

104TH CONGRESS
1ST SESSION

S. 246

To establish demonstration projects to expand innovations in State administration of the aid to families with dependent children program under title IV of the Social Security Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 19 (legislative day, JANUARY 10), 1995

Mr. LIEBERMAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To establish demonstration projects to expand innovations in State administration of the aid to families with dependent children program under title IV of the Social Security Act, 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 “Welfare Reforms That Work Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purpose.
- Sec. 3. Definitions.

- Sec. 4. General provisions relating to demonstration projects.
- Sec. 5. Authorization of appropriations.

TITLE I—INITIATIVES TO MOVE WELFARE RECIPIENTS INTO THE WORK FORCE

- Sec. 101. Demonstration projects which condition AFDC benefits for certain individuals on school attendance or job training, limit the time period for receipt of such benefits, and require teenage parents to live at home.
- Sec. 102. Pilot Job Corps program for recipients of Aid to Families with Dependent Children.
- Sec. 103. Demonstration projects requiring up-front 30-day assisted job search, or substance abuse treatment before receiving AFDC benefits.
- Sec. 104. Disregard of education and employment training savings for AFDC eligibility.
- Sec. 105. Incentives and assistance in starting a small business.
- Sec. 106. Increased emphasis in JOBS program on moving people into the work force.
- Sec. 107. Additional demonstration projects to move AFDC recipients into the work force.

TITLE II—INITIATIVES TO STRENGTHEN FAMILIES AND BREAK THE CYCLE OF WELFARE DEPENDENCY

- Sec. 201. Demonstration projects to establish child centered programs through conversion of certain AFDC and JOBS payments into block grants.
- Sec. 202. Demonstration projects providing no additional benefits with respect to children born while a family is receiving AFDC and allowing increases in the earned income disregard.
- Sec. 203. Demonstration projects providing incentives to marry.
- Sec. 204. Demonstration projects reducing AFDC benefits if school attendance is irregular or preventive health care for dependent children is not obtained.
- Sec. 205. Demonstration projects to develop community-based programs for teenage pregnancy prevention and family planning.
- Sec. 206. Additional demonstration projects to strengthen families and break the cycle of welfare dependency.

TITLE III—CHANGES TO FEDERAL LAWS AND STATE INITIATIVES TO INCREASE CHILD SUPPORT AND PATERNAL RESPONSIBILITY

- Sec. 301. Demonstration projects to increase paternity establishment.
- Sec. 302. Demonstration projects to increase child support collection.

TITLE IV—INITIATIVES TO DIVERSIFY AND IMPROVE THE PERFORMANCE OF WELFARE SERVICES

- Sec. 401. Demonstration projects for providing placement of AFDC recipients in private sector jobs.
- Sec. 402. Demonstration projects providing performance-based incentives for State public welfare providers.
- Sec. 403. Electronic benefit transfers.

TITLE V—OFFSETTING EXPENDITURE REDUCTIONS

Sec. 501. Offsetting expenditure reductions.

1 **SEC. 2. PURPOSE.**

2 The purposes of this Act are—

3 (1) to promote bold State initiated welfare re-
4 forms that will—

5 (A) move welfare recipients into the work
6 force,

7 (B) strengthen families,

8 (C) break the cycle of welfare dependence,

9 (D) increase child support collection and
10 paternal responsibility, and

11 (E) improve the delivery of welfare serv-
12 ices; and

13 (2) to make immediate State-by-State changes
14 to the existing system while establishing a process
15 for identifying successful reform approaches that
16 can be applied nationally.

17 **SEC. 3. DEFINITIONS.**

18 For purposes of this Act:

19 (1) AID TO FAMILIES WITH DEPENDENT CHIL-
20 DREN.—The term “aid to families with dependent
21 children” has the meaning given to such term by
22 section 406(b) of the Social Security Act (42 U.S.C.
23 606(b)).

24 (2) SECRETARY.—The term “Secretary” means
25 the Secretary of Health and Human Services.

1 **SEC. 4. GENERAL PROVISIONS RELATING TO DEMONSTRATION PROJECTS.**
2

3 (a) APPLICATIONS.—

4 (1) IN GENERAL.—Each State desiring to con-
5 duct a demonstration project under this Act shall
6 prepare and submit to the Secretary an application
7 in such manner and containing such information as
8 the Secretary may require. The Secretary shall ac-
9 tively encourage States to submit such applications.

10 (2) APPROVAL.—The Secretary shall consider
11 all applications received from States desiring to con-
12 duct demonstration projects under this Act and shall
13 approve such applications in a number of States to
14 be determined by the Secretary, taking into account
15 the overall funding levels available under section 5.

16 (3) CONSIDERATION OF RESEARCH NEEDS AND
17 PURPOSES.—The Secretary shall pursue a broad
18 range of reforms consistent with the purposes of this
19 Act and with research needs in approving dem-
20 onstration projects under this Act.

21 (b) DURATION.—A demonstration project under this
22 Act shall be conducted for not more than 5 years plus
23 an additional time period of up to 12 months for final
24 evaluation and reporting. The Secretary may terminate a
25 project if the Secretary determines that the State conduct-
26 ing the project is not in substantial compliance with the

1 terms of the application approved by the Secretary under
2 this Act.

3 (c) EVALUATION PLAN.—

4 (1) IN GENERAL.—Each State conducting a
5 demonstration project under this Act shall submit an
6 evaluation plan (meeting the standards developed by
7 the Secretary under paragraph (2)) to the Secretary
8 not later than 90 days after the State is notified of
9 the Secretary's approval for such project. A State
10 shall not receive any Federal funds for the operation
11 of the demonstration project or be granted any waiv-
12 ers of the Social Security Act necessary for oper-
13 ation of the demonstration project until the Sec-
14 retary approves such evaluation plan.

