and (B) any uncompensated outside practice of law except as authorized in guidelines promulgated by the Corporation;

(5) insure that no funds made available to recipients by the Corporation shall be used at any time, directly or indirectly, to influence the issuance, amendment, or revocation of any executive order or similar promulgation by any Federal, State, or local agency, or to undertake to influence the passage or defeat of any legislation by the Congress of the United States, or by

any State or local legislative bodies, or State proposals by initiative petition, except where—

(A) representation by an employee of a recipient for any eligible client is necessary to the provision of legal advice and representation with respect to such client's legal rights and responsibilities (which shall not be construed to permit an attorney or a recipient employee to solicit a client, in violation of professional responsibilities, for the purpose of making such representation possible); or

(B) a governmental agency, legislative body, a committee, or a member thereof—

(i) requests personnel of the recipient to testify, draft, or review measures or to make representations to such agency, body, committee, or member, or

(ii) is considering a measure directly affecting the activities under this title of the recipient or the Corporation.

(6) insure that all attorneys engaged in legal assistant activities supported in whole or in part by the Corporation refrain, while so engaged, from—

(A) any political activity, or

(B) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election (other than legal advice and representation), or

(C) any voter registration activity (other than legal advice and representation);

(7) require recipients to establish guidelines, consistent with regulations promulgated by the Corporation, for a system for review of appeals to insure the efficient utilization of resources and to avoid frivolous appeals (except that such guidelines or regulations shall in no way interfere with attorneys' professional responsibilities);

(8) insure that recipients solicit the recommendations of the organized bar in the community being served before filling staff attorney positions in any project funded pursuant to this title and give preference in filling such positions to qualified persons who reside in the community to be served;

(9) insure that every grantee, contractor, or person or entity receiving financial assistance under this title or predecessor authority under this Act which files with the Corporation a timely application for refunding is provided interim funding necessary to maintain its current level of activities until (A) the application for refunding has been approved and funds pursuant thereto received, or (B) the application for refunding has been finally denied in accordance with section 1011 of this Act; and

(10) insure that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from the persistent incitement of litigation and any other activity prohibited by the Canons of Ethics and Code of Professional Responsibility of the American Bar Association, and insure that such attorneys refrain from personal represen-

tation for a private fee in any cases in which they were involved while engaged in such legal assistance activities.

(b) No funds made available by the Corporation under this title, either by grant or contract, may be used—

(1) to provide legal assistance (except in accordance with guidelines promulgated by the Corporation) with respect to any fee-generating case (which guidelines shall not preclude the provision of legal assistance in cases in which a client seeks only statutory benefits and appropriate private representation is not available);

(2) to provide legal assistance with respect to any criminal proceeding, except to provide assistance to a person charged with a misdemeanor or lesser offense or its equivalent in an Indian tribal court;

(3) to provide legal assistance in civil actions to persons who have been convicted of a criminal charge where the civil action arises out of alleged acts or failures to act and the action is brought against an officer of the court or against a law enforcement official for the purpose of challenging the validity of the criminal conviction;

(4) for any of the political activities prohibited in paragraph (6) of subsection (a) of this section;

(5) to make grants to or enter into contracts with any private law firm which expends 50 percent or more of its resources and time litigating issues in the broad interests of a majority of the public;

(6) to support or conduct training programs for the purpose of advocating particular public policies or encouraging political activities, labor or antilabor activities, boycotts, picketing, strikes, and demonstrations, as distinguished from the dissemination of information about such policies or activities, except that this provision shall not be construed to prohibit the training of attorneys or paralegal personnel necessary to prepare them to provide adequate legal assistance to eligible clients;

(7) to initiate the formation, or act as an organizer, of any association, federation, or similar entity, except that this paragraph shall not be construed to prohibit the provision of legal assistance to eligible clients;

(8) to provide legal assistance with respect to any proceeding or litigation which seeks to procure a nontherapeutic abortion or to compel any individual or institution to perform an abortion, or assist in the performance of an abortion, or provide facilities for the performance of an abortion, contrary to the religious beliefs or moral convictions of such individual or institution;

(9) to provide legal assistance with respect to any proceeding or litigation relating to the desegregation of any elementary or secondary school or school system, except that nothing in this paragraph shall prohibit the provision of legal advice to an eligible client with respect to such client's legal rights and responsibilities; or

(10) to provide legal assistance with respect to any proceeding or litigation arising out of a violation of the Military Selective Service Act or of desertion from the Armed Forces of

the United States, except that legal assistance may be provided to an eligible client in a civil action in which such client alleges that he was improperly classified prior to July 1, 1973, under the Military Selective Service Act or prior corresponding law.

