

Union Calendar No. 267

107TH CONGRESS
2^D SESSION

H. R. 4092

[Report No. 107–452, Part I]

To enhance the opportunities of needy families to achieve self-sufficiency and access quality child care, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2002

Mr. MCKEON (for himself, Mr. BOEHNER, Mr. PETRI, Mr. HOEKSTRA, Mr. GREENWOOD, Mr. UPTON, Mr. TANCREDO, Mr. DEMINT, Mr. ISAKSON, Mr. KELLER, and Mr. CULBERSON) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, 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

MAY 10, 2002

Additional sponsors: Mr. PAYNE, Mr. GILMAN, Mr. ROHRABACHER, Mr. WOLF, Ms. ROS-LEHTINEN, Mr. PITTS, Mr. TANCREDO, Mr. DINGELL, Mr. DIAZ-BALART, Mr. HILLIARD, Mr. BLUMENAUER, Mrs. NAPOLITANO, Mrs. CLAYTON, Mr. MEEKS of New York, Mr. BERMAN, Mr. SANDERS, Mr. KING, Mr. MCHUGH, Ms. HART, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. MCKINNEY, Mr. HOEFFEL, Mr. ISSA, Mr. ROEMER, Mr. HYDE, Mr. LANTOS, Mr. HOUGHTON, Mr. BEREUTER, Mr. WAXMAN, Mr. CLEMENT, Mr. ISAKSON, Mr. HALL of Ohio, Ms. LEE, Ms. ROYBAL-ALLARD, Mr. McNULTY, Mr. MICA, Mr. YOUNG of Alaska, Mr. WALSH, Mr. CASTLE, Ms. MILLENDER-McDONALD, Mrs. DAVIS of California, Mr. GREENWOOD, Mrs. MORELLA, Mr. MORAN of Virginia, Ms. BROWN of Florida, Mrs. MEEK of Florida, Mr. SMITH of Washington, Ms. ESHOO, Mr. KIRK, Mr. NETHERCUTT, Mr. WEXLER, Ms. WOOLSEY, Mr. CAMP, Mr. WILSON of South Carolina, Ms. DUNN, Mr. BISHOP, Mr. TOM DAVIS of Virginia, Mr. SHAYS, Mr. SHAW, Mr. SCHAFFER, Mr. JEFFERSON, Ms. SLAUGHTER, Mr. BENTSEN, Mr. OBERSTAR, Mr. UDALL of Colorado, Mr. McDERMOTT, Mr. THOMPSON of Mississippi, Mr. DICKS, Mr. KILDEE, Mr. LUTHER, Mr. PRICE of North Carolina, Mr. RODRIGUEZ, Ms. CARSON of Indiana, Mr. PASTOR, Mr. RANGEL, Mrs.

MINK of Hawaii, Mr. FILNER, Mr. BROWN of Ohio, and Mr. FALEOMAVAEGA

MAY 10, 2002

Reported from the Committee on Education and the Workforce with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

MAY 10, 2002

Referral to the Committee on Ways and Means extended for a period not later than May 10, 2002

MAY 10, 2002

The Committee on Ways and Means discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on April 9, 2002]

A BILL

To enhance the opportunities of needy families to achieve self-sufficiency and access quality child care, 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 *“Working Toward Independence Act of 2002”.*

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

Sec. 1. Short title.

TITLE I—TANF PROGRAM

Sec. 101. Work participation requirements.

Sec. 102. Universal engagement policy.

Sec. 103. Work-related performance objectives.

Sec. 104. Bonus to reward employment achievement.

Sec. 105. Report on integration.

Sec. 106. *GAO study.*

Sec. 107. *Purpose of work participation requirements.*

Sec. 108. *State TANF programs made mandatory partners with one-stop employment training centers.*

Sec. 109. *Longitudinal study of TANF applicants and recipients to determine the factors that contribute to the ability of people to comply with TANF work requirements.*

*TITLE II—AMENDMENTS TO THE CHILD CARE AND DEVELOPMENT
BLOCK GRANT ACT OF 1990*

Sec. 201. *Short title.*

Sec. 202. *Goals.*

Sec. 203. *Authorization of appropriations.*

Sec. 204. *Application and plan.*

Sec. 205. *Activities to improve the quality of child care.*

Sec. 206. *Definitions.*

TITLE III—BROADENED WAIVER AUTHORITY

Sec. 301. *State program demonstration projects.*

TITLE VII—EFFECTIVE DATE

Sec. 401. *Effective date.*

1 **TITLE I—TANF PROGRAM**

2 **SEC. 101. WORK PARTICIPATION REQUIREMENTS.**

3 (a) *IN GENERAL.*—Section 407 of the Social Security
4 *Act (42 U.S.C. 607) is amended by striking all that precedes*
5 *subsection (b)(3) and inserting the following:*

6 **“SEC. 407. WORK PARTICIPATION REQUIREMENTS.**

7 “(a) *PARTICIPATION RATE REQUIREMENTS.*—A State
8 *to which a grant is made under section 403 for a fiscal*
9 *year shall achieve a minimum participation rate equal to*
10 *not less than—*

11 “(1) *50 percent for fiscal year 2003;*

12 “(2) *55 percent for fiscal year 2004;*

13 “(3) *60 percent for fiscal year 2005;*

14 “(4) *65 percent for fiscal year 2006; and*

1 “(5) 70 percent for fiscal year 2007 and each
2 succeeding fiscal year.

3 “(b) *CALCULATION OF PARTICIPATION RATES.*—

4 “(1) *AVERAGE MONTHLY RATE.*—For purposes of
5 subsection (a), the participation rate of a State for a
6 fiscal year is the average of the participation rates of
7 the State for each month in the fiscal year.

8 “(2) *MONTHLY PARTICIPATION RATES; INCORPO-*
9 *RATION OF 40-HOUR WORK WEEK STANDARD.*—

10 “(A) *IN GENERAL.*—For purposes of para-
11 graph (1), the participation rate of a State for
12 a month is—

13 “(i) the total number of countable
14 hours (as defined in subsection (c)) with re-
15 spect to the counted families for the State
16 for the month; divided by

17 “(ii) 160 multiplied by the number of
18 counted families for the State for the month.

