

107TH CONGRESS
1ST SESSION

H. R. 3599

To promote charitable giving, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2001

Mr. SOUDER (for himself, Mr. SCOTT, Mr. GREEN of Wisconsin, Mr. EDWARDS, Mr. NADLER, and Mr. KIRK) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To promote charitable giving, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “The Charitable Giving and Compassion Assistance Act
6 of 2001”.

7 (b) **TABLE OF CONTENTS.**—The table of contents is
8 as follows:

Sec. 1. Short title; table of contents.

TITLE I—CHARITABLE GIVING INCENTIVES PACKAGE

- Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
- Sec. 102. Tax-free distributions from individual retirement accounts for charitable purposes.
- Sec. 103. Increase in cap on corporate charitable contributions.
- Sec. 104. Charitable deduction for contributions of food and book inventories.
- Sec. 105. Reform of excise tax on net investment income of private foundations.
- Sec. 106. Excise tax on unrelated business taxable income of charitable remainder trusts.
- Sec. 107. Adjustment to basis of S corporation stock for certain charitable contributions.

TITLE II—INDIVIDUAL DEVELOPMENT ACCOUNTS

- Sec. 201. Short title.
- Sec. 202. Findings and purposes.
- Sec. 203. Definitions.
- Sec. 204. Structure and administration of qualified individual development account programs.
- Sec. 205. Procedures for opening and maintaining an individual development account and qualifying for matching funds.
- Sec. 206. Deposits by qualified individual development account programs.
- Sec. 207. Withdrawal procedures.
- Sec. 208. Certification and termination of qualified individual development account programs.
- Sec. 209. Reporting, monitoring, and evaluation.
- Sec. 210. Authorization of appropriations.
- Sec. 211. Account funds disregarded for purposes of certain means-tested Federal programs.
- Sec. 212. Matching funds for individual development accounts provided through a tax credit for qualified financial institutions.

TITLE III—EZ PASS RECOGNITION OF SECTION 501(C)(3) STATUS

- Sec. 301. Ez pass recognition of section 501(c)(3) status.

TITLE IV—GRANTS FOR PROGRAMS FOR MENTORING CHILDREN OF INCARCERATED PARENTS

- Sec. 401. Grants for programs for mentoring children of incarcerated parents.

TITLE V—MATERNITY GROUP HOMES

- Sec. 501. Maternity group homes.

TITLE VI—COMPASSION CAPITAL FUND

- Sec. 601. Support for nonprofit community-based organizations; Department of Health and Human Services.
- Sec. 602. Support for nonprofit community-based organizations; Corporation for National and Community Service.
- Sec. 603. Support for nonprofit community-based organizations; Department of Justice.
- Sec. 604. Support for nonprofit community-based organizations; Department of Housing and Urban Development.
- Sec. 605. Prohibition on use of funds.

1 **TITLE I—CHARITABLE GIVING**
 2 **INCENTIVES PACKAGE**

3 **SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CON-**
 4 **TRIBUTIONS TO BE ALLOWED TO INDIVID-**
 5 **UALS WHO DO NOT ITEMIZE DEDUCTIONS.**

6 (a) IN GENERAL.—Section 170 of the Internal Rev-
 7 enue Code of 1986 (relating to charitable, etc., contribu-
 8 tions and gifts) is amended by redesignating subsection
 9 (m) as subsection (n) and by inserting after subsection
 10 (l) the following new subsection:

11 “(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING
 12 DEDUCTIONS.—In the case of an individual who does not
 13 itemize his deductions for the taxable year, there shall be
 14 taken into account as a direct charitable deduction under
 15 section 63 an amount equal to the lesser of—

16 “(1) the amount allowable under subsection (a)
 17 for the taxable year for cash contributions, or

18 “(2) \$500 (\$1,000 in the case of a joint re-
 19 turn).”.

20 (b) DIRECT CHARITABLE DEDUCTION.—

21 (1) IN GENERAL.—Subsection (b) of section 63
 22 of the Internal Revenue Code of 1986 (defining tax-
 23 able income) is amended by striking “and” at the
 24 end of paragraph (1), by striking the period at the
 25 end of paragraph (2) and inserting “, and”, and by

1 adding at the end thereof the following new para-
2 graph:

3 “(3) the direct charitable deduction.”.

4 (2) DEFINITION.—Section 63 of such Code is
5 amended by redesignating subsection (g) as sub-
6 section (h) and by inserting after subsection (f) the
7 following new subsection:

8 “(g) DIRECT CHARITABLE DEDUCTION.—For pur-
9 poses of this section, the term ‘direct charitable deduction’
10 means that portion of the amount allowable under section
11 170(a) which is taken as a direct charitable deduction for
12 the taxable year under section 170(m).”.

13 (3) CONFORMING AMENDMENT.—Subsection (d)
14 of section 63 of such Code is amended by striking
15 “and” at the end of paragraph (1), by striking the
16 period at the end of paragraph (2) and inserting “,
17 and”, and by adding at the end thereof the following
18 new paragraph:

19 “(3) the direct charitable deduction.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2001.

1 **SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**
2 **TIREMENT ACCOUNTS FOR CHARITABLE**
3 **PURPOSES.**

4 (a) IN GENERAL.—Subsection (d) of section 408 of
5 the Internal Revenue Code of 1986 (relating to individual
6 retirement accounts) is amended by adding at the end the
7 following new paragraph:

8 “(8) DISTRIBUTIONS FOR CHARITABLE PUR-
9 POSES.—

10 “(A) IN GENERAL.—No amount shall be
11 includible in gross income by reason of a quali-
12 fied charitable distribution.

13 “(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the
14 term ‘qualified charitable distribution’ means
15 any distribution from an individual retirement
16 account—
17

18 “(i) which is made directly by the
19 trustee—

20 “(I) to an organization described
21 in section 170(c), or

22 “(II) to a split-interest entity,
23 and

24 “(ii) which is made on or after the
25 date that the individual for whose benefit
26 the account is maintained has attained—

1 “(I) age 65 in the case of a dis-
2 tribution described in clause (i)(I), or

3 “(II) age 59½ in the case of dis-
4 tribution described in clause (i)(II).

5 A distribution shall be treated as a qualified
6 charitable distribution only to the extent that
7 the distribution would be includible in gross in-
8 come without regard to subparagraph (A) and,
9 in the case of a distribution to a split-interest
10 entity, only if no person holds an income inter-
11 est in the amounts in the split-interest entity
12 attributable to such distribution other than one
13 or more of the following: the individual for
14 whose benefit such account is maintained, the
15 spouse of such individual, or any organization
16 described in section 170(c).

17 “(C) CONTRIBUTIONS MUST BE OTHER-
18 WISE DEDUCTIBLE.—For purposes of this
19 paragraph—

20 “(i) DIRECT CONTRIBUTIONS.—A dis-
21 tribution to an organization described in
22 section 170(c) shall be treated as a quali-
23 fied charitable distribution only if a deduc-
24 tion for the entire distribution would be al-
25 lowable under section 170 (determined

1 without regard to subsection (b) thereof
2 and this paragraph).

3 “(ii) SPLIT-INTEREST GIFTS.—A dis-
4 tribution to a split-interest entity shall be
5 treated as a qualified charitable distribu-
6 tion only if a deduction for the entire value
7 of the interest in the distribution for the
8 use of an organization described in section
9 170(c) would be allowable under section
10 170 (determined without regard to sub-
11 section (b) thereof and this paragraph).

12 “(D) APPLICATION OF SECTION 72.—Not-
13 withstanding section 72, in determining the ex-
14 tent to which a distribution is a qualified chari-
15 table distribution, the entire amount of the dis-
16 tribution shall be treated as includible in gross
17 income without regard to subparagraph (A) to
18 the extent that such amount does not exceed
19 the aggregate amount which would be so includ-
20 ible if all amounts were distributed from all in-
21 dividual retirement accounts otherwise taken
22 into account in determining the inclusion on
23 such distribution under section 72. Proper ad-
24 justments shall be made in applying section 72

1 to other distributions in such taxable year and
2 subsequent taxable years.

3 “(E) SPECIAL RULES FOR SPLIT-INTEREST
4 ENTITIES.—

5 “(i) CHARITABLE REMAINDER
6 TRUSTS.—Distributions made from an in-
7 dividual retirement account to a trust de-
8 scribed in subparagraph (G)(i) shall be
9 treated as income described in section
10 664(b)(1) except to the extent that the
11 beneficiary of the individual retirement ac-
12 count notifies the trustee of the trust of
13 the amount which is not allocable to in-
14 come under subparagraph (D).

15 “(ii) POOLED INCOME FUNDS.—No
16 amount shall be includible in the gross in-
17 come of a pooled income fund (as defined
18 in subparagraph (G)(ii)) by reason of a
19 qualified charitable distribution to such
20 fund.

21 “(iii) CHARITABLE GIFT ANNU-
22 ITIES.—Qualified charitable distributions
23 made for a charitable gift annuity shall not
24 be treated as an investment in the con-
25 tract.

1 “(F) DENIAL OF DEDUCTION.—Qualified
2 charitable distributions shall not be taken into
3 account in determining the deduction under sec-
4 tion 170.

5 “(G) SPLIT-INTEREST ENTITY DEFINED.—
6 For purposes of this paragraph, the term ‘split-
7 interest entity’ means—

8 “(i) a charitable remainder annuity
9 trust or a charitable remainder unitrust
10 (as such terms are defined in section
11 664(d)),

12 “(ii) a pooled income fund (as defined
13 in section 642(c)(5)), and

14 “(iii) a charitable gift annuity (as de-
15 fined in section 501(m)(5)).”.

16 (b) MODIFICATIONS RELATING TO INFORMATION RE-
17 TURNS BY CERTAIN TRUSTS.—

18 (1) RETURNS.—Section 6034 of the Internal
19 Revenue Code of 1986 (relating to returns by trusts
20 described in section 4947(a)(2) or claiming chari-
21 table deductions under section 642(c)) is amended to
22 read as follows:

1 **“SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION**
2 **4947(a)(2) OR CLAIMING CHARITABLE DEDUC-**
3 **TIONS UNDER SECTION 642(c).**

4 “(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—
5 Every trust described in section 4947(a)(2) shall furnish
6 such information with respect to the taxable year as the
7 Secretary may by forms or regulations require.