(c) In making grants or entering into contracts for legal assistance, the Corporation shall insure that any recipient organized solely for the purpose of providing legal assistance to eligible clients is governed by a body at least 60 percent of which consists of attorneys who are members of the bar of a State in which the legal assistance is to be provided (except that the Corporation (1) shall, upon application, grant waivers to permit a legal services program, supported under section 222(a)(3) of the Economic Opportunity Act of 1964, which on the date of enactment of this title has a majority of persons who are not attorneys on its policy-making board to continue such a nonattorney majority under the provisions of this title, and (2) may grant, pursuant to regulations issued by the Corporation, such a waiver for recipients which, because of the nature of the population they serve, are unable to comply with such requirement) and at least one-third of which consists of persons who are, when selected, eligible clients who may also be representatives of associations or organizations of eligible clients. Any such attorney, while serving on such board, shall not receive compensation from a recipient.

(d) The Corporation shall monitor and evaluate and provide for independent evaluations of programs supported in whole or in part under this title to insure that the provisions of this title and the bylaws of the Corporation and applicable rules, regulations, and guidelines promulgated pursuant to this title are carried out.

(e) The president of the Corporation is authorized to make grants and enter into contracts under this title.

(f) At least thirty days prior to the approval of any grant application or prior to entering into a contract or prior to the initiation of any other project, the Corporation shall announce publicly, and shall notify the Governor, the State bar association of any State, and the principal local bar associations (if there be any) of any community, where legal assistance will thereby be initiated, of such grant, contract, or project. Notification shall include a reasonable description of the grant application or proposed contract or project and request comments and recommendations.

(g) The Corporation shall provide for comprehensive, independent study of the existing staff-attorney program under this Act and, through the use of appropriate demonstration projects, of alternative and supplemental methods of delivery of legal services to eligible clients, including judicare, vouchers, prepaid legal insurance, and contracts with law firms; and, based upon the results of such study, shall make recommendations to the President and the Congress, not later than two years after the first meeting of the Board, concerning improvements, changes, or alternative methods for the economical and effective delivery of such services.

(h) The Corporation shall conduct a study on whether eligible clients who are—

(1) veterans,

(2) native Americans,

(3) migrants or seasonal farm workers,
(4) persons with limited English-speaking abilities, and
(5) persons in sparsely populated areas where a harsh climate and an inadequate transportation system are significant impediments to receipt of legal services.

have special difficulties of access to legal services or special legal problems which are not being met. The Corporation shall report to Congress not later than January 1, 1979, on the extent and nature of any such problems and difficulties and shall include in the report and implement appropriate recommendations.

(42 U.S.C. 2996f) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 383.

RECORDS AND REPORTS

SEC. 1008. (a) The Corporation is authorized to require such reports as it deems necessary from any grantee, contractor, or person or entity receiving financial assistance under this title regarding activities carried out pursuant to this title.

(b) The Corporation is authorized to prescribe the keeping of records with respect to funds provided by grant or contract and shall have access to such records at all reasonable times for the purpose of insuring compliance with the grant or contract or the terms and conditions upon which financial assistance was provided.

(c) The Corporation shall publish an annual report which shall be filed by the Corporation with the President and the Congress. Such report shall include a description of services provided pursuant to section 1007(a)(2)(C) (i) and (ii).

(d) Copies of all reports pertinent to the evaluation, inspection, or monitoring of any grantee, contractor, or person or entity receiving financial assistance under this title shall be submitted on a timely basis to such grantee, contractor, or person or entity, and shall be maintained in the principal office of the Corporation for a period of at least five years subsequent to such evaluation, inspection, or monitoring. Such reports shall be available for public inspection during regular business hours, and copies shall be furnished, upon request, to interested parties upon payment of such reasonable fees as the Corporation may establish.

(e) The Corporation shall afford notice and reasonable opportunity for comment to interested parties prior to issuing rules, regulations, and guidelines, and it shall publish in the Federal Register at least 30 days prior to their effective date all its rules, regulations, guidelines, and instructions.

(42 U.S.C. 2996g) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 386.

AUDITS

SEC. 1009. (a)(1) The accounts of the Corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(2) The audits shall be conducted at the place or places where the accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files, and other papers or property belonging to or in use by the Corporation and necessary to facilitate

the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with the balances and securities held by depositories, fiscal agents, and custodians shall be afforded to any such person.

(3) The report of the annual audit shall be filed with the General Accounting Office and shall be available for public inspection during business hours at the principal office of the Corporation.

(b)(1) In addition to the annual audit, the financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operation may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States.