19 “(B) *COUNTED FAMILIES DEFINED.*—

20 “(i) *IN GENERAL.*—In subparagraph
21 (A), the term ‘counted family’ means, with
22 respect to a State and a month, a family
23 that includes a work-eligible individual and
24 that receives assistance in the month under

1 the State program funded under this part,
2 subject to clause (ii).

3 “(ii) *STATE OPTION TO EXCLUDE CER-*
4 *TAIN FAMILIES.*—At the option of a State,
5 the term ‘counted family’ shall not
6 include—

7 “(I) a family in the first month
8 for which the family is a recipient of
9 assistance under the State program; or

10 “(II) on a case-by-case basis, a
11 family in which the youngest child has
12 not attained 12 months of age.

13 “(iii) *STATE OPTION TO INCLUDE INDI-*
14 *VIDUALS RECEIVING ASSISTANCE UNDER A*
15 *TRIBAL FAMILY ASSISTANCE PLAN OR TRIB-*
16 *AL WORK PROGRAM.*—At the option of a
17 State, the term ‘counted family’ may in-
18 clude families in the State that are receiv-
19 ing assistance under a tribal family assist-
20 ance plan approved under section 412 or
21 under a tribal work program to which
22 funds are provided under this part.

23 “(C) *WORK-ELIGIBLE INDIVIDUAL DE-*
24 *FINED.*—In this section, the term ‘work-eligible
25 individual’ means an individual—

1 “(i) *who is married, or is a single head*
2 *of household; and*

3 “(ii) *whose needs are (or, but for sanc-*
4 *tions under this part that have been in ef-*
5 *fect for more than 3 months (whether or not*
6 *consecutive) in the preceding 12 months or*
7 *under part D, would be) included in deter-*
8 *mining the amount of cash assistance to be*
9 *provided to the family under the State pro-*
10 *gram funded under this part.”.*

11 (b) *REVISION OF CASELOAD REDUCTION CREDIT.—*
12 *Section 407(b)(3)(A)(i) of such Act (42 U.S.C.*
13 *607(b)(3)(A)(i)) is amended to read as follows:*

14 “(i) *the average monthly number of*
15 *families that received assistance under the*
16 *State program funded under this part*
17 *during—*

18 “(I) *if the fiscal year is fiscal*
19 *year 2003, fiscal year 1996;*

20 “(II) *if the fiscal year is fiscal*
21 *year 2004, fiscal year 1998;*

22 “(III) *if the fiscal year is fiscal*
23 *year 2005, fiscal year 2001; or*

24 “(IV) *if the fiscal year is fiscal*
25 *year 2006 or any succeeding fiscal*

1 year, the then 4th preceding fiscal
2 year.”.

3 (c) *COUNTABLE HOURS*.—Section 407 of such Act (42
4 *U.S.C. 607*) is amended by striking subsections (c) and (d)
5 and inserting the following:

6 “(c) *COUNTABLE HOURS*.—

7 “(1) *DEFINITION*.—In subsection (b)(2), the term
8 ‘countable hours’ means, with respect to a family for
9 a month, the total number of hours in the month in
10 which any member of the family who is a work-eligible
11 individual is engaged in a direct work activity or
12 other activities specified by the State, subject to the
13 other provisions of this subsection.

14 “(2) *LIMITATIONS*.—Subject to such regulations
15 as the Secretary may prescribe:

16 “(A) *MINIMUM WEEKLY AVERAGE OF 24*
17 *HOURS OF DIRECT WORK ACTIVITIES RE-*
18 *QUIRED*.—If the work-eligible individuals in a
19 family are engaged in a direct work activity for
20 an average total of fewer than 24 hours per week
21 in a month, then the number of countable hours
22 with respect to the family for the month shall be
23 zero.

24 “(B) *MAXIMUM WEEKLY AVERAGE OF 16*
25 *HOURS OF OTHER ACTIVITIES*.—An average of

1 *not more than 16 hours per week of activities*
2 *specified by the State that are not direct work*
3 *activities may be considered countable hours in*
4 *a month with respect to a family.*

5 “(3) *SPECIAL RULES.—For purposes of para-*
6 *graph (1):*

7 “(A) *PARTICIPATION IN QUALIFIED ACTIVI-*
8 *TIES.—*

9 “(i) *IN GENERAL.—If, with the ap-*
10 *proval of the State, the work-eligible indi-*
11 *viduals in a family are engaged in 1 or*
12 *more qualified activities for an average*
13 *total of at least 24 hours per week in a*
14 *month, then all such engagement in the*
15 *month shall be considered engagement in a*
16 *direct work activity, subject to clause (iii).*

17 “(ii) *QUALIFIED ACTIVITY DEFINED.—*
18 *The term ‘qualified activity’ means—*

19 “(I) *substance abuse counseling or*
20 *treatment;*

21 “(II) *rehabilitation treatment and*
22 *services;*

23 “(III) *work-related education or*
24 *training directed effectively at enabling*
25 *the family member to work; or*

1 “(IV) *job search or job readiness*
2 *assistance.*

3 “(iii) *LIMITATION.—*

4 “(I) *GENERAL RULE.—Except as*
5 *provided in subclause (II), clause (i)*
6 *may not be applied to a family for*
7 *more than 3 months in any period of*
8 *24 consecutive months.*

9 “(II) *SPECIAL RULE APPLICABLE*
10 *TO EDUCATION AND TRAINING.—A*
11 *State may, on a case-by-case basis,*
12 *apply clause (i) to a work-eligible indi-*
13 *vidual so that participation by the in-*
14 *dividual in education or training, if*
15 *needed to permit the individual to*
16 *complete a certificate program or other*
17 *work-related education or training di-*
18 *rected effectively at enabling the indi-*
19 *vidual to fill a known job need in a*
20 *local area, may be considered countable*
21 *hours with respect to the family of the*
22 *individual for not more than 4 months*
23 *in any period of 24 consecutive*
24 *months.*

1 “(B) *SCHOOL ATTENDANCE BY TEEN HEAD*
2 *OF HOUSEHOLD.*—A family shall be considered
3 to be engaged in a direct work activity for an
4 average of 40 hours per week in a month if the
5 family includes an individual who is married or
6 is a single head of household who has not at-
7 tained 20 years of age, and the individual—

8 “(i) maintains satisfactory attendance
9 at secondary school or the equivalent in the
10 month; or

11 “(ii) participates in education directly
12 related to employment for an average of at
13 least 20 hours per week in the month.