15 (2) STANDARDS.—Not later than 3 months
16 after the date of the enactment of this Act, the Sec-
17 retary shall develop standards for the evaluation
18 plan required under paragraph (1) which shall in-
19 clude the requirement that an independent expert
20 entity provide an evaluation of each demonstration
21 project to be included in the State's annual and final
22 reports to the Secretary under subsection (d)(1).

23 (d) REPORTS.—

24 (1) STATE.—A State that conducts a dem-
25 onstration project under this Act shall prepare and

1 submit to the Secretary annual and final reports in
2 accordance with the State's evaluation plan under
3 subsection (c)(1) for such demonstration project.

4 (2) SECRETARY.—The Secretary shall prepare
5 and submit to the Congress annual reports concern-
6 ing each demonstration project under this Act.

7 (e) LEGISLATIVE PROPOSAL.—

8 (1) EVALUATIONS.—

9 (A) IN GENERAL.—On each of the dates
10 described in subparagraph (B), the Secretary
11 shall evaluate the demonstration projects based
12 on the reports received from each State under
13 subsection (d)(1) and if the Secretary deter-
14 mines that any of the reforms in the dem-
15 onstration projects will be effective in achieving
16 the purposes of this Act, the Secretary shall
17 submit proposed legislation to the Congress
18 to—

19 (i) implement such successful reforms
20 nationally if appropriate, or

21 (ii) give States the option of adopting
22 a successful reform in a State plan ap-
23 proved under section 402 of the Social Se-
24 curity Act (42 U.S.C. 602) where the re-

1 form may be effective in some States but
2 not in others.

3 The proposed legislation shall take into account
4 factors important to implementing local dem-
5 onstration projects on a national scale, includ-
6 ing variation in population density and poverty.

7 (B) DATES FOR EVALUATION AND SUBMIS-
8 SION.—A date is described in this subpara-
9 graph, if it is a date that is—

10 (i) 2 years after the date of the enact-
11 ment of this Act,

12 (ii) 4 years after the date of the en-
13 actment of this Act, or

14 (iii) not later than 6 months after the
15 date the Secretary receives the last final
16 report due under subsection (d)(1) with re-
17 spect to a demonstration project.

18 (2) OTHER LEGISLATIVE SUBMISSIONS.—At
19 any time other than a date described in paragraph
20 (1)(B), if the Secretary determines that a reform in
21 a demonstration project is ready to be implemented
22 on a national scale or to be made a State option, the
23 Secretary may submit proposed legislation to the
24 Congress to implement the reform.

1 (f) CLEARINGHOUSE.—The Secretary shall establish
2 and maintain a clearinghouse to collect and disseminate
3 to State officials and the public current information on
4 approved demonstration projects, and on interim and final
5 reports submitted under subsection (d)(1) with respect to
6 demonstration projects. To the extent practicable, clear-
7 inghouse information shall be made available through elec-
8 tronic format.

9 (g) PROVISIONS SUBJECT TO WAIVER.—The Sec-
10 retary may waive such requirements of title IV of the So-
11 cial Security Act (42 U.S.C. 601 et seq.) as the Secretary
12 determines to be necessary to carry out the purposes of
13 the demonstration projects established under this Act.

14 (h) EXPENDITURES OTHERWISE INCLUDED UNDER
15 THE STATE PLAN.—The costs of a demonstration project
16 under this Act which would not otherwise be included as
17 expenditures under the applicable State plan under title
18 IV of the Social Security Act (42 U.S.C. 601 et seq.) shall
19 to the extent and for the period prescribed by the Sec-
20 retary, be regarded as expenditures under the applicable
21 State plan under such title, or for administration of such
22 State plan or plans, as may be appropriate.

23 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

24 (a) IN GENERAL.—There is authorized to be appro-
25 priated \$150,000,000 for each of fiscal years 1996 and

1 1997, and \$125,000,000 for each of fiscal years 1998,
2 1999, and 2000 to carry out the provisions of sections
3 4(c), 4(d), 101, 103, 105(b), 105(c), 105(d), 107, 201,
4 202, 203, 204, 205, 206, 207, 301, and 302.

5 (b) ALLOCATION OF FUNDS.—Of the amount appro-
6 priated pursuant to subsection (a), the Secretary shall
7 obligate—

8 (1) 50 percent of such amount to—

9 (A) offset any increase in the amount of
10 the Federal share resulting from any dem-
11 onstration project established under a section
12 described in subsection (a) (other than dem-
13 onstration projects established under sections
14 107 and 207 of this Act); and

15 (B) to the extent such amount remains
16 after any such offset—

17 (i) increase the otherwise applicable
18 Federal share rate under a State plan
19 under title IV of the Social Security Act
20 (42 U.S.C. 601 et seq.) for such dem-
21 onstration projects; and

22 (ii) increase the amount of a State's
23 block grant under the demonstration
24 project under section 201 of this Act; and

25 (2) 50 percent of such amount to—

1 (A) offset any increase in the amount of
2 the Federal share resulting from any dem-
3 onstration project established under sections
4 107 and 207 of this Act; and

5 (B) to the extent such amount remains
6 after any such offset increase the otherwise ap-
7 plicable Federal share rate under a State plan
8 under title IV of the Social Security Act (42
9 U.S.C. 601 et seq.) for such demonstration
10 projects.

11 (c) RESERVATION OF CERTAIN AMOUNTS UNTIL
12 FINAL REPORT SUBMITTED.—The Secretary shall reserve
13 10 percent of any amounts obligated to a State for a dem-
14 onstration project under subsection (b), and shall not pay
15 such reserved amounts until such State has submitted a
16 final report on such demonstration project.