8 “(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION
9 UNDER SECTION 642(c).—

10 “(1) IN GENERAL.—Every trust not required to
11 file a return under subsection (a) but claiming a
12 charitable, etc., deduction under section 642(c) for
13 the taxable year shall furnish such information with
14 respect to such taxable year as the Secretary may by
15 forms or regulations prescribe, including:

16 “(A) the amount of the charitable, etc., de-
17 duction taken under section 642(c) within such
18 year,

19 “(B) the amount paid out within such year
20 which represents amounts for which charitable,
21 etc., deductions under section 642(c) have been
22 taken in prior years,

23 “(C) the amount for which charitable, etc.,
24 deductions have been taken in prior years but
25 which has not been paid out at the beginning
26 of such year,

1 “(D) the amount paid out of principal in
2 the current and prior years for charitable, etc.,
3 purposes,

4 “(E) the total income of the trust within
5 such year and the expenses attributable thereto,
6 and

7 “(F) a balance sheet showing the assets, li-
8 abilities, and net worth of the trust as of the
9 beginning of such year.

10 “(2) EXCEPTIONS.—Paragraph (1) shall not
11 apply in the case of a taxable year if all the net in-
12 come for such year, determined under the applicable
13 principles of the law of trusts, is required to be dis-
14 tributed currently to the beneficiaries. Paragraph (1)
15 shall not apply in the case of a trust described in
16 section 4947(a)(1).”.

17 (2) INCREASE IN PENALTY RELATING TO FIL-
18 ING OF INFORMATION RETURN BY SPLIT-INTEREST
19 TRUSTS.—Paragraph (2) of section 6652(c) of such
20 Code (relating to returns by exempt organizations
21 and by certain trusts) is amended by adding at the
22 end the following new subparagraph:

23 “(C) SPLIT-INTEREST TRUSTS.—In the
24 case of a trust which is required to file a return
25 under section 6034(a), subparagraphs (A) and

1 (B) of this paragraph shall not apply and para-
2 graph (1) shall apply in the same manner as if
3 such return were required under section 6033,
4 except that—

5 “(i) the 5 percent limitation in the
6 second sentence of paragraph (1)(A) shall
7 not apply,

8 “(ii) in the case of any trust with
9 gross income in excess of \$250,000, the
10 first sentence of paragraph (1)(A) shall be
11 applied by substituting ‘\$100’ for ‘\$20’,
12 and the second sentence thereof shall be
13 applied by substituting ‘\$50,000’ for
14 ‘\$10,000’, and

15 “(iii) the third sentence of paragraph
16 (1)(A) shall be disregarded.

17 If the person required to file such return know-
18 ingly fails to file the return, such person shall
19 be personally liable for the penalty imposed
20 pursuant to this subparagraph.”.

21 (3) CONFIDENTIALITY OF NONCHARITABLE
22 BENEFICIARIES.—Subsection (b) of section 6104 of
23 such Code (relating to inspection of annual informa-
24 tion returns) is amended by adding at the end the
25 following new sentence: “In the case of a trust which

1 is required to file a return under section 6034(a),
2 this subsection shall not apply to information re-
3 garding beneficiaries which are not organizations de-
4 scribed in section 170(c).”.

5 (c) EFFECTIVE DATES.—

6 (1) SUBSECTION (a).—The amendment made
7 by subsection (a) shall apply to taxable years begin-
8 ning after December 31, 2001.

9 (2) SUBSECTION (b).—The amendments made
10 by subsection (b) shall apply to returns for taxable
11 years beginning after December 31, 2001.

12 **SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE**
13 **CONTRIBUTIONS.**

14 (a) IN GENERAL.—Paragraph (2) of section 170(b)
15 of the Internal Revenue Code of 1986 (relating to corpora-
16 tions) is amended by striking “10 percent” and inserting
17 “the applicable percentage”.

18 (b) APPLICABLE PERCENTAGE.—Subsection (b) of
19 section 170 of the Internal Revenue Code of 1986 is
20 amended by adding at the end the following new para-
21 graph:

22 “(3) APPLICABLE PERCENTAGE DEFINED.—For
23 purposes of paragraph (2), the applicable percentage
24 shall be determined in accordance with the following
25 table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2001 through 2005	15
2006	17
2007	19
2008	21
2009	23
2010 and thereafter	25.”.

1 (c) CONFORMING AMENDMENTS.—

2 (1) Sections 512(b)(10) and 805(b)(2)(A) of
3 the Internal Revenue Code of 1986 are each amend-
4 ed by striking “10 percent” each place it occurs and
5 inserting “the applicable percentage (determined
6 under section 170(b)(3))”.

7 (2) Sections 545(b)(2) and 556(b)(2) of such
8 Code are each amended by striking “10-percent limi-
9 tation” and inserting “applicable percentage limita-
10 tion”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2000.

14 **SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS**
15 **OF FOOD AND BOOK INVENTORIES.**

16 (a) FOOD INVENTORY.—Subsection (e) of section
17 170 of the Internal Revenue Code of 1986 (relating to
18 certain contributions of ordinary income and capital gain
19 property) is amended by adding at the end the following
20 new paragraph:

1 “(7) SPECIAL RULE FOR CONTRIBUTIONS OF
2 FOOD INVENTORY.—For purposes of this section—

3 “(A) IN GENERAL.—In the case of a chari-
4 table contribution of food by a taxpayer, para-
5 graph (3)(A) shall be applied without regard to
6 whether or not the contribution is made by a
7 corporation.

8 “(B) LIMIT ON REDUCTION.—In the case
9 of a charitable contribution of food which is a
10 qualified contribution (within the meaning of
11 paragraph (3)(A), as modified by subparagraph
12 (A) of this paragraph)—

13 “(i) paragraph (3)(B) shall not apply,

14 and

15 “(ii) the reduction under paragraph
16 (1)(A) for such contribution shall be no
17 greater than the amount (if any) by which
18 the amount of such contribution exceeds
19 twice the basis of such food.

20 “(C) DETERMINATION OF BASIS.—For
21 purposes of this paragraph, if a taxpayer uses
22 the cash method of accounting, the basis of any
23 qualified contribution of such taxpayer shall be
24 deemed to be 50 percent of the fair market
25 value of such contribution.

1 “(D) DETERMINATION OF FAIR MARKET
2 VALUE.—In the case of a charitable contribu-
3 tion of food which is a qualified contribution
4 (within the meaning of paragraph (3), as modi-
5 fied by subparagraphs (A) and (B) of this para-
6 graph) and which, solely by reason of internal
7 standards of the taxpayer, lack of market, or
8 similar circumstances, or which is produced by
9 the taxpayer exclusively for the purposes of
10 transferring the food to an organization de-
11 scribed in paragraph (3)(A), cannot or will not
12 be sold, the fair market value of such contribu-
13 tion shall be determined—

14 “(i) without regard to such internal
15 standards, such lack of market, such cir-
16 cumstances, or such exclusive purpose, and

17 “(ii) if applicable, by taking into ac-
18 count the price at which the same or simi-
19 lar food items are sold by the taxpayer at
20 the time of the contribution (or, if not so
21 sold at such time, in the recent past).”.

22 (b) BOOK INVENTORY.—Section 170(e)(3) of the In-
23 ternal Revenue Code of 1986 (relating to certain contribu-
24 tions of ordinary income and capital gain property) is
25 amended by redesignating subparagraph (C) as subpara-

1 graph (D) and by inserting after subparagraph (B) the
2 following new subparagraph:

3 “(D) SPECIAL RULE FOR CONTRIBUTIONS
4 OF BOOK INVENTORY FOR EDUCATIONAL PUR-
5 POSES.—

6 “(i) CONTRIBUTIONS OF BOOK INVEN-
7 TORY.—In determining whether a qualified
8 book contribution is a qualified contribu-
9 tion, subparagraph (A) shall be applied
10 without regard to whether or not—

11 “(I) the donee is an organization
12 described in the matter preceding
13 clause (i) of subparagraph (A), and

14 “(II) the property is to be used
15 by the donee solely for the care of the
16 ill, the needy, or infants.

17 “(ii) QUALIFIED BOOK CONTRIBU-
18 TION.—For purposes of this paragraph,
19 the term ‘qualified book contribution’
20 means a charitable contribution of books,
21 but only if the contribution is to an
22 organization—

23 “(I) described in subclause (I) or
24 (III) of paragraph (6)(B)(i), or

1 “(II) described in section
2 501(c)(3) and exempt from tax under
3 section 501(a) which is organized pri-
4 marily to make books available to the
5 general public at no cost or to operate
6 a literacy program.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to taxable years beginning after
9 December 31, 2001.

10 **SEC. 105. REFORM OF EXCISE TAX ON NET INVESTMENT IN-**
11 **COME OF PRIVATE FOUNDATIONS.**

12 (a) IN GENERAL.—Subsection (a) of section 4940 of
13 the Internal Revenue Code of 1986 (relating to excise tax
14 based on investment income) is amended by striking “2
15 percent” and inserting “1 percent”.

16 (b) REPEAL OF REDUCTION IN TAX WHERE PRI-
17 VATE FOUNDATION MEETS CERTAIN DISTRIBUTION RE-
18 QUIREMENTS.—Section 4940 of the Internal Revenue
19 Code of 1986 is amended by striking subsection (e).

20 (c) EXCLUSION OF ADMINISTRATIVE COSTS FROM
21 QUALIFYING DISTRIBUTIONS.—Section 4942(g)(1)(A) of
22 the Internal Revenue Code of 1986 (defining qualifying
23 distributions) is amended by striking “(including that por-
24 tion of reasonable and necessary administrative ex-
25 penses)”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

4 **SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE**
5 **INCOME OF CHARITABLE REMAINDER**
6 **TRUSTS.**

7 (a) IN GENERAL.—Subsection (c) of section 664 of
8 the Internal Revenue Code of 1986 (relating to exemption
9 from income taxes) is amended to read as follows:

10 “(c) TAXATION OF TRUSTS.—

11 “(1) INCOME TAX.—A charitable remainder an-
12 nuity trust and a charitable remainder unitrust
13 shall, for any taxable year, not be subject to any tax
14 imposed by this subtitle.

15 “(2) EXCISE TAX.—

16 “(A) IN GENERAL.—In the case of a chari-
17 table remainder annuity trust or a charitable
18 remainder unitrust that has unrelated business
19 taxable income (within the meaning of section
20 512, determined as if part III of subchapter F
21 applied to such trust) for a taxable year, there
22 is hereby imposed on such trust or unitrust an
23 excise tax equal to the amount of such unre-
24 lated business taxable income.

1 “(B) CERTAIN RULES TO APPLY.—The tax
2 imposed by subparagraph (A) shall be treated
3 as imposed by chapter 42 for purposes of this
4 title other than subchapter E of chapter 42.