14 “(d) *DIRECT WORK ACTIVITIES.*—In this section, the
15 term ‘direct work activities’ means—

16 “(1) unsubsidized employment;

17 “(2) subsidized private sector employment;

18 “(3) subsidized public sector employment;

19 “(4) on-the-job training;

20 “(5) supervised work experience, including entre-
21 preneurship or micro-enterprise activities; or

22 “(6) supervised community service.”.

23 “(d) *PENALTIES AGAINST INDIVIDUALS.*—Section
24 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as fol-
25 lows:

1 “(1) *IN GENERAL.*—*Except as provided in para-*
2 *graph (2), if an individual in a family receiving as-*
3 *sistance under a State program funded under this*
4 *part fails to engage in activities required in accord-*
5 *ance with this section, or other activities required by*
6 *the State under the program, and the family does not*
7 *otherwise engage in activities in accordance with the*
8 *self-sufficiency plan established for the family pursu-*
9 *ant to section 408(b), the State shall—*

10 “(A) *if the failure is partial or persists for*
11 *not more than 1 month—*

12 “(i) *reduce the amount of assistance*
13 *otherwise payable to the family pro rata (or*
14 *more, at the option of the State) with re-*
15 *spect to any period during a month in*
16 *which the failure occurs; or*

17 “(ii) *terminate all assistance to the*
18 *family, subject to such good cause exceptions*
19 *as the State may establish; or*

20 “(B) *if the failure is total and persists for*
21 *at least 2 consecutive months, terminate the pay-*
22 *ment to the family, under all State programs, of*
23 *any cash benefit that is a qualified State expend-*
24 *iture (as defined in section 409(a)(7)(B)(i)) for*
25 *at least 1 month and thereafter until the State*

1 *determines that the individual is in full compli-*
2 *ance with all requirements imposed under the*
3 *State program funded under this part, subject to*
4 *such good cause exceptions as the State may es-*
5 *tablish.”.*

6 *(e) CONFORMING AMENDMENTS.—*

7 *(1) Section 404(k)(1)(D) of such Act (42 U.S.C.*
8 *604(k)(1)(D)) is amended by striking “work activi-*
9 *ties” and inserting “direct work activities”.*

10 *(2) Section 407(b) of such Act (42 U.S.C. 607(b))*
11 *is amended by striking paragraphs (4) and (5).*

12 *(3) Section 407(f) of such Act (42 U.S.C. 607(f))*
13 *is amended in each of paragraphs (1) and (2) by*
14 *striking “work activity described in subsection (d)”*
15 *and inserting “direct work activity”.*

16 *(4) The heading of section 409(a)(14) of such Act*
17 *(42 U.S.C. 609(a)(14)) is amended by inserting “OR*
18 *REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAM-*
19 *ILY SELF-SUFFICIENCY PLAN” after “WORK”.*

20 *(f) SENSE OF THE CONGRESS.—It is the sense of the*
21 *Congress that a State welfare-to-work program should in-*
22 *clude a mentorship program.*

23 **SEC. 102. UNIVERSAL ENGAGEMENT POLICY.**

24 *(a) MODIFICATION OF STATE PLAN REQUIREMENTS.—*
25 *Section 402(a)(1)(A) of the Social Security Act (42 U.S.C.*

1 602(a)(1)(A)) is amended by striking clauses (ii) and (iii)
2 and inserting the following:

3 “(ii) Require a parent or caretaker re-
4 ceiving assistance under the program to en-
5 gage in work and alternative self-sufficiency
6 activities (as defined by the State), con-
7 sistent with section 407(e)(2).

8 “(iii) Require families receiving assist-
9 ance under the program to engage in activi-
10 ties in accordance with family self-suffi-
11 ciency plans developed pursuant to section
12 408(b).”.

13 (b) *ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY*
14 *PLANS.*—Section 408(b) of such Act (42 U.S.C. 608(b)) is
15 amended to read as follows:

16 “(b) *FAMILY SELF-SUFFICIENCY PLANS.*—

17 “(1) *IN GENERAL.*—A State to which a grant is
18 made under section 403 shall—

19 “(A) assess, in the manner deemed appro-
20 priate by the State, the employability, skills, job
21 readiness, barriers to employment, and any ad-
22 ditional factors hindering the achievement of
23 self-sufficiency of each work-eligible individual
24 (as defined in section 407(b)(2)(C)), including
25 whether a member of a family receiving assist-

1 *ance under the State program funded under this*
2 *part has been a victim of domestic or sexual vio-*
3 *lence, and may refer any such family member*
4 *for services as deemed appropriate by the State;*

5 “(B) *establish for each family receiving as-*
6 *sistance under the State program funded under*
7 *this part, in consultation with each work-eligible*
8 *individual (as so defined), a self-sufficiency plan*
9 *that specifies appropriate activities described in*
10 *the State plan submitted pursuant to section*
11 *402, including direct work activities as appro-*
12 *priate designed to assist the family in achieving*
13 *their maximum degree of self-sufficiency;*

14 “(C) *require, at a minimum, each member*
15 *of the family who is a work eligible individual*
16 *(as so defined) to participate in activities in ac-*
17 *cordance with the employment or other goals es-*
18 *tablished in the self-sufficiency plan;*

19 “(D) *provide a description of the services,*
20 *programs, and supports that are determined ap-*
21 *propriate by the State to meet employment or*
22 *other goals;*

23 “(E) *set forth the obligations of the recipi-*
24 *ent;*

1 “(F) monitor the participation of such fam-
2 ily members in the planned activities and the
3 progress of the family toward self-sufficiency;

4 “(G) regularly review the effectiveness of the
5 self-sufficiency plan and the activities in which
6 the individuals are engaged; and

7 “(H) upon such a review, revise the self-suf-
8 ficiency plan and activities as the State deems
9 appropriate.