1 **TITLE I—INITIATIVES TO MOVE**
 2 **WELFARE RECIPIENTS INTO**
 3 **THE WORK FORCE**

4 **SEC. 101. DEMONSTRATION PROJECTS WHICH CONDITION**
 5 **AFDC BENEFITS FOR CERTAIN INDIVIDUALS**
 6 **ON SCHOOL ATTENDANCE OR JOB TRAINING,**
 7 **LIMIT THE TIME PERIOD FOR RECEIPT OF**
 8 **SUCH BENEFITS, AND REQUIRE TEENAGE**
 9 **PARENTS TO LIVE AT HOME.**

10 (a) ESTABLISHMENT.—The Secretary shall provide
 11 for demonstration projects described in subsection (b) in
 12 States with applications approved under this Act.

13 (b) PROJECT DESCRIBED.—

14 (1) IN GENERAL.—Except as provided in para-
 15 graph (2), each State conducting a demonstration
 16 project under this section shall provide that—

17 (A) a family described in paragraph (3)
 18 shall not receive aid to families with dependent
 19 children—

20 (i) unless the individual described in
 21 paragraph (3)(A) is, for a minimum of 35
 22 hours a week—

23 (I) attending school,

24 (II) studying for a general
 25 equivalency diploma, or

1 (III) participating in a job, job
2 training, or job placement program;
3 and

4 (ii) except in the case of a situation
5 described in clause (i) through (v) of sec-
6 tion 402(a)(43)(B) of the Social Security
7 Act (42 U.S.C. 602(a)(43)(B))—

8 (I) such individual is residing in
9 a place of residence maintained by a
10 parent, legal guardian, or other adult
11 relative of such individual as such
12 parent's, guardian's, or adult rel-
13 ative's own home, or residing in a fos-
14 ter home, maternity home, or other
15 adult-supervised supportive living ar-
16 rangement, and

17 (II) such aid (where possible)
18 shall be provided to the individual's
19 parent, legal guardian, or other adult
20 relative on behalf of such individual
21 and the individual's dependent child;
22 and

23 (B) such family shall be entitled to receive
24 such aid for a time period determined appro-
25 priate by the State which shall, at a minimum,

1 permit such individual to complete the activities
2 described in subparagraph (A)(i).

3 (2) LIMITATION.—A State conducting a dem-
4 onstration project under this section shall not apply
5 the provisions of paragraph (1) to a family unless—

6 (A) the State has made adequate child
7 care available to such family;

8 (B) the State has paid all tuition and fees
9 applicable to the activities described in para-
10 graph (1)(A); and

11 (C) such application does not endanger the
12 welfare and safety of a dependent child who is
13 a member of such family.

14 (3) FAMILY DESCRIBED.—A family described in
15 this paragraph is a family which—

16 (A) includes a parent under 20 years of
17 age;

18 (B) includes at least 1 dependent child of
19 such parent; and

20 (C) does not include a child under 6
21 months of age.

1 **SEC. 102. PILOT JOB CORPS PROGRAM FOR RECIPIENTS OF**
2 **AID TO FAMILIES WITH DEPENDENT CHIL-**
3 **DREN.**

4 Section 433 of the Job Training Partnership Act (29
5 U.S.C. 1703) is amended by adding at the end the follow-
6 ing new subsection:

7 “(f)(1) The Secretary may enter into appropriate
8 agreements with agencies as described in section
9 427(a)(1) for the development of pilot projects to provide
10 services at Job Corps centers to eligible individuals—

11 “(A) who are eligible youth described in section
12 423;

13 “(B) whose families receive aid to families with
14 dependent children under part A of title IV of the
15 Social Security Act (42 U.S.C. 601 et seq.); and

16 “(C) who are mothers of children who have not
17 reached the age of compulsory school attendance in
18 the State in which the children reside.

19 “(2) A Job Corps center serving the eligible individ-
20 uals shall—

21 “(A) provide child care at or near the Job
22 Corps center for the individuals;

23 “(B) provide the activities described in section
24 428 for the individuals; and

1 “(C) provide for the individuals, and require
2 that each such individual participate in, activities
3 through a parents as teachers program that—

4 “(i) establishes and operates parent edu-
5 cation programs, including programs of devel-
6 opmental screening of the children of the eligi-
7 ble individuals;

8 “(ii) provides group meetings and home
9 visits for the family of each such individual by
10 parent educators who have had supervised expe-
11 rience in the care and education of children and
12 have had training; and

13 “(iii) provides periodic screening, by such
14 parent educators, of the educational, hearing,
15 and visual development of the children of such
16 individuals.

17 “(3) The Secretary shall prescribe specific standards
18 and procedures under section 424 for the screening and
19 selection of applicants to participate in pilot projects car-
20 ried out under this subsection. In addition to the agencies
21 described in the second sentence of such section, such
22 standards and procedures may be implemented through
23 arrangements with welfare agencies.

24 “(4) As used in this subsection:

1 “(A) The term ‘developmental screening’ means
2 the process of measuring the progress of children to
3 determine if there are problems or potential prob-
4 lems or advanced abilities in the areas of under-
5 standing and use of language, perception through
6 sight, perception through hearing, motor develop-
7 ment and hand-eye coordination, health, and phys-
8 ical development.

9 “(B) The term ‘parent education’ includes par-
10 ent support activities, the provision of resource ma-
11 terials on child development and parent-child learn-
12 ing activities, private and group educational guid-
13 ance, individual and group learning experiences for
14 the eligible individual and child, and other activities
15 that enable the eligible individual to improve learn-
16 ing in the home.”.