(2) Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers or property belonging to or in use by the Corporation and necessary to facilitate the audit; and full facilities for verifying transactions with the balances and securities held by depositories, fiscal agents, and custodians shall be afforded to such representatives. All such books, accounts, financial records, reports, files, and other papers or property of the Corporation shall remain in the possession and custody of the Corporation throughout the period beginning on the date such possession or custody commences and ending three years after such date, but the General Accounting Office may require the retention of such books, accounts, financial records, reports, files, papers, or property for a longer period under section 117(b) of the Accounting and Auditing Act of 1950 (31 U.S.C. 67(b)).

(3) A report of such audit shall be made by the Comptroller General to the Congress and to the President, together with such recommendations with respect thereto as he shall deem advisable.

(c)(1) The Corporation shall conduct, or require each grantee, contractor, or person or entity receiving financial assistance under this title to provide for, an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the Corporation.

(2) The Corporation shall submit to the Comptroller General of the United States copies of such reports, and the Comptroller General may, in addition, inspect the books, accounts, financial records, files, and other papers or property belonging to or in use by such grantee, contractor, or person or entity, which relate to the disposition or use of funds received from the Corporation. Such audit reports shall be available for public inspection, during regular business hours, at the principal office of the Corporation.

(d) Notwithstanding the provisions of this section or section 1008, neither the Corporation nor the Comptroller General shall have access to any reports or records subject to the attorney-client privilege.

(42 U.S.C. 2996h) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 387.

FINANCING

SEC. 1010. (a) There are authorized to be appropriated for the purpose of carrying out the activities of the Corporation,

$90,000,000 for fiscal year 1975, $100,000,000 for fiscal year 1976, and such sums as may be necessary for fiscal year 1977. There are authorized to be appropriated for the purpose of carrying out the activities of the Corporation $205,000,000 for the fiscal year 1978, and such sums as may be necessary for each of the two succeeding fiscal years. The first appropriation may be made available to the Corporation at any time after six or more members of the Board have been appointed and qualified. Appropriations for that purpose shall be made for not more than two fiscal years, and shall be paid to the Corporation in annual installments at the beginning of each fiscal year in such amounts as may be specified in Acts of Congress making appropriations.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the Corporation, and funds received by any recipient from a source other than the Corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds; but any funds so received for the provision of legal assistance shall not be expended by recipients for any purpose prohibited by this title, except that this provision shall not be construed to prevent recipients from receiving other public funds or tribal funds (including foundation funds benefiting Indians or Indian tribes) and expending them in accordance with the purposes for which they are provided, or to prevent contracting or making other arrangements with private attorneys, private law firms, or other State or local entities of attorneys, or with legal aid societies having separate public defender programs, for the provision of legal assistance to eligible clients under this title.

(d) Not more than 10 percent of the amounts appropriated pursuant to subsection (a) of this section for any fiscal year shall be available for grants or contracts under section 1006(a)(3) in any such year.

(42 U.S.C. 2996i) As added July 25, 1974, P.L. 93-355, sec. 2, 88 Stat. 388.

SPECIAL LIMITATIONS

SEC. 1011. The Corporation shall prescribe procedures to insure that—

(1) financial assistance under this title shall not be suspended unless the grantee, contractor, or person or entity receiving financial assistance under this title has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(2) financial assistance under this title shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than thirty days, unless the grantee, contractor, or person or entity receiving financial assistance under this title has been afforded reasonable notice and opportunity for a timely, full, and fair hearing, and, when requested, such hearing shall be conducted by an independent hearing examiner. Such hearing shall be held prior to any final decision by the Corporation to terminate fianancial assistance or suspend or deny funding. Hearing examiners shall be appointed by the

Corporation in accordance with procedures established in regulations promulgated by the Corporation.

(42 U.S.C. 2996j) As added July 25, 1974, P.L. 93–355, sec. 2, 88 Stat. 388.

COORDINATION

SEC. 1012. The President may direct that appropriate support functions of the Federal Government may be made available to the Corporation in carrying out its activities under this title, to the extent not inconsistent with other applicable law.

(42 U.S.C. 2996k) As added July 25, 1974, P.L. 93–355, sec. 2, 88 Stat. 388.

RIGHT TO REPEAL, ALTER, OR AMEND

SEC. 1013. The right to repeal, alter, or amend this title at any time is expressly reserved.

(42 U.S.C. 2996l) As added July 25, 1974, P.L. 93–355, sec. 2, 88 Stat. 388.

SHORT TITLE

SEC. 1014. This title may be cited as the "Legal Services Corporation Act".

(42 U.S.C. 2996 note) As added July 25, 1974, P.L. 93–355, sec. 2, 88 Stat. 389.

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