10 *Nothing in this part shall preclude a State from re-*
11 *quiring participation in work and any other activi-*
12 *ties the State deems appropriate for helping families*
13 *achieve self-sufficiency and improving child well-*
14 *being.*

15 “(2) *TIMING.*—*The State shall comply with*
16 *paragraph (1) with respect to a family—*

17 “(A) *in the case of a family that, as of Oc-*
18 *tober 1, 2002, is not receiving assistance from*
19 *the State program funded under this part, not*
20 *later than 60 days after the family first receives*
21 *assistance on the basis of the most recent appli-*
22 *cation for the assistance; or*

23 “(B) *in the case of a family that, as of such*
24 *date, is receiving the assistance, not later than*
25 *180 days after October 1, 2002.*

1 “(3) *STATE DISCRETION.*—A State shall have
 2 sole discretion, consistent with section 407, to define
 3 and design activities for families for purposes of this
 4 subsection, and to develop methods for monitoring
 5 and reviewing progress pursuant to this subsection.

6 “(4) *CONDITION.*—A State may use funds pro-
 7 vided under this part to provide free or reduced price
 8 transportation on any bus or van which is used under
 9 the State program funded under this part.”.

10 (c) *PENALTY FOR FAILURE TO ESTABLISH FAMILY*
 11 *SELF-SUFFICIENCY PLAN.*—Section 409(a)(3) of such Act
 12 (42 U.S.C. 609(a)(3)) is amended—

13 (1) in the paragraph heading, by inserting “OR
 14 ESTABLISH FAMILY SELF-SUFFICIENCY PLAN” after
 15 “RATES”; and

16 (2) in subparagraph (A), by inserting “or
 17 408(b)” after “407(a)”.

18 **SEC. 103. WORK-RELATED PERFORMANCE OBJECTIVES.**

19 (a) *STATE PLAN MODIFICATIONS.*—Section 402(a)(1)
 20 of the Social Security Act (42 U.S.C. 602(a)(1)) is
 21 amended—

22 (1) in subparagraph (A), by adding at the end
 23 the following:

24 “(vii) The document shall—

1 “(I) describe how the State will
2 pursue ending dependence of needy
3 parents on government benefits by pro-
4 moting job preparation and work;

5 “(II) include specific numerical
6 and measurable performance objectives
7 for accomplishing the purpose so de-
8 scribed, which shall include objectives
9 consistent with the criteria used by the
10 Secretary in establishing performance
11 targets under section 403(a)(4)(B) if
12 available; and

13 “(III) describe the methodology
14 that the State will use to measure
15 State performance in relation to each
16 such objective.

17 “(viii) The document shall describe
18 any strategies and programs the State may
19 be undertaking to address—

20 “(I) employment retention and
21 advancement for recipients of assist-
22 ance under the State program funded
23 under this part, including placement
24 into high-demand jobs identified using
25 labor market information available

1 *through the One-Stop delivery system*
2 *created under the Workforce Investment*
3 *Act of 1998;*

4 *“(II) services for struggling and*
5 *noncompliant families and clients with*
6 *special problems; and*

7 *“(III) program integration, in-*
8 *cluding the extent to which TANF em-*
9 *ployment and training services are*
10 *provided through the One-Stop delivery*
11 *system created under the Workforce In-*
12 *vestment Act of 1998, and the extent to*
13 *which former recipients of such assist-*
14 *ance have access to additional core, in-*
15 *tensive, or training services funded*
16 *through such Act.”; and*

17 *(2) in subparagraph (B), by striking clause (iv).*

18 ***(b) REPORT ON ANNUAL ACHIEVEMENT OF PERFORM-***
19 ***ANCE GOALS.—Section 411 of such Act (42 U.S.C. 611) is***
20 ***amended by adding at the end the following:***

21 ***“(c) ANNUAL REPORT ON ACHIEVEMENT OF PERFORM-***
22 ***ANCE GOALS.—Beginning with fiscal year 2004, not later***
23 ***than 3 months after the end of each fiscal year, each eligible***
24 ***State shall submit to the Secretary a report on achievement***
25 ***and improvement during the preceding fiscal year under***

1 *the numerical objectives referred to in section*
 2 *402(a)(1)(A)(vii), using the measurement methodology de-*
 3 *scribed in such section.”.*

4 *(c) ANNUAL RANKING OF STATES.—Section 413(d)(1)*
 5 *of such Act (42 U.S.C. 613(d)(1)) is amended by striking*
 6 *“long-term private sector jobs,” and inserting “private sec-*
 7 *tor jobs, the success of the recipients in retaining employ-*
 8 *ment, the ability of the recipients to increase their wages,”.*

9 *(d) PERFORMANCE IMPROVEMENT.—Section 413 of*
 10 *such Act (42 U.S.C. 613) is amended by adding at the end*
 11 *the following:*

12 *“(k) PERFORMANCE IMPROVEMENT.—The Secretary,*
 13 *in consultation with States, shall develop uniform perform-*
 14 *ance measures designed to assess the degree of effectiveness,*
 15 *and the degree of improvement, of State programs funded*
 16 *under this part in accomplishing the work-related purposes*
 17 *of this part.”.*

18 **SEC. 104. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.**

19 *(a) IN GENERAL.—Section 403(a)(4) of the Social Se-*
 20 *curity Act (42 U.S.C. 603(a)(4)) is amended to read as fol-*
 21 *lows:*

22 *“(4) BONUS TO REWARD EMPLOYMENT ACHIEVE-*
 23 *MENT.—*

24 *“(A) IN GENERAL.—The Secretary shall*
 25 *make a grant pursuant to this paragraph to*

1 *each State for each bonus year for which the*
2 *State is an employment achievement State.*

3 “(B) *AMOUNT OF GRANT.*—

4 “(i) *IN GENERAL.*—*Subject to clause*
5 *(ii) of this subparagraph, the Secretary*
6 *shall determine the amount of the grant*
7 *payable under this paragraph to an em-*
8 *ployment achievement State for a bonus*
9 *year, which shall be based on the perform-*
10 *ance of the State as determined under sub-*
11 *paragraph (D)(i) for the fiscal year that*
12 *immediately precedes the bonus year.*

13 “(ii) *LIMITATION.*—*The amount pay-*
14 *able to a State under this paragraph for a*
15 *bonus year shall not exceed 5 percent of the*
16 *State family assistance grant.*