17 **SEC. 103. DEMONSTRATION PROJECTS REQUIRING UP-**
18 **FRONT 30-DAY ASSISTED JOB SEARCH, OR**
19 **SUBSTANCE ABUSE TREATMENT BEFORE RE-**
20 **CEIVING AFDC BENEFITS.**

21 (a) ESTABLISHMENT.—The Secretary shall provide
22 for demonstration projects described in subsection (b) in
23 States with applications approved under this Act.

24 (b) PROJECT DESCRIBED.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), each State conducting a demonstration
3 project under this section shall require a parent or
4 other relative of a dependent child to undergo 30
5 days of assisted job search or substance abuse treat-
6 ment (or both) before the family may receive aid to
7 families with dependent children as part of the ap-
8 plication process for the receipt of such aid.

9 (2) LIMITATION.—A State conducting a dem-
10 onstration project under this section shall not apply
11 the provisions of paragraph (1) to a family unless—

12 (A) all of the dependent children in the
13 family are over 6 months of age;

14 (B) the State has made adequate child
15 care available to such family;

16 (C) the State has paid all fees applicable
17 to the activities described in paragraph (1); and

18 (D) such application does not endanger the
19 welfare and safety of a dependent child who is
20 a member of such family.

21 **SEC. 104. DISREGARD OF EDUCATION AND EMPLOYMENT**

22 **TRAINING SAVINGS FOR AFDC ELIGIBILITY.**

23 (a) DISREGARD AS RESOURCE.—Subparagraph (B)
24 of section 402(a)(7) of the Social Security Act (42 U.S.C.
25 602(a)(7)) is amended—

1 (1) by striking “or” before “(iv)”, and

2 (2) by inserting “, or (v) except in the case of
3 the family’s initial determination of eligibility for aid
4 to families with dependent children, any amount up
5 to \$10,000 in a qualified education and employment
6 account (as defined in section 406(i)(1))” before “;
7 and”.

8 (b) DISREGARD AS INCOME.—

9 (1) IN GENERAL.—Subparagraph (A) of section
10 402(a)(8) of such Act (42 U.S.C. 602(a)(8)) is
11 amended—

12 (A) by striking “and” at the end of clause
13 (vii), and

14 (B) by inserting after clause (viii) the fol-
15 lowing new clause:

16 “(ix) shall disregard any qualified dis-
17 tributions (as defined in section 406(i)(2))
18 made from any qualified education and
19 employment account (as defined in section
20 406(i)(1)) while the family is receiving aid
21 to families with dependent children; and”.

22 (2) NONRECURRING LUMP SUM EXEMPT FROM
23 LUMP SUM RULE.—Section 402(a)(17) (42 U.S.C.
24 602(a)(17)) is amended by adding at the end the
25 following: “; and that this paragraph shall not apply

1 to earned and unearned income received in a month
2 on a nonrecurring basis to the extent that such in-
3 come is placed in a qualified education and employ-
4 ment account (as defined in section 406(i)(1)) the
5 total amount which, after such placement, does not
6 exceed \$10,000.”.

7 (c) QUALIFIED EDUCATION AND EMPLOYMENT AC-
8 COUNTS.—Section 406 of such Act (42 U.S.C. 606) is
9 amended by adding at the end the following:

10 “(i)(1) The term ‘qualified education and employ-
11 ment account’ means a mechanism established by the
12 State (such as escrow accounts or education savings
13 bonds) that allows savings from the earned income of a
14 dependent child or parent of such child in a family receiv-
15 ing aid to families with dependent children to be used for
16 qualified distributions.

17 “(2) The term ‘qualified distributions’ means dis-
18 tributions from a qualified education and employment ac-
19 count for expenses directly related to the attendance at
20 an eligible postsecondary or secondary institution or di-
21 rectly related to improving the employability (as deter-
22 mined by the State) of a member of a family receiving
23 aid to families with dependent children.

24 “(3) The term ‘eligible postsecondary or secondary
25 institution’ means a postsecondary or secondary institu-

1 tion determined to be eligible by the State under guide-
2 lines established by the Secretary.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to payments under part A of title
5 IV of the Social Security Act (42 U.S.C. 601 et seq.) for
6 calendar quarters beginning on or after January 1, 1995.

7 **SEC. 105. INCENTIVES AND ASSISTANCE IN STARTING A**
8 **SMALL BUSINESS.**

9 (a) AUTHORITY FOR STATES TO PERMIT CERTAIN
10 SELF-EMPLOYMENT PROGRAM PARTICIPANTS A ONE-
11 TIME ELECTION TO PURCHASE CAPITAL EQUIPMENT
12 FOR A SMALL BUSINESS IN LIEU OF DEPRECIATION; RE-
13 PAYMENTS BY SUCH PERSONS OF THE PRINCIPAL POR-
14 TION OF SMALL BUSINESS LOANS TREATED AS BUSINESS
15 EXPENSES FOR PURPOSES OF AFDC.—

16 (1) AMENDMENTS TO THE SOCIAL SECURITY
17 ACT.—Section 402(a)(8) of the Social Security Act
18 (42 U.S.C. 602(a)(8)) is amended—

19 (A) in subparagraph (B)(ii)(II), by striking
20 “and” after the semicolon;

21 (B) by redesignating subparagraph (C) as
22 subparagraph (D); and

23 (C) by inserting after subparagraph (B)
24 the following new subparagraph:

1 “(C) provide that, in determining the earned in-
2 come of a family any of the members of which owns
3 a small business and is a participant in a self-em-
4 ployment program offered by a State in accordance
5 with section 482(d)(1)(B)(ii), the State may—

6 “(i)(I) during the 1-year period beginning
7 on the date the family makes an election under
8 this clause, treat as an offset against the gross
9 receipts of the business the sum of the capital
10 expenditures for the business by any member of
11 the family during such 1-year period; and

12 “(II) allow each such family eligible for aid
13 under this part not more than 1 election under
14 this clause; and

15 “(ii) treat as an offset against the gross
16 receipts of the business—

17 “(I) the amounts paid by any member
18 of the family as repayment of the principal
19 portion of a loan made for the business;
20 and

21 “(II) cash retained by the business for
22 future use by the business; and”.