5 “(C) CHARACTER OF DISTRIBUTIONS AND
6 COORDINATION WITH DISTRIBUTION REQUIRE-
7 MENTS.—The amounts taken into account in
8 determining unrelated business taxable income
9 (as defined in subparagraph (A)) shall not be
10 taken into account for purposes of—

11 “(i) subsection (b),

12 “(ii) determining the value of trust
13 assets under subsection (d)(2), and

14 “(iii) determining income under sub-
15 section (d)(3).

16 “(D) TAX COURT PROCEEDINGS.—For
17 purposes of this paragraph, the references in
18 section 6212(c)(1) to section 4940 shall be
19 deemed to include references to this para-
20 graph.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2001.

1 **SEC. 107. ADJUSTMENT TO BASIS OF S CORPORATION**
2 **STOCK FOR CERTAIN CHARITABLE CON-**
3 **TRIBUTIONS.**

4 (a) IN GENERAL.—Paragraph (1) of section 1367(a)
5 of the Internal Revenue Code of 1986 (relating to adjust-
6 ments to basis of stock of shareholders, etc.) is amended
7 by striking “and” at the end of subparagraph (B), by
8 striking the period at the end of subparagraph (C) and
9 inserting “, and”, and by adding at the end the following
10 new subparagraph:

11 “(D) the excess of the amount of the
12 shareholder’s deduction for any charitable con-
13 tribution made by the S corporation over the
14 shareholder’s proportionate share of the ad-
15 justed basis of the property contributed.”.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall apply to taxable years beginning after
18 December 31, 2001.

19 **TITLE II—INDIVIDUAL**
20 **DEVELOPMENT ACCOUNTS**

21 **SEC. 201. SHORT TITLE.**

22 This title may be cited as the “Savings for Working
23 Families Act of 2001”.

24 **SEC. 202. FINDINGS AND PURPOSES.**

25 (a) FINDINGS.—Congress makes the following find-
26 ings:

1 (1) For the vast majority of households the
2 pathway to the economic mainstream and financial
3 security is not through spending and consumption,
4 but through saving, investing, and the accumulation
5 of assets. Assets promote economic household sta-
6 bility, decrease economic strain on households, pro-
7 mote educational attainment, decrease marital dis-
8 solution, decrease the risk of intergenerational pov-
9 erty transmission, increase health and satisfaction
10 among adults, increase property values, decrease res-
11 idential mobility, increase property maintenance, and
12 increase local civic involvement.

13 (2) One-third of all Americans have no assets
14 available for investment and another 20 percent
15 have only negligible assets. Assets are distributed far
16 more unevenly than income. Whereas the top 20 per-
17 cent of American households earn over 43 percent of
18 all income, such households hold over 68 percent of
19 net worth and almost 87 percent of net financial as-
20 sets. Moreover, asset poverty and wealth gaps are
21 even higher among minority households by a ratio of
22 more than 11 to 1. Up to 20 percent of all house-
23 holds are unbanked and do not have access to the
24 basic financial tools that make asset accumulation
25 possible.

1 (3) Public policy has contributed to large asset
2 gaps in the United States. Traditional public assist-
3 ance programs based on income and consumption
4 have rarely been successful in supporting the transi-
5 tion to economic self-sufficiency. Tax policy, through
6 \$288,000,000,000 in annual tax incentives, has
7 helped lay the foundation for the great American
8 middle class, but only for some citizens. Fully 90
9 percent of such current tax benefits accrue to house-
10 holds earning more than \$50,000 per year, roughly
11 half of all American households. Lacking an income
12 tax liability, low-income working families cannot
13 take advantage of asset development incentives.
14 Moreover, low-income families seeking public assist-
15 ance must first spend down their assets and face se-
16 vere asset limits once on assistance.

17 (4) Individual Development Accounts, or IDAs,
18 have proven to be successful in helping low-income
19 working families save and accumulate assets. In one
20 national demonstration project, 2,378 low-income
21 families saved a total of \$834,442 in one year which
22 generated another \$1,644,510 in private matching
23 funds. Thus far, IDA savings have been used to pur-
24 chase long-term, high-return assets, including
25 homes, post-secondary education and training, and

1 small businesses. Presently, about 10,000 IDAs are
2 in existence in the United States, held by a very
3 small fraction of the at least 70 million Americans
4 who are asset poor.

5 (5) Therefore, the Federal Government should
6 support, through the tax code, a significant expansion
7 of Individual Development Accounts so that
8 millions of low-income working families across the
9 country can save, accumulate assets, and move their
10 lives forward, and thus make positive contributions
11 to the economic and social well-being of the United
12 States, as well as to its future.

13 (b) PURPOSES.—The purposes of this Act are to pro-
14 vide for the establishment of individual development ac-
15 count programs that will—

16 (1) provide individuals and families with limited
17 means an opportunity to accumulate assets and to
18 enter the financial mainstream;

19 (2) promote education, homeownership, and the
20 development of small businesses;

21 (3) stabilize families and build communities;
22 and

23 (4) support continued United States economic
24 expansion.

1 **SEC. 203. DEFINITIONS.**

2 As used in this Act:

3 (1) **ELIGIBLE INDIVIDUAL.**—

4 (A) **IN GENERAL.**—The term “eligible indi-
5 vidual” means, with respect to any taxable year,
6 an individual who—

7 (i) has attained the age of 18 years
8 but not the age of 61 as of the last day of
9 such taxable year;

10 (ii) is a citizen or legal resident of the
11 United States as of the last day of such
12 taxable year;

13 (iii) was not a student (as defined in
14 section 151(c)(4) of the Internal Revenue
15 Code of 1986) for the immediately pre-
16 ceding taxable year;

17 (iv) is not an individual with respect
18 to whom a deduction under section 151 of
19 such Code is allowable to another taxpayer
20 for a taxable year of the other taxpayer
21 ending during the immediately preceding
22 taxable year of the individual; and

23 (v) is a taxpayer the adjusted gross
24 income of whom for the immediately pre-
25 ceding taxable year does not exceed—

1 (I) \$20,000, in the case of a tax-
2 payer described in section 1(c) or 1(d)
3 of such Code;

4 (II) \$30,000, in the case of a
5 taxpayer described in section 1(b) of
6 such Code; and

7 (III) \$40,000, in the case of a
8 taxpayer described in section 1(a) of
9 such Code.

10 (B) INFLATION ADJUSTMENT.—

11 (i) IN GENERAL.—In the case of any
12 taxable year beginning after 2003, each
13 dollar amount referred to in subparagraph
14 (A)(v) shall be increased by an amount
15 equal to—

16 (I) such dollar amount, multi-
17 plied by

18 (II) the cost-of-living adjustment
19 determined under section (1)(f)(3) of
20 the Internal Revenue Code of 1986
21 for the calendar year in which the tax-
22 able year begins, by substituting
23 “2002” for “1992”.

24 (ii) ROUNDING.—If any amount as
25 adjusted under clause (i) is not a multiple

1 of \$50, such amount shall be rounded to
2 the nearest multiple of \$50.

3 (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—

4 The term “Individual Development Account” means
5 an account established for an eligible individual as
6 part of a qualified individual development account
7 program, but only if the written governing instru-
8 ment creating the account meets the following re-
9 quirements:

10 (A) The sole owner of the account is the
11 individual for whom the account was estab-
12 lished.

13 (B) No contribution will be accepted unless
14 it is in cash.

15 (C) The holder of the account is a quali-
16 fied financial institution.

17 (D) The assets of the account will not be
18 commingled with other property except in a
19 common trust fund or common investment
20 fund.

21 (E) Except as provided in section 207(b),
22 any amount in the account may be paid out
23 only for the purpose of paying the qualified ex-
24 penses of the account owner.

1 (3) PARALLEL ACCOUNT.—The term “parallel
2 account” means a separate, parallel individual or
3 pooled account for all matching funds and earnings
4 dedicated to an Individual Development Account
5 owner as part of a qualified individual development
6 account program, the sole owner of which is a quali-
7 fied financial institution, a qualified nonprofit orga-
8 nization, or an Indian tribe.

9 (4) QUALIFIED FINANCIAL INSTITUTION.—

10 (A) IN GENERAL.—The term “qualified fi-
11 nancial institution” means any person author-
12 ized to be a trustee of any individual retirement
13 account under section 408(a)(2) of the Internal
14 Revenue Code of 1986.

15 (B) RULE OF CONSTRUCTION.—Nothing in
16 this paragraph shall be construed as preventing
17 a person described in subparagraph (A) from
18 collaborating with 1 or more qualified nonprofit
19 organizations or Indian tribes to carry out an
20 individual development account program estab-
21 lished under section 204.

22 (5) QUALIFIED NONPROFIT ORGANIZATION.—

23 The term “qualified nonprofit organization”
24 means—

1 (A) any organization described in section
2 501(c)(3) of the Internal Revenue Code of 1986
3 and exempt from taxation under section 501(a)
4 of such Code;

5 (B) any community development financial
6 institution certified by the Community Develop-
7 ment Financial Institution Fund;

8 (C) any credit union chartered under Fed-
9 eral or State law; or

10 (D) any public housing agency as defined
11 in section 3(b)(6) of the United States Housing
12 Act of 1937 (42 U.S.C. 1437a(b)(6)).

13 (6) INDIAN TRIBE.—The term “Indian tribe”
14 means any Indian tribe as defined in section 4(12)
15 of the Native American Housing Assistance and
16 Self-Determination Act of 1996 (25 U.S.C.
17 4103(12), and includes any tribally designated hous-
18 ing entity (as defined in section 4(21) of such Act
19 (25 U.S.C. 4103(21)), tribal subsidiary, subdivision,
20 or other wholly owned tribal entity.

21 (7) QUALIFIED INDIVIDUAL DEVELOPMENT AC-
22 COUNT PROGRAM.—The term “qualified individual
23 development account program” means a program es-
24 tablished under section 204 under which—

1 (A) Individual Development Accounts and
2 parallel accounts are held by a qualified finan-
3 cial institution; and

4 (B) additional activities determined by the
5 Secretary, in consultation with the Secretary of
6 Health and Human Services, as necessary to re-
7 sponsibly develop and administer accounts, in-
8 cluding recruiting, providing financial education
9 and other training to account owners, and reg-
10 ular program monitoring, are carried out by the
11 qualified financial institution, a qualified non-
12 profit organization, or an Indian tribe.