17 “(C) *FORMULA FOR MEASURING STATE PER-*
18 *FORMANCE.*—

19 “(i) *IN GENERAL.*—*Subject to clause*
20 *(ii), not later than October 1, 2003, the Sec-*
21 *retary, in consultation with States and the*
22 *Secretary of Labor, shall develop a formula*
23 *for measuring State performance in oper-*
24 *ating the State program funded under this*
25 *part so as to achieve the goals of employ-*

1 *ment entry, job retention, and increased*
2 *earnings from employment for families re-*
3 *ceiving assistance under the program, as*
4 *measured on an absolute basis and on the*
5 *basis of improvement in State performance.*

6 “(ii) *SPECIAL RULE FOR BONUS YEAR*
7 *2004.—For the purposes of awarding a*
8 *bonus under this paragraph for bonus year*
9 *2004, the Secretary may measure the per-*
10 *formance of a State in fiscal year 2003*
11 *using the job entry rate, job retention rate,*
12 *and earnings gain rate components of the*
13 *formula developed under section*
14 *403(a)(4)(C) as in effect immediately before*
15 *the effective date of this paragraph.*

16 “(D) *DETERMINATION OF STATE PERFORM-*
17 *ANCE.—For each bonus year, the Secretary*
18 *shall—*

19 “(i) *use the formula developed under*
20 *subparagraph (C) to determine the perform-*
21 *ance of each eligible State for the fiscal year*
22 *that precedes the bonus year; and*

23 “(ii) *prescribe performance standards*
24 *in such a manner so as to ensure that—*

1 “(I) the average annual total
2 amount of grants to be made under
3 this paragraph for each bonus year
4 equals \$100,000,000; and

5 “(II) the total amount of grants to
6 be made under this paragraph for all
7 bonus years equals \$500,000,000.

8 “(E) DEFINITIONS.—In this paragraph:

9 “(i) BONUS YEAR.—The term ‘bonus
10 year’ means each of fiscal years 2004
11 through 2008.

12 “(ii) EMPLOYMENT ACHIEVEMENT
13 STATE.—The term ‘employment achievement
14 State’ means, with respect to a bonus year,
15 an eligible State whose performance deter-
16 mined pursuant to subparagraph (D)(i) for
17 the fiscal year preceding the bonus year
18 equals or exceeds the performance standards
19 prescribed under subparagraph (D)(ii) for
20 such preceding fiscal year.

21 “(F) APPROPRIATION.—Out of any money
22 in the Treasury of the United States not other-
23 wise appropriated, there are appropriated for
24 fiscal years 2004 through 2008 \$500,000,000 for
25 grants under this paragraph.

1 “(G) *SENSE OF THE CONGRESS.*—*It is the*
2 *sense of the Congress that in developing the*
3 *bonus to reward employment achievement under*
4 *this paragraph, the Secretary and States should*
5 *consult with the Secretary of Labor so that meas-*
6 *ures for employment achievement under State*
7 *programs funded under this part are consistent*
8 *with the core indicators of performance which*
9 *States report under subclauses (I) through (III)*
10 *of section 136(b)(2)(A)(i) of the Workforce In-*
11 *vestment Act of 1998.”.*

12 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
13 *section (a) shall take effect on October 1, 2003.*

14 **SEC. 105. REPORT ON INTEGRATION.**

15 *Not later than 6 months after the date of the enactment*
16 *of this Act, the Secretary of Health and Human Services*
17 *and the Secretary of Labor shall jointly submit a report*
18 *to the Congress describing changes needed to the definitions,*
19 *performance measures, and reporting requirements in the*
20 *Workforce Investment Act of 1998 and part A of title IV*
21 *of the Social Security Act, and, at the discretion of either*
22 *Secretary, any other program administered by the respec-*
23 *tive Secretary, to allow greater integration between the wel-*
24 *fare and workforce development systems.*

1 **SEC. 106. GAO STUDY.**

2 (a) *IN GENERAL.*—The Comptroller General of the
3 United States shall conduct a study to determine the com-
4 bined effect of the phase-out rates for Federal programs and
5 policies which provide support to low-income families and
6 individuals as they move from welfare to work, including
7 those funded under title I of the Workforce Investment Act
8 of 1998, the Child Care and Development Block Grant Act
9 of 1990, the special supplemental nutrition program for
10 women, infants, and children under section 17 of the Child
11 Nutrition Act of 1966, the Richard B. Russell National
12 School Lunch Act, the Head Start Act, and the Low-Income
13 Home Energy Assistance Act of 1981, at all earning levels
14 up to \$35,000 per year for at least 5 States, including Wis-
15 consin and California, and any potential disincentives the
16 combined phase-out rates create for families to achieve inde-
17 pendence.

18 (b) *REPORT.*—Not later than 1 year after the date of
19 the enactment of this section, the Comptroller General shall
20 submit a report to Congress containing the results of the
21 study conducted under this section and, as appropriate, any
22 recommendations consistent with the results.

1 **SEC. 107. PURPOSE OF WORK PARTICIPATION REQUIRE-**
2 **MENTS.**

3 (a) *IN GENERAL.*—Section 407 of the Social Security
4 Act (42 U.S.C. 607), as amended by section 101 of this Act,
5 is amended—

6 (1) by redesignating subsections (a) through (i)
7 as subsections (b) through (j), respectively, and insert-
8 ing before subsection (b) (as so redesignated) the fol-
9 lowing:

10 “(a) *PURPOSE.*—The purpose of this section is to end
11 dependence of needy families on government benefits, reduce
12 poverty, and help achieve long-term income security by pro-
13 moting job preparation and work.”; and

14 (2) in subsection (c) (as so redesignated)—

15 (A) in paragraph (1), by striking “(a)” and
16 inserting “(b)”;

17 (B) in paragraph (2)(A)(i), by striking
18 “(c)” and inserting “(d)”;

19 (3) in paragraph (1) of subsection (d) (as so re-
20 designating), strike “(b)(2)” and insert “(c)(2)”.

21 (b) *CONFORMING AMENDMENTS.*—

22 (1) Section 402(a)(1)(A)(ii) of such Act (42
23 U.S.C. 602(a)(1)(A)(ii)) is amended by striking
24 “407(e)(2)” and inserting “407(f)(2)”.