23 (2) AMENDMENT TO THE INTERNAL REVENUE
24 CODE OF 1986.—Section 167 of the Internal Revenue
25 Code of 1986 (relating to depreciation) is amended

1 by redesignating subsection (g) as subsection (h)
2 and by inserting after subsection (f) the following
3 new subsection:

4 “(g) CERTAIN PROPERTY OF AFDC RECIPIENTS
5 NOT DEPRECIABLE.—No depreciation deduction shall be
6 allowed under this section (and no depreciation or amorti-
7 zation deduction shall be allowed under any other provi-
8 sion of this subtitle) with respect to the portion of the
9 adjusted basis of any property which is attributable to ex-
10 penditures treated as an offset against gross receipts
11 under section 402(a)(8)(C)(i) of the Social Security Act.”.

12 (3) EFFECTIVE DATE.—

13 (A) SOCIAL SECURITY ACT AMEND-
14 MENTS.—The amendments made by paragraph
15 (1) shall apply to payments made under part A
16 of title IV of the Social Security Act (42 U.S.C.
17 601 et seq.) on or after January 1, 1996.

18 (B) INTERNAL REVENUE CODE AMEND-
19 MENT.—The amendments made by paragraph
20 (2) shall apply to property placed in service on
21 or after January 1, 1996.

22 (b) DEMONSTRATION PROJECTS ESTABLISHING
23 PUBLIC-PRIVATE PARTNERSHIPS FOR TECHNICAL AS-
24 SISTANCE TO SELF-EMPLOYED AFDC RECIPIENTS.—

1 (1) IN GENERAL.—The Secretary shall provide
2 for demonstration projects to be conducted in States
3 with applications approved under this Act under
4 which one or more partnerships are developed be-
5 tween State agencies and community businesses or
6 educational institutions to provide assistance to eligi-
7 ble participants.

8 (2) ELIGIBLE PARTICIPANTS.—For purposes of
9 this subsection, the term “eligible participants”
10 means—

11 (A) individuals who are receiving aid to
12 families with dependent children; and

13 (B) individuals who cease to be eligible to
14 receive such aid who have been participating in
15 a demonstration project conducted by a State
16 under this subsection.

17 (3) PERMISSIBLE EXPENDITURES.—Funds
18 from any demonstration project conducted under
19 this subsection may be used to pay the costs associ-
20 ated with developing and implementing a process
21 through which businesses or educational institutions
22 would work with the State agency to provide assist-
23 ance to eligible participants seeking to start or oper-
24 ate small businesses, including—

25 (A) mentoring;

1 (B) training for eligible participants in ad-
2 ministering a business;

3 (C) technical assistance in preparing busi-
4 ness plans; and

5 (D) technical assistance in the process of
6 applying for business loans, marketing services,
7 and other activities related to conducting such
8 small businesses.

9 (c) DEMONSTRATION PROJECTS FOR TRAINING
10 AFDC RECIPIENTS AS SELF-EMPLOYED PROVIDERS OF
11 CHILD CARE SERVICES.—

12 (1) IN GENERAL.—The Secretary shall provide
13 for demonstration projects to be conducted in States
14 with applications approved under this Act under
15 which one or more partnerships are developed be-
16 tween State agencies and community businesses or
17 educational institutions to provide assistance to eligi-
18 ble participants in the establishment and operation
19 of child care centers in the home or in the commu-
20 nity which would provide child care services.

21 (2) ELIGIBLE PARTICIPANTS.—For purposes of
22 this subsection, the term “eligible participants”
23 means—

24 (A) individuals who are receiving aid to
25 families with dependent children; and

1 (B) individuals who cease to be eligible to
2 receive such aid who have been participating in
3 a demonstration project conducted by a State
4 under this subsection.

5 (3) PERMISSIBLE EXPENDITURES.—Funds
6 from any demonstration project conducted under
7 this subsection may be used to pay the costs associ-
8 ated with developing and implementing a process
9 through which businesses or educational institutions
10 would work with the State agency to provide assist-
11 ance to train eligible participants to provide licensed
12 child care services, including—

13 (A) mentoring;

14 (B) training in the provision of child care
15 services;

16 (C) training for eligible participants in ad-
17 ministering a business;

18 (D) training in early childhood education;

19 (E) technical assistance in preparing busi-
20 ness plans;

21 (F) technical assistance in the process of
22 applying for loans, marketing services, qualify-
23 ing for Federal and State programs, and other
24 activities related to the provision of child care
25 services; and

1 (G) technical assistance in obtaining a li-
2 cense and complying with Federal, State, and
3 local regulations regarding the provision of
4 child care.

5 (d) DEMONSTRATION PROJECT TO PROMOTE OWN-
6 ERSHIP OF FAMILY-OWNED BUSINESSES BY AFDC RE-
7 CIPIENTS.—

8 (1) ESTABLISHMENT.—The Secretary shall pro-
9 vide for demonstration projects described in para-
10 graph (2) in States with applications approved under
11 this Act.

12 (2) PROJECT DESCRIBED.—Each State con-
13 ducting a demonstration project under this sub-
14 section shall develop a program under which the
15 State shall—

16 (A) encourage incentives for families re-
17 ceiving aid to families with dependent children
18 to work together as managers and employees in
19 family-owned businesses;

20 (B) develop State and private partnerships
21 for making or guaranteeing small business
22 loans, including seed money, available to such
23 families;

1 (C) provide such families with technical
2 training in small business management, ac-
3 counting, and bookkeeping;

4 (D) regularly evaluate the status of the re-
5 cipients of assistance under the project; and

6 (E) continue a transitional period of bene-
7 fits under title IV and title XIX of the Social
8 Security Act for recipients of assistance under
9 the project until such time as the State deter-
10 mines such family is self-sufficient.