13 (8) QUALIFIED EXPENSE DISTRIBUTION.—

14 (A) IN GENERAL.—The term “qualified ex-
15 pense distribution” means any amount paid (in-
16 cluding through electronic payments) or distrib-
17 uted out of an Individual Development Account
18 and a parallel account established for an eligible
19 individual if such amount—

20 (i) is used exclusively to pay the quali-
21 fied expenses of the Individual Develop-
22 ment Account owner or such owner’s
23 spouse or dependents, as approved by the
24 qualified financial institution, qualified
25 nonprofit organization, or Indian tribe;

1 (ii) is paid by the qualified financial
2 institution, qualified nonprofit organiza-
3 tion, or Indian tribe—

4 (I) except as otherwise provided
5 in this clause, directly to the unre-
6 lated third party to whom the amount
7 is due;

8 (II) in the case of distributions
9 for working capital under a qualified
10 business plan (as defined in subpara-
11 graph (B)(iv)(IV)), directly to the ac-
12 count owner;

13 (III) in the case of any qualified
14 rollover, directly to another Individual
15 Development Account and parallel ac-
16 count; or

17 (IV) in the case of a qualified
18 final distribution, directly to the
19 spouse, dependent, or other named
20 beneficiary of the deceased account
21 owner; and

22 (iii) is paid after the account owner
23 has completed a financial education course
24 if required under section 205(b).

25 (B) QUALIFIED EXPENSES.—

1 (i) IN GENERAL.—The term “qualified
2 expenses” means any of the following:

3 (I) Qualified higher education ex-
4 penses.

5 (II) Qualified first-time home-
6 buyer costs.

7 (III) Qualified business capital-
8 ization or expansion costs.

9 (IV) Qualified rollovers.

10 (V) Qualified final distribution.

11 (ii) QUALIFIED HIGHER EDUCATION
12 EXPENSES.—

13 (I) IN GENERAL.—The term
14 “qualified higher education expenses”
15 means qualified higher education ex-
16 penses (as defined in section
17 529(e)(3) of the Internal Revenue
18 Code of 1986) incurred while attend-
19 ing an eligible educational institution.

20 (II) ELIGIBLE EDUCATIONAL IN-
21 STITUTION.—The term “eligible edu-
22 cational institution” means an institu-
23 tion of higher education which meets
24 the definition of an institution of
25 higher education under section 101(a)

1 of the Higher Education Act of 1965
2 (42 U.S.C. 1001(a)) (as in effect on
3 the date of the enactment of this Act)
4 or the definition of a postsecondary
5 vocational institution under section
6 102(c) of such Act (42 U.S.C.
7 1002(e)) (as so in effect) and which
8 is eligible to participate in programs
9 under title IV of such Act (42 U.S.C.
10 1070 et seq.).

11 (III) COORDINATION WITH
12 OTHER BENEFITS.—The amount of
13 qualified higher education expenses
14 for any taxable year shall be reduced
15 as provided in section 25A(g)(2) of
16 the Internal Revenue Code of 1986
17 and may not be taken into account for
18 purposes of determining qualified
19 higher education expenses under sec-
20 tion 135, 529, or 530 of such Code.

21 (iii) QUALIFIED FIRST-TIME HOME-
22 BUYER COSTS.—The term “qualified first-
23 time homebuyer costs” means qualified ac-
24 quisition costs (as defined in section
25 72(t)(8)(C) of the Internal Revenue Code

1 of 1986) with respect to a principal resi-
2 dence (within the meaning of section 121
3 of such Code) for a qualified first-time
4 homebuyer (as defined in section
5 72(t)(8)(D)(i) of such Code).

6 (iv) QUALIFIED BUSINESS CAPITAL-
7 IZATION OR EXPANSION COSTS.—

8 (I) IN GENERAL.—The term
9 “qualified business capitalization or
10 expansion costs” means qualified ex-
11 penditures for the capitalization or ex-
12 pansion of a qualified business pursu-
13 ant to a qualified business plan.

14 (II) QUALIFIED EXPENDI-
15 TURES.—The term “qualified expendi-
16 tures” means expenditures included in
17 a qualified business plan, including
18 capital, plant, equipment, working
19 capital, inventory expenses, attorney
20 and accounting fees, and other costs
21 normally associated with starting or
22 expanding a business.

23 (III) QUALIFIED BUSINESS.—
24 The term “qualified business” means

1 any business that does not contravene
2 any law.

3 (IV) QUALIFIED BUSINESS
4 PLAN.—The term “qualified business
5 plan” means a business plan which
6 has been approved by the qualified fi-
7 nancial institution, qualified nonprofit
8 organization, or Indian tribe and
9 which meets such requirements as the
10 Secretary may specify.

11 (v) QUALIFIED ROLLOVERS.—The
12 term “qualified rollover” means the com-
13 plete distribution of the amounts in an In-
14 dividual Development Account and parallel
15 account to another Individual Development
16 Account and parallel account established in
17 another qualified financial institution for
18 the benefit of the account owner.

19 (vi) QUALIFIED FINAL DISTRIBUTION.—The term “qualified final distribu-
20 tion” means, in the case of a deceased ac-
21 count owner, the complete distribution of
22 the amounts in an Individual Development
23 Account and parallel account directly to
24

1 the spouse, any dependent, or other named
2 beneficiary of the deceased.

3 (9) SECRETARY.—The term “Secretary” means
4 the Secretary of the Treasury.

5 **SEC. 204. STRUCTURE AND ADMINISTRATION OF QUALI-**
6 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
7 **PROGRAMS.**

8 (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-
9 VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-
10 cial institution, qualified nonprofit organization, or Indian
11 tribe may establish 1 or more qualified individual develop-
12 ment account programs which meet the requirements of
13 this Act.

14 (b) BASIC PROGRAM STRUCTURE.—

15 (1) IN GENERAL.—All qualified individual de-
16 velopment account programs shall consist of the fol-
17 lowing 2 components:

18 (A) An Individual Development Account to
19 which an eligible individual may contribute cash
20 in accordance with section 205.

21 (B) A parallel account to which all match-
22 ing funds shall be deposited in accordance with
23 section 206.

24 (2) TAILORED IDA PROGRAMS.—A qualified fi-
25 nancial institution, a qualified nonprofit organiza-

1 tion, or an Indian tribe may tailor its qualified indi-
 2 vidual development account program to allow match-
 3 ing funds to be spent on 1 or more of the categories
 4 of qualified expenses.

5 (c) COORDINATION WITH PUBLIC HOUSING AGENCY
 6 INDIVIDUAL SAVINGS ACCOUNTS.—Section 3(e)(2) of the
 7 United States Housing Act of 1937 (42 U.S.C.
 8 1437a(e)(2)) is amended by inserting “or in any Indi-
 9 vidual Development Account established under the Sav-
 10 ings for Working Families Act of 2001” after “sub-
 11 section”.

12 (d) TAX TREATMENT OF PARALLEL ACCOUNTS.—
 13 Any account described in subparagraph (B) of subsection
 14 (b)(1) is exempt from taxation under the Internal Revenue
 15 Code of 1986.

16 **SEC. 205. PROCEDURES FOR OPENING AND MAINTAINING**
 17 **AN INDIVIDUAL DEVELOPMENT ACCOUNT**
 18 **AND QUALIFYING FOR MATCHING FUNDS.**

19 (a) OPENING AN ACCOUNT.—An eligible individual
 20 may open an Individual Development Account with a
 21 qualified financial institution, a qualified nonprofit organi-
 22 zation, or an Indian tribe upon certification that such indi-
 23 vidual has never maintained any other Individual Develop-
 24 ment Account (other than an Individual Development Ac-
 25 count to be terminated by a qualified rollover).

1 (b) REQUIRED COMPLETION OF FINANCIAL EDU-
2 CATION COURSE.—

3 (1) IN GENERAL.—Before becoming eligible to
4 withdraw matching funds to pay for qualified ex-
5 penses, owners of Individual Development Accounts
6 must complete a financial education course offered
7 by a qualified financial institution, a qualified non-
8 profit organization, an Indian tribe, or a government
9 entity.

10 (2) STANDARD AND APPLICABILITY OF
11 COURSE.—The Secretary, in consultation with rep-
12 resentatives of qualified individual development ac-
13 count programs and financial educators, shall estab-
14 lish minimum quality standards for the contents of
15 financial education courses and providers of such
16 courses offered under paragraph (1) and a protocol
17 to exempt individuals from the requirement under
18 paragraph (1) in the case of hardship, lack of need,
19 the attainment of age 61, or a qualified final dis-
20 tribution.

21 (c) PROOF OF STATUS AS AN ELIGIBLE INDI-
22 VIDUAL.—Federal income tax forms from the immediately
23 preceding taxable year shall be presented to the qualified
24 financial institution, qualified nonprofit organization, or
25 Indian tribe at the time of the establishment of the Indi-

1 vidual Development Account and in any taxable year in
2 which contributions are made to the Account to qualify
3 for matching funds under section 206(b)(1)(A).

4 (d) DIRECT DEPOSITS.—The Secretary may, under
5 regulations, provide for the direct deposit of any portion
6 (not less than \$1) of any overpayment of Federal tax of
7 an individual as a contribution to the Individual Develop-
8 ment Account of such individual.

9 **SEC. 206. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**
10 **MENT ACCOUNT PROGRAMS.**

11 (a) PARALLEL ACCOUNTS.—The qualified financial
12 institution, qualified nonprofit organization, or Indian
13 tribe shall deposit all matching funds for each Individual
14 Development Account into a parallel account at a qualified
15 financial institution.

16 (b) REGULAR DEPOSITS OF MATCHING FUNDS.—

17 (1) IN GENERAL.—Subject to paragraph (2),
18 the qualified financial institution, qualified nonprofit
19 organization, or Indian tribe shall not less than
20 quarterly (or upon a withdrawal request which meets
21 the requirements of section 207(a)(1), if necessary)
22 deposit into the parallel account with respect to each
23 eligible individual the following:

24 (A) A dollar-for-dollar match for the first
25 \$500 contributed by the eligible individual into

1 an Individual Development Account with re-
2 spect to any taxable year.

3 (B) Any matching funds provided by State,
4 local, or private sources in accordance to the
5 matching ratio set by those sources.

6 (2) INFLATION ADJUSTMENT.—

7 (A) IN GENERAL.—In the case of any tax-
8 able year beginning after 2003, the dollar
9 amount referred to in paragraph (1)(A) shall be
10 increased by an amount equal to—

11 (i) such dollar amount, multiplied by

12 (ii) the cost-of-living adjustment de-
13 termined under section (1)(f)(3) of the In-
14 ternal Revenue Code of 1986 for the cal-
15 endar year in which the taxable year be-
16 gins, by substituting “2002” for “1992”.

17 (B) ROUNDING.—If any amount as ad-
18 justed under subparagraph (A) is not a multiple
19 of \$20, such amount shall be rounded to the
20 nearest multiple of \$20.