1 (2) *Section 404(k)(1)(D) of such Act (42 U.S.C.*
2 *604(k)(1)(D)) is amended by striking “407(d)” and*
3 *inserting “407(e)”.*

4 (3) *Section 408(b)(1)(A) of such Act (42 U.S.C.*
5 *608(b)(1)(A)), as amended by section 102(b) of this*
6 *Act, is amended by striking “407(b)(2)(C)” and in-*
7 *serting “407(c)(2)(C)”.*

8 (4) *Section 409(a) of such Act (42 U.S.C.*
9 *609(a)) is amended in each of paragraphs (3)(A) and*
10 *(7)(B)(ii), by striking “407(a)” and inserting*
11 *“407(b)”.*

12 (5) *Section 409(a)(11)(A) of such Act (42 U.S.C.*
13 *609(a)(11)(A)) is amended by striking “407(e)(2)”*
14 *and inserting “407(f)(2)”.*

15 (6) *Section 409(a)(14)(A) of such Act (42 U.S.C.*
16 *609(a)(14)(A)) is amended by striking “407(e)” and*
17 *inserting “407(f)”.*

18 (7) *Section 411(a)(4) of such Act (42 U.S.C.*
19 *611(a)(4)) is amended by striking “407(d)” and in-*
20 *serting “407(e)”.*

21 (8) *Section 411(b) of such Act (42 U.S.C. 611(b))*
22 *is amended by striking “407(a)” and inserting*
23 *“407(b)”.*

1 (9) Section 412(c)(3) of such Act (42 U.S.C.
2 612(c)(3)) is amended by striking “407(e)” and in-
3 serting “407(f)”.

4 (10) Section 412(g)(2) of such Act (42 U.S.C.
5 612(g)(2)) is amended by striking “407(a)” and in-
6 serting “407(b)”.

7 (11) Section 466(a)(15)(B) of such Act (42
8 U.S.C. 666(a)(15)(B)) is amended by striking
9 “407(d)” and inserting “407(e)”.

10 **SEC. 108. STATE TANF PROGRAMS MADE MANDATORY PART-**
11 **NERS WITH ONE-STOP EMPLOYMENT TRAIN-**
12 **ING CENTERS.**

13 Section 408 of the Social Security Act (42 U.S.C. 608)
14 is amended by adding at the end the following:

15 “(h) STATE TANF PROGRAMS MADE MANDATORY
16 PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CEN-
17 TERS.—For purposes of section 121(b) of the Workforce In-
18 vestment Act of 1998, a State program funded under part
19 A of title IV of the Social Security Act shall be considered
20 a program referred to in paragraph (1)(B) of such section.”.

1 **SEC. 109. LONGITUDINAL STUDY OF TANF APPLICANTS AND**
 2 **RECIPIENTS TO DETERMINE THE FACTORS**
 3 **THAT CONTRIBUTE TO THE ABILITY OF PEO-**
 4 **PLE TO COMPLY WITH TANF WORK REQUIRE-**
 5 **MENTS.**

6 *Section 413 of the Social Security Act (42 U.S.C. 613),*
 7 *as amended by section 103(d) of this Act, is amended by*
 8 *adding at the end the following:*

9 *“(l) LONGITUDINAL STUDY OF TANF APPLICANTS AND*
 10 *RECIPIENTS TO DETERMINE THE FACTORS THAT CON-*
 11 *TRIBUTE TO THE ABILITY OF PEOPLE TO COMPLY WITH*
 12 *TANF WORK REQUIREMENTS.—*

13 *“(1) IN GENERAL.—The Secretary, through grant*
 14 *or contract, shall conduct a longitudinal study of a*
 15 *representative sample of families that receive, and*
 16 *families that apply for, assistance from a State pro-*
 17 *gram funded under this part or under a program*
 18 *funded with qualified State expenditures (as defined*
 19 *in section 409(a)(7)(B)(i)).*

20 *“(2) REQUIREMENTS.—The study conducted*
 21 *under this subsection shall follow families that leave*
 22 *such a program, those that receive assistance through-*
 23 *out the study period, and those diverted from such a*
 24 *program. The study shall gather information on—*

25 *“(A) family and adult demographics;*

26 *“(B) family income and child support; and*

1 “(C) factors that contribute to the ability of
2 people to comply with work requirements and
3 achieve long-term self-sufficiency.”.

4 **TITLE II—AMENDMENTS TO THE**
5 **CHILD CARE AND DEVELOP-**
6 **MENT BLOCK GRANT ACT OF**
7 **1990**

8 **SEC. 201. SHORT TITLE.**

9 *This title may be cited as the “Caring for Children*
10 *Act of 2002”.*

11 **SEC. 202. GOALS.**

12 (a) *GOALS.—Section 658A(b) of the Child Care and*
13 *Development Block Grant Act of 1990 (42 U.S.C. 9801 note)*
14 *is amended—*

15 (1) *in paragraph (3) by striking “encourage”*
16 *and inserting “assist”,*

17 (2) *by amending paragraph (4) to read as fol-*
18 *lows:*

19 “(4) *to assist State to provide child care to low-*
20 *income parents;”,*

21 (3) *by redesignating paragraph (5) as para-*
22 *graph (7), and*

23 (4) *by inserting after paragraph (4) the fol-*
24 *lowing:*

1 “(5) to encourage States to improve the quality
2 of child care available to families;

3 “(6) to promote school readiness by encouraging
4 the exposure of young children in child care to nur-
5 turing environments and developmentally-appropriate
6 activities, including activities to foster early cognitive
7 and literacy development; and”.

8 (b) CONFORMING AMENDMENT.—Section
9 658E(c)(3)(B) of the Child Care and Development Block
10 Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended
11 by striking “through (5)” and inserting “through (7)”.

12 **SEC. 203. AUTHORIZATION OF APPROPRIATIONS.**

13 Section 658B of the Child Care and Development Block
14 Grant Act of 1990 (42 U.S.C. 9858) is amended—

15 (1) by striking “is” and inserting “are”, and

16 (2) by striking “\$1,000,000,000 for each of the
17 fiscal years 1996 through 2002” and inserting
18 “\$2,300,000,000 for fiscal year 2003 and such sums
19 as may be necessary for fiscal years 2004, 2005, 2006,
20 and 2007”.