11 For purposes of this paragraph, a family-owned
12 business may include other relatives of the family re-
13 ceiving aid to families with dependent children re-
14 gardless if such relatives are also receiving aid to
15 families with dependent children.

16 **SEC. 106. INCREASED EMPHASIS IN JOBS PROGRAM ON**
17 **MOVING PEOPLE INTO THE WORK FORCE.**

18 Section 481(a) of the Social Security Act (42 U.S.C.
19 681(a)) is amended by adding at the end the following
20 new sentence: "It is further the purpose of this part to
21 encourage individuals receiving education and training to
22 enter the permanent work force by developing programs
23 through which such individuals enter the work force and
24 then receive post-employment education and training."

1 **SEC. 107. ADDITIONAL DEMONSTRATION PROJECTS TO**
 2 **MOVE AFDC RECIPIENTS INTO THE WORK**
 3 **FORCE.**

4 (a) ESTABLISHMENT.—The Secretary shall provide
 5 for additional demonstration projects described in sub-
 6 section (b) in States with applications approved under this
 7 Act.

8 (b) PROJECT DESCRIBED.—Each State conducting a
 9 demonstration project under this section shall develop a
 10 program or programs to better move recipients of aid to
 11 families with dependent children into the work force.

12 **TITLE II—INITIATIVES TO**
 13 **STRENGTHEN FAMILIES AND**
 14 **BREAK THE CYCLE OF WEL-**
 15 **FARE DEPENDENCY**

16 **SEC. 201. DEMONSTRATION PROJECTS TO ESTABLISH**
 17 **CHILD CENTERED PROGRAMS THROUGH**
 18 **CONVERSION OF CERTAIN AFDC AND JOBS**
 19 **PAYMENTS INTO BLOCK GRANTS.**

20 (a) ESTABLISHMENT.—The Secretary shall provide
 21 for demonstration projects described in subsection (b) in
 22 States with applications approved under this Act.

23 (b) PROJECT DESCRIBED.—

24 (1) IN GENERAL.—Each State conducting a
 25 demonstration project under this section shall elect
 26 to receive payments under paragraph (2) in lieu of—

1 (A) all payments to which the State would
2 otherwise be entitled to under section 403 of
3 the Social Security Act (42 U.S.C. 603) for aid
4 to families with dependent children under part
5 A of title IV of such Act or the job opportuni-
6 ties and basic skills training program under
7 part F of such title; or

8 (B) any portion of the payment described
9 in subparagraph (A) to which the State would
10 otherwise be entitled under such section for
11 benefits (identified by the State) under part A
12 or part F of such title for populations (identi-
13 fied by the State) who receive such benefits.

14 (2) PAYMENT.—The Secretary shall make pay-
15 ment under this paragraph for each year of the
16 project in an amount equal to—

17 (A) during fiscal year 1996—

18 (i) 100 percent of the total amount to
19 which the State was entitled under section
20 403 of the Social Security Act (42 U.S.C.
21 603) for aid to families with dependent
22 children under part A of title IV of such
23 Act or the job opportunities and basic
24 skills training program under part F of
25 such title; or

1 (ii) the amount to which the State
2 was entitled to under such section for
3 those benefits and populations identified by
4 the State in paragraph (1)(B),

5 for fiscal year 1995 plus the product of such
6 amount and the percentage increase in the
7 consumer price index for all urban consumers
8 (U.S. city average) during such fiscal year; and

9 (B) during each subsequent fiscal year, the
10 amount determined under this paragraph in the
11 previous fiscal year plus the product of such
12 amount and the percentage increase in such
13 consumer price index during such previous fis-
14 cal year.

15 (3) DESCRIPTION OF ACTIVITIES.—

16 (A) IN GENERAL.—Each State which is
17 paid under paragraph (2) shall expend the
18 amount received under such paragraph and the
19 amount, if any, made available to such State
20 under section 5(b)(1)(B)(ii) for one or more of
21 the following purposes:

22 (i)(I) Establish residential programs
23 for teenage mothers with dependent chil-
24 dren where education, job training, com-

1 community service, or other employment is
2 provided.

3 (II) Support the pilot project de-
4 scribed in section 433(f) of the Jobs Train-
5 ing Partnership Act, as added by section
6 102 of this Act, to provide such services to
7 teenage mothers with dependent children.

8 (ii) Establish programs to promote,
9 expedite, and ensure adoption of children,
10 particularly neglected or abused children.

11 (iii) Expand child care assistance for
12 the children of needy working parents (as
13 determined by the State).

14 (iv) Establish residential schooling
15 with appropriate support services for chil-
16 dren from needy families (as determined
17 by the State) enrolled at the request of the
18 parents of such children.

19 (v) Establish other services which will
20 be provided directly to children from needy
21 families (as determined by the State).

22 (vi) Implement other reforms consist-
23 ent with this Act.

1 (4) COMMUNITY-BASED ACTIVITIES.—The Sec-
2 retary shall ensure that each State receiving a grant
3 under this section—

4 (A) takes adequate steps to assure the
5 well-being of the children affected by the
6 State’s receipt of the grant; and

7 (B) to the fullest extent possible, utilizes
8 the grant under this section to support commu-
9 nity-based services in communities affected by
10 the State’s receipt of the grant.