21 (3) CROSS REFERENCE.—

For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 45G of the Internal Revenue Code of 1986.

22 (c) DEPOSIT OF MATCHING FUNDS INTO INDI-
23 VIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO

1 HAS ATTAINED AGE 61.—In the case of an Individual De-
2 velopment Account owner who attains the age of 61, the
3 qualified financial institution, qualified nonprofit organi-
4 zation, or Indian tribe which holds the parallel account
5 for such individual shall deposit the funds in such parallel
6 account into the Individual Development Account of such
7 individual on the later of—

8 (1) the day which is the 1-year anniversary of
9 the deposit of such funds in the parallel account, or

10 (2) the first day of the taxable year of such in-
11 dividual following the taxable year in which such in-
12 dividual attained age 61.

13 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-
14 sure proper recordkeeping and determination of the tax
15 credit under section 45G of the Internal Revenue Code
16 of 1986, the Secretary shall prescribe regulations with re-
17 spect to accounting for matching funds in the parallel ac-
18 counts.

19 (e) REGULAR REPORTING OF ACCOUNTS.—Any
20 qualified financial institution, qualified nonprofit organi-
21 zation, or Indian tribe shall report the balances in any
22 Individual Development Account and parallel account of
23 an individual on not less than an annual basis to such
24 individual.

1 **SEC. 207. WITHDRAWAL PROCEDURES.**

2 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—

3 (1) IN GENERAL.—An Individual Development
4 Account owner may withdraw funds in order to pay
5 qualified expenses of such individual or such individ-
6 ual's spouse or dependents from such individual's—

7 (A) Individual Development Account, and

8 (B) parallel account, but only—

9 (i) from funds which have been on de-
10 posit in such parallel account for at least
11 1 year, and

12 (ii) if such withdrawal does not result
13 in a remaining balance in such parallel ac-
14 count which is less than the remaining bal-
15 ance in the Individual Development Ac-
16 count after such withdrawal.

17 (2) PROCEDURE.—Upon receipt of a with-
18 drawal request which meets the requirements of
19 paragraph (1), the qualified financial institution,
20 qualified nonprofit organization, or Indian tribe shall
21 directly transfer the funds electronically to the
22 distributees described in section 203(8)(A)(ii). If a
23 distributee is not equipped to receive funds electroni-
24 cally, the qualified financial institution, qualified
25 nonprofit organization, or Indian tribe may issue
26 such funds by paper check to the distributee.

1 (b) WITHDRAWALS FOR NONQUALIFIED EX-
2 PENSES.—An Individual Development Account owner may
3 unilaterally withdraw any amount of funds from the Indi-
4 vidual Development Account for purposes other than to
5 pay qualified expenses, but shall forfeit an equal amount
6 of matching funds from the individual’s parallel account
7 by doing so.

8 (c) WITHDRAWALS FROM ACCOUNTS OF NON-
9 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-
10 efit an Individual Development Account is established
11 ceases to be an eligible individual, such account shall re-
12 main an Individual Development Account, but such indi-
13 vidual shall not be eligible for any further matching funds
14 under section 206(b)(1)(A) for contributions which are
15 made to the Account during any taxable year when such
16 individual is not an eligible individual.

17 (d) EFFECT OF PLEDGING ACCOUNT AS SECUR-
18 RITY.—If, during any taxable year of the individual for
19 whose benefit an Individual Development Account is es-
20 tablished, that individual uses the Account or any portion
21 thereof as security for a loan, the portion so used shall
22 be treated as a withdrawal of such portion for purposes
23 other than to pay qualified expenses, and such individual
24 shall forfeit a proportionate amount of matching funds
25 from the individual’s parallel account.

1 (e) TAX TREATMENT OF MATCHING FUNDS.—Any
2 amount withdrawn from a parallel account shall not be
3 includible in the account holder’s gross income.

4 **SEC. 208. CERTIFICATION AND TERMINATION OF QUALI-**
5 **FIED INDIVIDUAL DEVELOPMENT ACCOUNT**
6 **PROGRAMS.**

7 (a) CERTIFICATION PROCEDURES.—Upon estab-
8 lishing a qualified individual development account pro-
9 gram under section 204, a qualified financial institution,
10 a qualified nonprofit organization, or an Indian tribe shall
11 certify to the Secretary on forms prescribed by the Sec-
12 retary and accompanied by any documentation required
13 by the Secretary, that—

14 (1) the accounts described in subparagraphs
15 (A) and (B) of section 204(b)(1) are operating pur-
16 suant to all the provisions of this Act; and

17 (2) the qualified financial institution, qualified
18 nonprofit organization, or Indian tribe agrees to im-
19 plement an information system necessary to monitor
20 the cost and outcomes of the qualified individual de-
21 velopment account program.

22 (b) AUTHORITY TO TERMINATE QUALIFIED IDA
23 PROGRAM.—If the Secretary determines that a qualified
24 financial institution, a qualified nonprofit organization, or
25 an Indian tribe under this Act is not operating a qualified

1 individual development account program in accordance
2 with the requirements of this Act (and has not imple-
3 mented any corrective recommendations directed by the
4 Secretary), the Secretary shall terminate such institu-
5 tion's, nonprofit organization's, or Indian tribe's authority
6 to conduct the program. If the Secretary is unable to iden-
7 tify a qualified financial institution, a qualified nonprofit
8 organization, or an Indian tribe to assume the authority
9 to conduct such program, then any funds in a parallel ac-
10 count established for the benefit of any individual under
11 such program shall be deposited into the Individual Devel-
12 opment Account of such individual as of the first day of
13 such termination.

14 **SEC. 209. REPORTING, MONITORING, AND EVALUATION.**

15 (a) RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-
16 STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,
17 AND INDIAN TRIBES.—

18 (1) IN GENERAL.—Each qualified financial in-
19 stitution, qualified nonprofit organization, or Indian
20 tribe that operates a qualified individual develop-
21 ment account program under section 204 shall re-
22 port annually to the Secretary within 90 days after
23 the end of each calendar year on—

1 (A) the number of eligible individuals mak-
2 ing contributions into Individual Development
3 Accounts;

4 (B) the amounts contributed into Indi-
5 vidual Development Accounts and deposited
6 into parallel accounts for matching funds;

7 (C) the amounts withdrawn from Indi-
8 vidual Development Accounts and parallel ac-
9 counts, and the purposes for which such
10 amounts were withdrawn;

11 (D) the balances remaining in Individual
12 Development Accounts and parallel accounts;
13 and

14 (E) such other information needed to help
15 the Secretary monitor the cost and outcomes of
16 the qualified individual development account
17 program (provided in a non-individually-identifi-
18 able manner).

19 (2) ADDITIONAL REPORTING REQUIREMENTS.—
20 Each qualified financial institution, qualified non-
21 profit organization, or Indian tribe that operates a
22 qualified individual development account program
23 under section 204 shall report at such time and in
24 such manner as the Secretary may prescribe any ad-
25 ditional information that the Secretary requires to

1 be provided for purposes of administering and super-
2 vising the qualified individual development account
3 program. This additional data may include, without
4 limitation, identifying information about Individual
5 Development Account holders, their Accounts, addi-
6 tions to the Accounts, and withdrawals from the Ac-
7 counts.

8 (b) RESPONSIBILITIES OF THE SECRETARY.—

9 (1) MONITORING PROTOCOL.—Not later than
10 12 months after the date of the enactment of this
11 Act, the Secretary, in consultation with the Sec-
12 retary of Health and Human Services, shall develop
13 and implement a protocol and process to monitor the
14 cost and outcomes of the qualified individual devel-
15 opment account programs established under section
16 204.

17 (2) ANNUAL REPORTS.—In each year after the
18 date of the enactment of this Act, the Secretary
19 shall submit a progress report to Congress on the
20 status of such qualified individual development ac-
21 count programs. Such report shall include from a
22 representative sample of qualified individual develop-
23 ment account programs information on—

24 (A) the characteristics of participants, in-
25 cluding age, gender, race or ethnicity, marital

1 status, number of children, employment status,
2 and monthly income;

3 (B) deposits, withdrawals, balances, uses
4 of Individual Development Accounts, and par-
5 ticipant characteristics;

6 (C) the characteristics of qualified indi-
7 vidual development account programs, including
8 match rate, economic education requirements,
9 permissible uses of accounts, staffing of pro-
10 grams in full time employees, and the total
11 costs of programs; and

12 (D) process information on program imple-
13 mentation and administration, especially on
14 problems encountered and how problems were
15 solved.

16 **SEC. 210. AUTHORIZATION OF APPROPRIATIONS.**

17 There is authorized to be appropriated to the Sec-
18 retary \$1,000,000 for fiscal year 2003 and for each fiscal
19 year through 2009, for the purposes of implementing this
20 Act, including the reporting, monitoring, and evaluation
21 required under section 209, to remain available until ex-
22 pended.

1 **SEC. 211. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**
2 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**
3 **GRAMS.**

4 Notwithstanding any other provision of Federal law
5 that requires consideration of 1 or more financial cir-
6 cumstances of an individual, for the purposes of deter-
7 mining eligibility to receive, or the amount of, any assist-
8 ance or benefit authorized by such provision to be provided
9 to or for the benefit of such individual, an amount equal
10 to the sum of—

11 (1) all amounts (including earnings thereon) in
12 any Individual Development Account; plus

13 (2) the matching deposits made on behalf of
14 such individual (including earnings thereon) in any
15 parallel account,

16 shall be disregarded for such purposes.

17 **SEC. 212. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**
18 **MENT ACCOUNTS PROVIDED THROUGH A TAX**
19 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**
20 **TIONS.**

21 (a) IN GENERAL.—Subpart D of part IV of sub-
22 chapter A of chapter 1 of the Internal Revenue Code of
23 1986 (relating to business related credits) is amended by
24 adding at the end the following new section:

1 **“SEC. 45G. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**
2 **MENT CREDIT.**

3 “(a) DETERMINATION OF AMOUNT.—For purposes of
4 section 38, the individual development account investment
5 credit determined under this section with respect to any
6 eligible entity for any taxable year is an amount equal to
7 the individual development account investment provided
8 by such eligible entity during the taxable year under an
9 individual development account program established under
10 section 204 of the Savings for Working Families Act of
11 2001.

12 “(b) APPLICABLE TAX.—For the purposes of this
13 section, the term ‘applicable tax’ means the excess (if any)
14 of—

15 “(1) the tax imposed under this chapter (other
16 than the taxes imposed under the provisions de-
17 scribed in subparagraphs (C) through (Q) of section
18 26(b)(2)), over

19 “(2) the credits allowable under subpart B
20 (other than this section) and subpart D of this part.