21 **SEC. 204. APPLICATION AND PLAN.**

22 Section 658E(c)(2) of the Child Care and Development
23 Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2)) is
24 amended—

1 (1) *by amending subparagraph (D) to read as*
2 *follows:*

3 “(D) *CONSUMER AND CHILD CARE PRO-*
4 *VIDER EDUCATION INFORMATION.—Certify that*
5 *the State will collect and disseminate, through*
6 *resource and referral services and other means as*
7 *determined by the State, to parents of eligible*
8 *children, child care providers, and the general*
9 *public, information regarding—*

10 “(i) *the promotion of informed child*
11 *care choices, including information about*
12 *the quality and availability of child care*
13 *services;*

14 “(ii) *research and best practices on*
15 *children’s development, including early cog-*
16 *nitve development;*

17 “(iii) *the availability of assistance to*
18 *obtain child care services; and*

19 “(iv) *other programs for which families*
20 *that receive child care services for which fi-*
21 *nancial assistance is provided under this*
22 *subchapter may be eligible, including the*
23 *food stamp program, the WIC program*
24 *under section 17 of the Child Nutrition Act*
25 *of 1966, the child and adult care food pro-*

1 *gram under section 17 of the Richard B.*
2 *Russell National School Lunch Act, and the*
3 *medicaid and CHIP programs under titles*
4 *XIX and XXI of the Social Security Act.”,*
5 *and*

6 *(2) by inserting after subparagraph (H) the fol-*
7 *lowing:*

8 *“(I) COORDINATION WITH OTHER EARLY*
9 *CHILD CARE SERVICES AND EARLY CHILDHOOD*
10 *EDUCATION PROGRAMS.—Demonstrate how the*
11 *State is coordinating child care services provided*
12 *under this subchapter with Head Start, Early*
13 *Reading First, Even Start, State pre-kinder-*
14 *garten programs, and other early childhood edu-*
15 *cation programs to expand accessibility to and*
16 *continuity of care and early education without*
17 *displacing services provided by the current early*
18 *care and education delivery system.*

19 *“(J) PUBLIC-PRIVATE PARTNERSHIPS.—*
20 *Demonstrate how the State encourages partner-*
21 *ships with private and other public entities to le-*
22 *verage existing service delivery systems of early*
23 *childhood education and increase the supply and*
24 *quality of child care services.*

25 *“(K) CHILD CARE SERVICE QUALITY.—*

1 “(i) *CERTIFICATION.*—*For each fiscal*
2 *year after fiscal year 2003, certify that dur-*
3 *ing the then preceding fiscal year the State*
4 *was in compliance with section 658G and*
5 *describe how funds were used to comply*
6 *with such section during such preceding fis-*
7 *cal year.*

8 “(ii) *STRATEGY.*—*For each fiscal year*
9 *after fiscal year 2003, contain an outline of*
10 *the strategy the State will implement dur-*
11 *ing such fiscal year for which the State*
12 *plan is submitted, to address the quality of*
13 *child care services in child care settings that*
14 *provide services for which assistance is*
15 *made available under this subchapter, and*
16 *include in such strategy—*

17 “(I) *a statement specifying how*
18 *the State will address the activities de-*
19 *scribed in paragraphs (1), (2), and (3)*
20 *of section 658G;*

21 “(II) *a description of quantifiable,*
22 *objective measures for evaluating the*
23 *quality of child care services separately*
24 *with respect to the activities listed in*
25 *each of such paragraphs that the State*

1 *will use to evaluate its progress in im-*
2 *proving the quality of such child care*
3 *services;*

4 *“(III) a list of State-developed*
5 *child care service quality targets for*
6 *such fiscal year quantified on the basis*
7 *of such measures; and*

8 *“(IV) for each fiscal year after fis-*
9 *cal year 2003, a report on the progress*
10 *made to achieve such targets during*
11 *the then preceding fiscal year.*

12 *“(iii) RULE OF CONSTRUCTION.—Noth-*
13 *ing in this subparagraph shall be construed*
14 *to require that the State apply measures for*
15 *evaluating quality to specific types of child*
16 *care providers.*

17 *“(L) ACCESS TO CARE FOR CERTAIN POPU-*
18 *LATIONS.—Demonstrate how the State is ad-*
19 *ressing the child care needs of parents eligible*
20 *for child care services for which financial assist-*
21 *ance is provided under this subchapter who have*
22 *children with special needs, work nontraditional*
23 *hours, or require child care services for infants*
24 *or toddlers.”.*

1 **SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD**
2 **CARE.**

3 *Section 658G of the Child Care and Development Block*
4 *Grant Act of 1990 (42 U.S.C. 9858e) is amended to read*
5 *as follows:*

6 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
7 **CHILD CARE SERVICES.**

8 *“A State that receives funds to carry out this sub-*
9 *chapter for a fiscal year, shall use not less than 6 percent*
10 *of the amount of such funds for activities provided through*
11 *resource and referral services or other means, that are de-*
12 *signed to improve the quality of child care services for*
13 *which financial assistance is made available under this sub-*
14 *chapter. Such activities include—*

15 *“(1) programs that provide training, education,*
16 *and other professional development activities to en-*
17 *hance the skills of the child care workforce, including*
18 *training opportunities for caregivers in informal care*
19 *settings;*

20 *“(2) activities within child care settings to en-*
21 *hance early learning for young children, to promote*
22 *early literacy, and to foster school readiness;*

23 *“(3) initiatives to increase the retention and*
24 *compensation of child care providers, including tiered*
25 *reimbursement rates for providers that meet quality*
26 *standards as defined by the State; or*

1 “(4) other activities deemed by the State to im-
 2 prove the quality of child care services provided in
 3 such State.”.

4 **SEC. 206. DEFINITIONS.**

5 Section 658P(4)(B) of the Child Care and Develop-
 6 ment Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B)) is
 7 amended by striking “85 percent of the State median in-
 8 come” and inserting “income levels as established by the
 9 State, prioritized by need,”.