11 **SEC. 202. DEMONSTRATION PROJECTS PROVIDING NO AD-**
12 **DITIONAL BENEFITS WITH RESPECT TO CHIL-**
13 **DREN BORN WHILE A FAMILY IS RECEIVING**
14 **AFDC AND ALLOWING INCREASES IN THE**
15 **EARNED INCOME DISREGARD.**

16 (a) ESTABLISHMENT.—The Secretary shall provide
17 for demonstration projects described in subsection (b) in
18 States with applications approved under this Act.

19 (b) PROJECT DESCRIBED.—If a child is born to a
20 family after the date on which such family begins receiving
21 aid to families with dependent children, a State conducting
22 a demonstration project under this section—

23 (1) shall not take such child into account in de-
24 termining the need of such family for such aid; and

1 (2) shall increase the amounts disregarded from
2 earned income under section 402(a)(8)(A) of the So-
3 cial Security Act (42 U.S.C. 602(a)(8)(A)).

4 **SEC. 203. DEMONSTRATION PROJECTS PROVIDING INCEN-**
5 **TIVES TO MARRY.**

6 (a) AID TO TWO-PARENT FAMILIES.—

7 (1) ESTABLISHMENT.—The Secretary shall pro-
8 vide for demonstration projects described in para-
9 graph (2) in States with applications approved under
10 this Act.

11 (2) PROJECT DESCRIBED.—

12 (A) IN GENERAL.—Each State conducting
13 a demonstration project under this subsection
14 shall not apply the requirements described in
15 subparagraph (B) to a parent of a dependent
16 child who is married to the natural parent of
17 such child.

18 (B) REQUIREMENTS WAIVED.—The re-
19 quirements described in this subparagraph are:

20 (i) The work history requirement de-
21 scribed in section 407(b)(1)(A)(iii) of the
22 Social Security Act (42 U.S.C.
23 607(b)(1)(A)(iii)).

1 (ii) The 100-hour rule under section
2 233.100(a)(1)(i) of title 45, Code of Fed-
3 eral Regulations.

4 (b) INCREASE IN STEPPARENT EARNED INCOME
5 DISREGARD.—

6 (1) ESTABLISHMENT.—The Secretary shall pro-
7 vide for demonstration projects described in para-
8 graph (2) in States with applications approved under
9 this Act.

10 (2) PROJECT DESCRIBED.—For purposes of
11 making determinations for any month under section
12 402(a)(7) of the Social Security Act (42 U.S.C.
13 602(a)(7)), each State conducting a demonstration
14 project under this subsection shall modify the in-
15 come disregards provided in subparagraphs (A)
16 through (D) of section 402(a)(31) of such Act (42
17 U.S.C. 602(a)(31)) in order to decrease the amount
18 of income determined under such section with re-
19 spect to a dependent child's stepparent.

1 **SEC. 204. DEMONSTRATION PROJECTS REDUCING AFDC**
2 **BENEFITS IF SCHOOL ATTENDANCE IS IR-**
3 **REGULAR OR PREVENTIVE HEALTH CARE**
4 **FOR DEPENDENT CHILDREN IS NOT OB-**
5 **TAINED.**

6 (a) ESTABLISHMENT.—The Secretary shall provide
7 for demonstration projects described in subsection (b) in
8 States with applications approved under this Act.

9 (b) PROJECT DESCRIBED.—

10 (1) IN GENERAL.—Each State conducting a
11 demonstration project under this section shall reduce
12 the amount of aid to families with dependent chil-
13 dren received by a family if the State agency deter-
14 mines that one or both (at the State's option) of the
15 following conditions exist:

16 (A) A member of such family is attending
17 school or participating in a course of vocational
18 or technical training and such family member is
19 absent from such school or training with no ex-
20 cuse for more than a number of days per month
21 determined appropriate by the State.

22 (B) A member of such family is a child
23 under the age of 6 who has not received appro-
24 priate immunizations (as determined by the
25 State).

1 (2) LIMITATION.—Each State conducting a
2 demonstration project under this section shall estab-
3 lish procedures which ensure that no reduction in
4 aid to families with dependent children under para-
5 graph (1) will endanger the welfare and safety of
6 any dependent child.

7 **SEC. 205. DEMONSTRATION PROJECTS TO DEVELOP COM-**
8 **MUNITY-BASED PROGRAMS FOR TEENAGE**
9 **PREGNANCY PREVENTION AND FAMILY**
10 **PLANNING.**

11 (a) ESTABLISHMENT.—The Secretary shall provide
12 for demonstration projects described in subsection (b) in
13 States with applications approved under this Act.

14 (b) PROJECT DESCRIBED.—Each State conducting a
15 demonstration project under this section shall develop a
16 community-based program for teenage pregnancy preven-
17 tion and family planning.

18 **SEC. 206. ADDITIONAL DEMONSTRATION PROJECTS TO**
19 **STRENGTHEN FAMILIES AND BREAK THE**
20 **CYCLE OF WELFARE DEPENDENCY.**

21 (a) ESTABLISHMENT.—The Secretary shall provide
22 for additional demonstration projects described in sub-
23 section (b) in States with applications approved under this
24 Act.

1 (b) PROJECT DESCRIBED.—Each State conducting a
2 demonstration project under this section shall develop a
3 program or programs to strengthen families and break the
4 cycle of welfare dependency.

5 **TITLE III—CHANGES TO FED-**
6 **ERAL LAWS AND STATE INI-**
7 **TIATIVES TO INCREASE**
8 **CHILD SUPPORT AND PATER-**
9 **NAL RESPONSIBILITY**

10 **SEC. 301. DEMONSTRATION PROJECTS TO INCREASE PA-**
11 **TERNITY ESTABLISHMENT.**

12 (a) ESTABLISHMENT.—The Secretary shall provide
13 for demonstration projects described in subsection (b) in
14 States with applications approved under this Act.