21 “(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-
22 MENT.—

23 “(1) IN GENERAL.—For purposes of this sec-
24 tion, the term ‘individual development account in-
25 vestment’ means, with respect to an individual devel-
26 opment account program of a qualified financial in-

1 stitution in any taxable year, an amount equal to
2 the sum of—

3 “(A) the aggregate amount of dollar-for-
4 dollar matches under such program under sec-
5 tion 206(b)(1)(A) of the Savings for Working
6 Families Act of 2001 for such taxable year,
7 plus

8 “(B) \$50 with respect to each Individual
9 Development Account maintained as of the end
10 of such taxable year, with a balance of not less
11 than \$100 (other than the taxable year in
12 which such Account is opened).

13 “(2) INFLATION ADJUSTMENT.—

14 “(A) IN GENERAL.—In the case of any
15 taxable year beginning after 2003, the \$50
16 amount referred to in paragraph (1)(B) shall be
17 increased by an amount equal to—

18 “(i) such dollar amount, multiplied by

19 “(ii) the cost-of-living adjustment de-
20 termined under section (1)(f)(3) for the
21 calendar year in which the taxable year be-
22 gins, by substituting ‘2002’ for ‘1992’.

23 “(B) ROUNDING.—If any amount as ad-
24 justed under subparagraph (A) is not a multiple

1 of \$5, such amount shall be rounded to the
2 nearest multiple of \$5.

3 “(d) ELIGIBLE ENTITY.—For purposes of this sec-
4 tion, except as provided in regulations, the term ‘eligible
5 entity’ means a qualified financial institution.

6 “(e) OTHER DEFINITIONS.—For purposes of this
7 section, any term used in this section and also in the Sav-
8 ings for Working Families Act of 2001 shall have the
9 meaning given such term by such Act.

10 “(f) DENIAL OF DOUBLE BENEFIT.—

11 “(1) IN GENERAL.—No deduction or credit
12 (other than under this section) shall be allowed
13 under this chapter with respect to any expense
14 which—

15 “(A) is taken into account under sub-
16 section (c)(1)(A) in determining the credit
17 under this section, or

18 “(B) is attributable to the maintenance of
19 an Individual Development Account.

20 “(2) DETERMINATION OF AMOUNT.—Solely for
21 purposes of paragraph (1)(B), the amount attrib-
22 utable to the maintenance of an Individual Develop-
23 ment Account shall be deemed to be the dollar
24 amount of the credit allowed under subsection

1 (c)(l)(B) for each taxable year such Individual De-
2 velopment Account is maintained.

3 “(g) REGULATIONS.—The Secretary may prescribe
4 such regulations as may be necessary or appropriate to
5 carry out this section, including—

6 “(1) regulations allowing taxpayers other than
7 qualified financial institutions to claim credits under
8 this section, and

9 “(2) regulations providing for a recapture of
10 the credit allowed under this section (notwith-
11 standing any termination date described in sub-
12 section (h)) in cases where there is a forfeiture
13 under section 207(b) of the Savings for Working
14 Families Act of 2001 in a subsequent taxable year
15 of any amount which was taken into account in de-
16 termining the amount of such credit.

17 “(h) APPLICATION OF SECTION.—

18 “(1) IN GENERAL.—This section shall apply to
19 any expenditure made in any taxable year beginning
20 after December 31, 2002, and before January 1,
21 2010, with respect to any Individual Development
22 Account which—

23 “(A) is opened before January 1, 2008,
24 and

1 “(B) as determined by the Secretary, when
2 added to all previously opened Individual Devel-
3 opment Accounts, does not exceed 900,000 Ac-
4 counts.

5 “(2) DETERMINATION OF LIMITATION.—The
6 limitation on the number of Individual Development
7 Accounts under paragraph (1)(B) shall be allocated
8 by the Secretary among qualified individual develop-
9 ment account programs selected by the Secretary.”.

10 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
11 tion 38(b) of the Internal Revenue Code of 1986 (relating
12 to current year business credit) is amended by striking
13 “plus” at the end of paragraph (14), by striking the period
14 at the end of paragraph (15) and inserting “, plus”, and
15 by adding at the end the following new paragraph:

16 “(16) the individual development account in-
17 vestment credit determined under section 45G(a).”.

18 (c) NO CARRYBACKS.—Subsection (d) of section 39
19 of the Internal Revenue Code of 1986 (relating to
20 carryback and carryforward of unused credits) is amended
21 by adding at the end the following:

22 “(11) NO CARRYBACK OF SECTION 45G CREDIT
23 BEFORE EFFECTIVE DATE.—No portion of the un-
24 used business credit for any taxable year which is
25 attributable to the individual development account

1 investment credit determined under section 45G may
 2 be carried back to a taxable year ending before Jan-
 3 uary 1, 2003.”.

4 (d) CONFORMING AMENDMENT.—The table of sec-
 5 tions for subpart C of part IV of subchapter A of chapter
 6 1 of the Internal Revenue Code of 1986 is amended by
 7 adding at the end the following new item:

“Sec. 45G. Individual development account investment credit.”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years ending after De-
 10 cember 31, 2002.

11 **TITLE III—EZ PASS RECOGNI-**
 12 **TION OF SECTION 501(c)(3)**
 13 **STATUS**

14 **SEC. 301. EZ PASS RECOGNITION OF SECTION 501(c)(3) STA-**
 15 **TUS.**

16 (a) IN GENERAL.—The Secretary of the Treasury (in
 17 this section, referred to as the “Secretary”) shall adopt
 18 procedures to expedite the consideration of applications
 19 for exempt status under section 501(c)(3) of the Internal
 20 Revenue Code of 1986 (and waive any fees relating to such
 21 applications) by any qualified organization which—

22 (1) is organized for the primary purpose of pro-
 23 viding social services to the poor and the needy; and

24 (2) meets such other criteria as the Secretary
 25 deems appropriate for expedited consideration.

1 (b) GUIDANCE AND REFERRALS.—

2 (1) GUIDANCE.—The Secretary shall—

3 (A) develop model articles of incorporation,
4 model bylaws, and model applications for ex-
5 empt status under section 501(c)(3) of the In-
6 ternal Revenue Code of 1986, and

7 (B) provide such models to qualified orga-
8 nizations described in subsection (a) and such
9 other organizations as the Secretary considers
10 appropriate.

11 (2) REFERRALS.—The Secretary shall provide
12 to qualified organizations the names of nongovern-
13 mental organizations (including those awarded as-
14 sistance under title VI) that provide legal assistance
15 with incorporation or legal assistance to obtain tax-
16 exempt status.

17 (c) QUALIFIED ORGANIZATION.—For purposes of
18 this section, the term “qualified organization” means a
19 nonprofit corporation or association which, on the date of
20 application, has—

21 (1) not more than 6 full-time equivalent, social
22 service employees, or

23 (2) an annual social service budget, compiled
24 and adopted in good faith, of less than \$450,000.

1 (d) SOCIAL SERVICE PROGRAM DEFINED.—For pur-
 2 poses of this section, the term “social service program”
 3 includes all programs having the primary purpose of deliv-
 4 ering social services or health care, with Federal, State,
 5 or local financial assistance where nongovernmental pro-
 6 viders of social services or health care are involved in the
 7 delivery thereof, and regardless of whether the Federal,
 8 State, or local financial assistance to the nongovernmental
 9 providers is pursuant to a contract, or a grant or coopera-
 10 tive agreement, or pursuant to indirect means of aid such
 11 as individual grants or child-care certificates.

12 **TITLE IV—GRANTS FOR PRO-**
 13 **GRAMS FOR MENTORING**
 14 **CHILDREN OF INCARCER-**
 15 **ATED PARENTS**

16 **SEC. 401. GRANTS FOR PROGRAMS FOR MENTORING CHIL-**
 17 **DREN OF INCARCERATED PARENTS.**

18 Subpart 2 of part B of title IV (42 U.S.C. 629 et
 19 seq.) is amended by adding at the end the following:

20 **“SEC. 436. GRANTS FOR PROGRAMS FOR MENTORING CHIL-**
 21 **DREN OF INCARCERATED PARENTS.**

22 “(a) FINDINGS AND PURPOSE.—

23 “(1) FINDINGS.—Congress makes the following
 24 findings:

1 “(A) In the period between 1991 and
2 1999, the number of children with a parent in-
3 carcerated in a Federal or State correctional fa-
4 cility increased by more than 100 percent, from
5 approximately 900,000 to approximately
6 2,000,000. In 1999, 2.1 percent of all children
7 in the United States had a parent in a Federal
8 or State correctional facility.

9 “(B) Prior to incarceration, 64 percent of
10 female prisoners and 44 percent of male pris-
11 oners in State facilities lived with their children.

12 “(C) Nearly 90 percent of the children of
13 incarcerated fathers live with their mothers,
14 and 79 percent of the children of incarcerated
15 mothers live with a grandparent or other rel-
16 ative. Only 10 percent of incarcerated mothers
17 and 2 percent of incarcerated fathers in State
18 facilities report that their child or children are
19 in foster care.

20 “(D) Parental arrest and confinement lead
21 to stress, trauma, stigmatization, and separa-
22 tion problems for children. These problems are
23 coupled with existing problems that include pov-
24 erty, violence, parental substance abuse, high-
25 crime environments, intrafamilial abuse, child

1 abuse and neglect, multiple care givers, or prior
2 separations. As a result, children of an incar-
3 cerated parent often exhibit a broad variety of
4 behavioral, emotional, health, and educational
5 problems that are often compounded by the
6 pain of separation.

7 “(E) Empirical research demonstrates that
8 mentoring is a potent force for improving chil-
9 dren’s behavior across all risk behaviors affect-
10 ing health. Quality, one-on-one relationships
11 that provide young people with caring role mod-
12 els for future success have profound, life-chang-
13 ing potential. Done right, mentoring markedly
14 advances youths’ life prospects. A widely cited
15 1995 study by Public/Private Ventures meas-
16 ured the impact of one Big Brothers Big Sis-
17 ters program and found significant effects in
18 the lives of youth-cutting first-time drug use by
19 almost half and first-time alcohol use by about
20 a third, reducing school absenteeism by half,
21 cutting assaultive behavior by a third, improv-
22 ing parental and peer relationships, giving
23 youth greater confidence in their school work,
24 and improving academic performance.

1 “(2) PURPOSE.—The purpose of this section is
2 to authorize the Secretary to make competitive
3 grants to local governments in areas with substantial
4 numbers of children of incarcerated parents to sup-
5 port the establishment or expansion and operation of
6 programs using a network of public and private com-
7 munity entities to provide mentoring services for
8 children of incarcerated parents.