15 (b) PROJECT DESCRIBED.—Each State conducting a
16 demonstration project under this section shall develop a
17 program to increase paternity establishment.

18 **SEC. 302. DEMONSTRATION PROJECTS TO INCREASE CHILD**
19 **SUPPORT COLLECTION.**

20 (a) ESTABLISHMENT.—The Secretary shall provide
21 for demonstration projects described in subsection (b) in
22 States with applications approved under this Act.

23 (b) PROJECT DESCRIBED.—Each State conducting a
24 demonstration project under this section shall increase the

1 State's child support collection efforts through one or
2 more of the following methods:

3 (1) Enhanced child support enforcement and
4 collection, including holding a parent accountable for
5 supporting any children of the parent's minor chil-
6 dren.

7 (2) Applying section 402(a)(8)(vi) of the Social
8 Security Act (42 U.S.C. 602(a)(8)(vi)) by substitut-
9 ing an amount greater than \$50 (to be determined
10 by the State) for "\$50" each place such dollar
11 amount appears.

12 (3) Any other method that the State deems
13 appropriate.

14 **TITLE IV—INITIATIVES TO DI-**
15 **VERSIFY AND IMPROVE THE**
16 **PERFORMANCE OF WELFARE**
17 **SERVICES**

18 **SEC. 401. DEMONSTRATION PROJECTS FOR PROVIDING**
19 **PLACEMENT OF AFDC RECIPIENTS IN PRI-**
20 **VATE SECTOR JOBS.**

21 (a) ESTABLISHMENT.—The Secretary shall provide
22 for demonstration projects described in subsection (b) in
23 States with applications approved under this Act.

24 (b) PROJECT DESCRIBED.—Each State conducting a
25 demonstration project under this section shall—

1 (A) identifies the State offices or adminis-
2 trative units which will participate in the dem-
3 onstration project;

4 (B) describes indicators of employee or
5 program performance based on outcome meas-
6 ures for—

7 (i) training and education;

8 (ii) job search and placement assist-
9 ance;

10 (iii) child support collection;

11 (iv) teen pregnancy prevention pro-
12 grams; and

13 (v) any other program objective that
14 the State finds appropriate;

15 (C) describes budgetary incentives for pro-
16 gram performance, including direct financial in-
17 centives for employees where appropriate;

18 (D) describes a process for developing, in
19 cooperation with employees of participating of-
20 fices or units, a job evaluation system based on
21 performance measures; and

22 (E) describes the way in which State pub-
23 lic welfare providers, private providers, welfare
24 clients, and members of the community have
25 been or shall be involved in the planning and

1 implementation of a performance based welfare
2 delivery system.

3 (2) TECHNICAL ASSISTANCE.—The Secretary
4 shall provide a State desiring to submit an applica-
5 tion for a demonstration project under this section
6 with technical assistance in preparing an application
7 described under paragraph (1).

8 **SEC. 403. ELECTRONIC BENEFIT TRANSFERS.**

9 Section 904(d) of the Electronic Fund Transfer Act
10 (15 U.S.C. 1693b(d)) is amended—

11 (1) by inserting “(1)” after “(d)”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(2)(A) The disclosures, protections, responsibilities,
15 and remedies created by this title or any rules, regulations,
16 or orders issued by the Board in accordance with this title,
17 do not apply to an electronic benefit transfer program es-
18 tablished under State or local law, or administered by a
19 State or local government, unless the payment under such
20 program is made directly into a consumer’s account held
21 by the recipient.

22 “(B) Subparagraph (A) does not apply to employ-
23 ment related payments, including salaries, pension, retire-
24 ment, or unemployment benefits established by Federal,
25 State, or local governments.

1 “(C) Nothing in subparagraph (A) alters the protec-
2 tions of benefits established by any Federal, State, or local
3 law, or preempts the application of any State or local law.

4 “(D) For purposes of subparagraph (A), an electronic
5 benefit transfer program is a program under which a Fed-
6 eral, State, or local government agency distributes needs-
7 tested benefits by establishing accounts to be accessed by
8 recipients electronically, such as through automated teller
9 machines, or point-of-sale terminals. A program estab-
10 lished for the purpose of enforcing the support obligations
11 owed by absent parents to their children and the custodial
12 parents with whom the children are living is not an elec-
13 tronic benefit transfer program.”.

14 **TITLE V—OFFSETTING**
15 **EXPENDITURE REDUCTIONS**

16 **SEC. 501. OFFSETTING EXPENDITURE REDUCTIONS.**

17 (a) IN GENERAL.—Subparagraph (C) of section
18 1001(5) of the Food Security Act of 1985 (7 U.S.C.
19 1308(5)(C)) is amended to read as follows:

20 “(C) In the case of corporations and other entities
21 included in subparagraph (B) and partnerships, the Sec-
22 retary shall attribute payments to natural persons in pro-
23 portion to their ownership interests in an entity and in
24 any other entity, or partnership, that owns or controls the
25 entity, or partnership, receiving the payments.”.

1 (b) REMOVAL OF 3-ENTITY RULE.—Section
 2 1001A(a)(1) of the Food Security Act of 1985 (7 U.S.C.
 3 1308–1(a)(1)) is amended—

4 (1) in the first sentence—

5 (A) by striking “substantial beneficial in-
 6 terests in more than two entities” and inserting
 7 “a substantial beneficial interest in any other
 8 entity”; and

9 (B) by striking “receive such payments as
 10 separate persons” and inserting “receives the
 11 payments as a separate person”; and

12 (2) by striking the second sentence.

13 (c) EFFECTIVE DATE.—The amendments made by
 14 this section shall take effect on October 1, 1995.

○

S 246 IS—2

S 246 IS—3

S 246 IS—4