9 “(b) DEFINITIONS.—In this section:

10 “(1) CHILDREN OF INCARCERATED PARENTS.—
11 The term ‘children of incarcerated parents’ means a
12 child, 1 or both of whose parents are incarcerated in
13 a Federal or State correctional facility. Such term
14 shall be deemed to include any child who is in an on-
15 going mentoring relationship in a program under
16 this section at the time of the release of the child’s
17 parent or parents from a correctional facility, for
18 purposes of continued participation in the program.

19 “(2) MENTORING.—The term ‘mentoring’
20 means a structured, managed program in which chil-
21 dren are appropriately matched with screened and
22 trained adult volunteers for one-on-one relationships,
23 involving meetings and activities on a regular basis,
24 intended to meet, in part, the child’s need for in-

1 involvement with a caring and supportive adult who
2 provides a positive role model.

3 “(3) MENTORING SERVICES.—The term ‘men-
4 toring services’ means those services and activities
5 that support a structured, managed program of
6 mentoring, including the management by trained
7 personnel of outreach to, and screening of, eligible
8 children; outreach to, education and training of, and
9 liaison with sponsoring local organizations; screening
10 and training of adult volunteers; matching of chil-
11 dren with suitable adult volunteer mentors; support
12 and oversight of the mentoring relationship; and es-
13 tablishment of goals and evaluation of outcomes for
14 mentored children.

15 “(c) PROGRAM AUTHORIZED.—From the amount ap-
16 propriated under subsection (g) for a fiscal year that re-
17 mains after the application of subsection (g)(2), the Sec-
18 retary shall make grants under this section for each of
19 fiscal years 2002 through 2006 to local governments in
20 areas that have significant numbers of children of incar-
21 cerated parents and that submit applications meeting the
22 requirements of this section, including—

23 “(1) two-thirds of such amount in grants in
24 amounts of up to \$5,000,000 each; and

1 “(2) one-third of such amount in grants in
2 amounts of up to \$10,000,000 each.

3 “(d) APPLICATION REQUIREMENTS.—In order to be
4 eligible for a grant under this section, the mayor or other
5 chief executive officer of a city, council of governments,
6 or other unit of local government shall submit to the Sec-
7 retary an application containing the following:

8 “(1) PROGRAM DESIGN.—A description of the
9 proposed local program, including—

10 “(A) a list of local public and private orga-
11 nizations and entities that will participate in
12 the mentoring network;

13 “(B) the name, description, and qualifica-
14 tions of the entity that will coordinate and over-
15 see the activities of the mentoring network;

16 “(C) the number of mentor-child matches
17 proposed to be established and maintained an-
18 nually under the program;

19 “(D) such information as the Secretary
20 may require concerning the methods to be used
21 to recruit, screen support, and oversee individ-
22 uals participating as mentors (which methods
23 shall include criminal background checks on
24 such individuals), and to evaluate outcomes for
25 participating children, including information

1 necessary to demonstrate compliance with re-
2 quirements established by the Secretary for the
3 program; and

4 “(E) such other information as the Sec-
5 retary may require.

6 “(2) COMMUNITY CONSULTATION; COORDINA-
7 TION WITH OTHER PROGRAMS.—A demonstration
8 that, in developing and implementing the program,
9 the local government will, to the extent feasible and
10 appropriate—

11 “(A) consult with public and private com-
12 munity entities, and including, as appropriate,
13 Indian tribal organizations and urban Indian
14 organizations, and with family members of po-
15 tential clients;

16 “(B) coordinate the programs and activi-
17 ties under the program with other Federal,
18 State, and local programs serving children and
19 youth; and

20 “(C) consult with appropriate Federal,
21 State, and local corrections, workforce develop-
22 ment, and substance abuse and mental health
23 agencies.

24 “(3) EQUAL ACCESS FOR LOCAL SERVICE PRO-
25 VIDERS.—An assurance that public and private enti-

1 ties and community organizations, including Indian
2 organizations, will be eligible to participate in the
3 program on an equal basis.

4 “(4) SUPPLEMENTATION ASSURANCE.—An as-
5 surance that Federal funds provided to the local gov-
6 ernment under this section will not be used to sup-
7 plant Federal or non-Federal funds for existing serv-
8 ices and activities that promote the purpose of this
9 section.

10 “(5) BIENNIAL PROGRAM REPORT.—An agree-
11 ment that the local government will submit to the
12 Secretary, after the second year of funding of a pro-
13 gram under this section and every second year there-
14 after, a report containing the following:

15 “(A) A description of the grant require-
16 ments used by the local government to award
17 grant funds.

18 “(B) The measurable goals and outcomes
19 expected by the programs receiving assistance
20 under the local government program (and in
21 later reports, the extent to which such goals
22 and outcomes were achieved).

23 “(C) A description of the services provided
24 by programs receiving assistance under the
25 local government program.

1 “(D) The number of children and families
2 served.

3 “(E) Such other such information as the
4 Secretary may require.

5 “(6) RECORDS, REPORTS, AND AUDITS.—An
6 agreement that the local government will maintain
7 such records, make such reports, and cooperate with
8 such reviews or audits as the Secretary may find
9 necessary for purposes of oversight of project activi-
10 ties and expenditures.

11 “(7) EVALUATION.—An agreement that the
12 local government will cooperate fully with the Sec-
13 retary’s ongoing and final evaluation of the program
14 under the plan, by means including providing the
15 Secretary with access to the program and program-
16 related records and documents, staff, and grantees
17 receiving funding under the plan.

18 “(8) EXTENT OF LOCAL-STATE COOPERA-
19 TION.—A statement as to whether, and the extent to
20 which, the State government has undertaken to pro-
21 vide support to and to cooperate with the local pro-
22 gram.

23 “(e) FEDERAL SHARE.—

1 “(1) IN GENERAL.—A grant for a program
2 under this section shall be available to pay a per-
3 centage share of the costs of the program up to—

4 “(A) 80 percent for the first fiscal year for
5 which the grant is awarded;

6 “(B) 60 percent for the second such fiscal
7 year;

8 “(C) 40 percent for the third such fiscal
9 year; and

10 “(D) 20 percent for each succeeding fiscal
11 year.

12 “(2) NON-FEDERAL SHARE.—The non-Federal
13 share of the cost of projects under this section may
14 be in cash or in kind. In determining the amount of
15 the non-Federal share, the Secretary may attribute
16 fair market value to goods, services, and facilities
17 contributed from non-Federal sources.

18 “(f) CONSIDERATIONS IN AWARDING GRANTS.—In
19 awarding grants under this section, the Secretary shall
20 take into consideration—

21 “(1) the experience, qualifications, and capacity
22 of local and tribal governments and networks of or-
23 ganizations to effectively carry out a mentoring pro-
24 gram under this section;

1 “(2) the comparative severity of need for men-
2 toring services in given local areas, taking into con-
3 sideration data on the numbers of children (and in
4 particular of low-income children) with an incarcer-
5 ated parent (or parents) in such areas;

6 “(3) whether, and the extent to which, the
7 State government has undertaken to support and co-
8 operate with the local mentoring program;

9 “(4) evidence of consultation with existing
10 youth and family service programs, as appropriate;
11 and

12 “(5) any other factors the Secretary may deem
13 significant with respect to the need for or the poten-
14 tial success of carrying out a mentoring program
15 under this section.

16 “(g) AUTHORIZATION OF APPROPRIATIONS; RES-
17 ERVATION OF CERTAIN AMOUNTS.—

18 “(1) AUTHORIZATION.—There are authorized to
19 be appropriated to carry out this section—

20 “(A) \$67,000,000 for fiscal year 2002; and

21 “(B) such sums as may be necessary for
22 each of fiscal years 2003 through 2006.

23 “(2) RESERVATION.—The Secretary shall re-
24 serve 2.5 percent of the amount appropriated for
25 each fiscal year under paragraph (1) for expenditure

1 by the Secretary for research, technical assistance,
2 and evaluation related to programs carried out
3 under this section.”.

4 **TITLE V—MATERNITY GROUP**
5 **HOMES**

6 **SEC. 501. MATERNITY GROUP HOMES.**

7 (a) PERMISSIBLE USE OF FUNDS.—Section 322 of
8 the Runaway and Homeless Youth Act (42 U.S.C. 5714-
9 2) is amended—

10 (1) in subsection (a)(1), by inserting “(includ-
11 ing maternity group homes)” after “group homes”;
12 and

13 (2) by adding at the end the following:

14 “(c) MATERNITY GROUP HOME.—In this part, the
15 term ‘maternity group home’ means a community-based,
16 adult-supervised group home that provides young mothers
17 and their children with a supportive and supervised living
18 arrangement in which such mothers are required to learn
19 parenting skills, including child development, family budg-
20 eting, health and nutrition, and other skills to promote
21 their long-term economic independence and the well-being
22 of their children.”.

23 (b) Part B of the Runaway and Homeless Youth Act
24 (42 U.S.C. 5701 et seq.) is amended by adding at the end
25 the following:

1 **“SEC. 323. CONTRACT FOR EVALUATION.**

2 “(a) IN GENERAL.—The Secretary shall enter into
3 a contract with a public or private entity for an evaluation
4 of the maternity group homes that are supported by grant
5 funds under this Act.

6 “(b) INFORMATION.—The evaluation described in
7 subsection (a) shall include the collection of information
8 about the relevant characteristics of individuals who ben-
9 efit from maternity group homes such as those that are
10 supported by grant funds under this Act and what services
11 provided by those maternity group homes are most bene-
12 ficial to such individuals.

13 “(c) REPORT.—Not later than 2 years after the date
14 on which the Secretary enters into a contract for an eval-
15 uation under subsection (a), and biennially thereafter, the
16 entity conducting the evaluation under this section shall
17 submit to Congress a report on the status, activities, and
18 accomplishments of maternity group homes that are sup-
19 ported by grant funds under this Act.”.

20 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
21 388 of the Runaway and Homeless Youth Act (42 U.S.C.
22 5751) is amended—

23 (1) in subsection(a)(1)—

24 (A) by striking “There” and inserting the
25 following:

26 “(A) IN GENERAL.—There”;

1 (B) in subparagraph (A), as redesignated,
 2 by inserting “and the purpose described in sub-
 3 paragraph (B)” after “other than part E”; and

4 (C) by adding at the end the following:

5 “(B) MATERNITY GROUP HOMES.—There
 6 is authorized to be appropriated, for maternity
 7 group homes eligible for assistance under sec-
 8 tion 322(a)(1)—

9 “(i) \$33,000,000 for fiscal year 2002;

10 and

11 “(ii) such sums as may be necessary
 12 for fiscal year 2003.”; and

13 (2) in subsection (a)(2)(A), by striking “para-
 14 graph (1)” and inserting “paragraph (1)(A)”.

15 **TITLE VI—COMPASSION**
 16 **CAPITAL FUND**

17 **SEC. 601. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
 18 **ORGANIZATIONS; DEPARTMENT OF HEALTH**
 19 **AND HUMAN SERVICES.**

20 (a) **SUPPORT FOR NONGOVERNMENTAL ORGANIZA-**
 21 **TIONS.**—The Secretary of Health and Human Services
 22 (referred to in this section as “the Secretary”) may award
 23 grants to and enter into cooperative agreements with non-
 24 governmental organizations, to—

1 (1) provide technical assistance for community-
2 based organizations, which may include—

3 (A) grant writing and grant management
4 assistance, which may include assistance pro-
5 vided through workshops and other guidance;

6 (B) legal assistance with incorporation;

7 (C) legal assistance to obtain tax-exempt
8 status; and

9 (D) information on, and referrals to, other
10 nongovernmental organizations that provide ex-
11 pertise in accounting, on legal issues, on tax
12 issues, in program development, and on a vari-
13 ety of other organizational topics;

14 (2) provide information and assistance for com-
15 munity-based organizations on capacity building;

16 (3) provide for community-based organizations
17 information on and assistance in identifying and
18 using best practices for delivering assistance to per-
19 sons, families, and communities in need;

20 (4) provide information on and assistance in
21 utilizing regional intermediary organizations to in-
22 crease and strengthen the capabilities of nonprofit
23 community-based organizations;

1 (5) assist community-based organizations in
2 replicating social service programs of demonstrated
3 effectiveness; and

4 (6) encourage research on the best practices of
5 social service organizations.

6 (b) APPLICATIONS.—To be eligible to receive a grant
7 or enter into a cooperative agreement under this section,
8 a nongovernmental organization, State, or political sub-
9 division shall submit an application to the Secretary at
10 such time, in such manner, and containing such informa-
11 tion as the Secretary may require.

12 (c) LIMITATION.—In order to widely disburse limited
13 resources, no community-based organization (other than
14 a direct recipient of a grant or cooperative agreement from
15 the Secretary) may receive more than 1 grant or coopera-
16 tive agreement under this section for the same purpose.

17 (d) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to carry out this section
19 \$89,000,000 for fiscal year 2002, and such sums as may
20 be necessary for each of fiscal years 2003 through 2006.

21 (e) DEFINITION.—In this section, the term “commu-
22 nity-based organization” means a nonprofit corporation or
23 association that has—

1 (1) not more than 4 full-time equivalent posi-
2 tions for employees who are engaged in the provision
3 of social services; or

4 (2) an annual budget for the provision of social
5 services, compiled and adopted in good faith, of less
6 than \$300,000.

7 **SEC. 602. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
8 **ORGANIZATIONS; CORPORATION FOR NA-**
9 **TIONAL AND COMMUNITY SERVICE.**

10 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
11 TIONS.—The Corporation for National and Community
12 Service (referred to in this section as “the Corporation”)
13 may award grants to and enter into cooperative agree-
14 ments with nongovernmental organizations and State
15 Commissions on National and Community Service estab-
16 lished under section 178 of the National and Community
17 Service Act of 1990 (42 U.S.C. 12638), to—

18 (1) provide technical assistance for community-
19 based organizations, which may include—

20 (A) grant writing and grant management
21 assistance, which may include assistance pro-
22 vided through workshops and other guidance;

23 (B) legal assistance with incorporation;

24 (C) legal assistance to obtain tax-exempt
25 status; and

1 (D) information on, and referrals to, other
2 nongovernmental organizations that provide ex-
3 pertise in accounting, on legal issues, on tax
4 issues, in program development, and on a vari-
5 ety of other organizational topics;

6 (2) provide information and assistance for com-
7 munity-based organizations on capacity building;

8 (3) provide for community-based organizations
9 information on and assistance in identifying and
10 using best practices for delivering assistance to per-
11 sons, families, and communities in need;

12 (4) provide information on and assistance in
13 utilizing regional intermediary organizations to in-
14 crease and strengthen the capabilities of community-
15 based organizations;

16 (5) assist community-based organizations in
17 replicating social service programs of demonstrated
18 effectiveness; and

19 (6) encourage research on the best practices of
20 social service organizations.

21 (b) APPLICATIONS.—To be eligible to receive a grant
22 or enter into a cooperative agreement under this section,
23 a nongovernmental organization, State Commission,
24 State, or political subdivision shall submit an application

1 to the Corporation at such time, in such manner, and con-
2 taining such information as the Corporation may require.

3 (c) LIMITATION.—In order to widely disburse limited
4 resources, no community-based organization (other than
5 a direct recipient of a grant or cooperative agreement from
6 the Secretary) may receive more than 1 grant or coopera-
7 tive agreement under this section for the same purpose.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated to carry out this section
10 \$15,000,000 for fiscal year 2002, and such sums as may
11 be necessary for each of fiscal years 2003 through 2006.

12 (e) DEFINITION.—In this section, the term “commu-
13 nity-based organization” means a nonprofit corporation or
14 association that has—

15 (1) not more than 4 full-time equivalent posi-
16 tions for employees who are engaged in the provision
17 of social services; or

18 (2) an annual budget for the provision of social
19 services, compiled and adopted in good faith, of less
20 than \$300,000.

21 **SEC. 603. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
22 **ORGANIZATIONS; DEPARTMENT OF JUSTICE.**

23 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
24 TIONS.—The Attorney General may award grants to and

1 enter into cooperative agreements with nongovernmental
2 organizations, to—

3 (1) provide technical assistance for community-
4 based organizations, which may include—

5 (A) grant writing and grant management
6 assistance, which may include assistance pro-
7 vided through workshops and other guidance;

8 (B) legal assistance with incorporation;

9 (C) legal assistance to obtain tax-exempt
10 status; and

11 (D) information on, and referrals to, other
12 nongovernmental organizations that provide ex-
13 pertise in accounting, on legal issues, on tax
14 issues, in program development, and on a vari-
15 ety of other organizational topics;

16 (2) provide information and assistance for com-
17 munity-based organizations on capacity building;

18 (3) provide for community-based organizations
19 information on and assistance in identifying and
20 using best practices for delivering assistance to per-
21 sons, families, and communities in need;

22 (4) provide information on and assistance in
23 utilizing regional intermediary organizations to in-
24 crease and strengthen the capabilities of nonprofit
25 community-based organizations;

1 (5) assist community-based organizations in
2 replicating social service programs of demonstrated
3 effectiveness; and

4 (6) encourage research on the best practices of
5 social service organizations.

6 (b) APPLICATIONS.—To be eligible to receive a grant
7 or enter into a cooperative agreement under this section,
8 a nongovernmental organization, State, or political sub-
9 division shall submit an application to the Attorney Gen-
10 eral at such time, in such manner, and containing such
11 information as the Attorney General may require.

12 (c) LIMITATION.—In order to widely disburse limited
13 resources, no community-based organization (other than
14 a direct recipient of a grant or cooperative agreement from
15 the Secretary) may receive more than 1 grant or coopera-
16 tive agreement under this section for the same purpose.

17 (d) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to carry out this section
19 \$35,000,000 for fiscal year 2002, and such sums as may
20 be necessary for each of fiscal years 2003 through 2006.

21 (e) DEFINITION.—In this section, the term “commu-
22 nity-based organization” means a nonprofit corporation or
23 association that has—

1 (1) not more than 4 full-time equivalent posi-
2 tions for employees who are engaged in the provision
3 of social services; or

4 (2) an annual budget for the provision of social
5 services, compiled and adopted in good faith, of less
6 than \$300,000.

7 **SEC. 604. SUPPORT FOR NONPROFIT COMMUNITY-BASED**
8 **ORGANIZATIONS; DEPARTMENT OF HOUSING**
9 **AND URBAN DEVELOPMENT.**

10 (a) SUPPORT FOR NONGOVERNMENTAL ORGANIZA-
11 TIONS.—The Secretary of Housing and Urban Develop-
12 ment (referred to in this section “the Secretary”) may
13 award grants to and enter into cooperative agreements
14 with nongovernmental organizations, to—

15 (1) provide technical assistance for community-
16 based organizations, which may include—

17 (A) grant writing and grant management
18 assistance, which may include assistance pro-
19 vided through workshops and other guidance;

20 (B) legal assistance with incorporation;

21 (C) legal assistance to obtain tax-exempt
22 status; and

23 (D) information on, and referrals to, other
24 nongovernmental organizations that provide ex-
25 pertise in accounting, on legal issues, on tax

1 issues, in program development, and on a vari-
2 ety of other organizational topics;

3 (2) provide information and assistance for com-
4 munity-based organizations on capacity building;

5 (3) provide for community-based organizations
6 information on and assistance in identifying and
7 using best practices for delivering assistance to per-
8 sons, families, and communities in need;

9 (4) provide information on and assistance in
10 utilizing regional intermediary organizations to in-
11 crease and strengthen the capabilities of community-
12 based organizations;

13 (5) assist community-based organizations in
14 replicating social service programs of demonstrated
15 effectiveness; and

16 (6) encourage research on the best practices of
17 social service organizations.

18 (b) APPLICATIONS.—To be eligible to receive a grant
19 or enter into a cooperative agreement under this section,
20 a nongovernmental organization, State, or political sub-
21 division shall submit an application to the Secretary at
22 such time, in such manner, and containing such informa-
23 tion as the Secretary may require.

24 (c) LIMITATION.—In order to widely disburse limited
25 resources, no community-based organization (other than

1 a direct recipient of a grant or cooperative agreement from
2 the Secretary) may receive more than 1 grant or coopera-
3 tive agreement under this section for the same purpose.

4 (d) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated to carry out this section
6 \$15,000,000 for fiscal year 2002, and such sums as may
7 be necessary for each of fiscal years 2003 through 2006.

8 (e) DEFINITION.—In this section, the term “commu-
9 nity-based organization” means a nonprofit corporation or
10 association that has—

11 (1) not more than 4 full-time equivalent posi-
12 tions for employees who are engaged in the provision
13 of social services; or

14 (2) an annual budget for the provision of social
15 services, compiled and adopted in good faith, of less
16 than \$300,000.

17 **SEC. 605. PROHIBITION ON USE OF FUNDS.**

18 Funds made available under this title may not be
19 used to provide social services.

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