10 **TITLE III—BROADENED WAIVER**
 11 **AUTHORITY**

12 **SEC. 301. PROGRAM INTEGRATION DEMONSTRATION**
 13 **PROJECTS.**

14 (a) *PURPOSE.*—The purpose of this section is to estab-
 15 lish a program of demonstration projects in a State or por-
 16 tion of a State to integrate multiple public assistance, work-
 17 force development, and other programs, for the purpose of
 18 supporting working individuals and families, helping fami-
 19 lies escape welfare dependency, promoting child well-being,
 20 or helping build stronger families, using innovative ap-
 21 proaches to strengthen service systems and provide more co-
 22 ordinated and effective service delivery.

23 (b) *DEFINITIONS.*—In this section:

24 (1) *ADMINISTERING SECRETARY.*—The term “ad-
 25 ministering Secretary” means, with respect to a

1 *qualified program, the head of the Federal agency re-*
2 *sponsible for administering the program.*

3 (2) *QUALIFIED PROGRAM.*—*The term “qualified*
4 *program” means—*

5 (A) *a demonstration project authorized*
6 *under section 505 of the Family Support Act of*
7 *1988;*

8 (B) *activities funded under the Wagner-*
9 *Peyster Act;*

10 (C) *activities funded under the Adult Edu-*
11 *cation and Family Literacy Act; or*

12 (D) *activities funded under the Child Care*
13 *and Development Block Grant Act of 1990;*

14 (c) *APPLICATION REQUIREMENTS.*—*The head of a*
15 *State or sub-State entity administering 2 or more qualified*
16 *programs proposed to be included in a demonstration*
17 *project under this section shall (or, if the project is proposed*
18 *to include qualified programs administered by 2 or more*
19 *such entities, the heads of the administering entities (each*
20 *of whom shall be considered an applicant for purposes of*
21 *this section) shall jointly) submit to the administering Sec-*
22 *retary of each such program an application that contains*
23 *the following:*

24 (1) *PROGRAMS INCLUDED.*—*A statement identi-*
25 *fying each qualified program to be included in the*

1 *project, and describing how the purposes of each such*
2 *program will be achieved by the project.*

3 (2) *POPULATION SERVED.*—*A statement identi-*
4 *fying the population to be served by the project and*
5 *specifying the eligibility criteria to be used.*

6 (3) *DESCRIPTION AND JUSTIFICATION.*—*A de-*
7 *tailed description of the project, including—*

8 (A) *a description of how the project is ex-*
9 *pected to improve or enhance achievement of the*
10 *purposes of the programs to be included in the*
11 *project, from the standpoint of quality, of cost-*
12 *effectiveness, or of both; and*

13 (B) *a description of the performance objec-*
14 *tives for the project, including any proposed*
15 *modifications to the performance measures and*
16 *reporting requirements used in the programs.*

17 (4) *WAIVERS REQUESTED.*—*A description of the*
18 *statutory and regulatory requirements with respect to*
19 *which a waiver is requested in order to carry out the*
20 *project, and a justification of the need for each such*
21 *waiver.*

22 (5) *COST NEUTRALITY.*—*Such information and*
23 *assurances as necessary to establish to the satisfaction*
24 *of the administering Secretary, in consultation with*
25 *the Director of the Office of Management and Budget,*

1 *that the proposed project is reasonably expected to*
2 *meet the applicable cost neutrality requirements of*
3 *subsection (d)(4).*

4 (6) *EVALUATION AND REPORTS.*—*An assurance*
5 *that the applicant will conduct ongoing and final*
6 *evaluations of the project, and make interim and*
7 *final reports to the administering Secretary, at such*
8 *times and in such manner as the administering Sec-*
9 *retary may require.*

10 (7) *OTHER INFORMATION AND ASSURANCES.*—
11 *Such other information and assurances as the admin-*
12 *istering Secretary may require.*

13 (d) *APPROVAL OF APPLICATIONS.*—

14 (1) *IN GENERAL.*—*The administering Secretary*
15 *with respect to a qualified program that is identified*
16 *in an application submitted pursuant to subsection*
17 *(c) may approve the application and, except as pro-*
18 *vided in paragraph (2), waive any requirement ap-*
19 *plicable to the program, to the extent consistent with*
20 *this section and necessary and appropriate for the*
21 *conduct of the demonstration project proposed in the*
22 *application, if the administering Secretary deter-*
23 *mines that the project—*

1 (A) has a reasonable likelihood of achieving
2 the objectives of the programs to be included in
3 the project;

4 (B) may reasonably be expected to meet the
5 applicable cost neutrality requirements of para-
6 graph (4), as determined by the Director of the
7 Office of Management and Budget; and

8 (C) integrates 2 or more qualified pro-
9 grams.

10 (2) *PROVISIONS EXCLUDED FROM WAIVER AU-*
11 *THORITY.—A waiver shall not be granted under para-*
12 *graph (1) of this subsection with respect to—*

13 (A) any provision of law relating to—

14 (i) civil rights or prohibition of dis-
15 crimination;

16 (ii) purposes or goals of any program;

17 (iii) maintenance of effort require-
18 ments;

19 (iv) health or safety;

20 (v) labor standards under the Fair
21 Labor Standards Act of 1938; or

22 (vi) environmental protection;

23 (B) section 241(a) of the Adult Education
24 and Family Literacy Act; or

1 (C) any requirement that a State pass
2 through to a sub-State entity part or all of an
3 amount paid to the State.

4 (3) *AGREEMENT OF EACH ADMINISTERING SEC-*
5 *RETARY REQUIRED.*—

6 (A) *IN GENERAL.*—An applicant may not
7 conduct a demonstration project under this sec-
8 tion unless each administering Secretary with
9 respect to any program proposed to be included
10 in the project has approved the application to
11 conduct the project.

12 (B) *AGREEMENT WITH RESPECT TO FUND-*
13 *ING AND IMPLEMENTATION.*—Before approving
14 an application to conduct a demonstration
15 project under this section, an administering Sec-
16 retary shall have in place an agreement with the
17 applicant with respect to the payment of funds
18 and responsibilities required of the admin-
19 istering Secretary with respect to the project.

20 (4) *COST-NEUTRALITY REQUIREMENTS.*—

21 (A) *GENERAL RULE.*—Notwithstanding any
22 other provision of law (except subparagraph
23 (B)), the total of the amounts that may be paid
24 by the Federal Government for a fiscal year with
25 respect to the programs affected by a demonstra-

1 *tion project conducted under this section shall*
2 *not exceed the estimated total amount that the*
3 *Federal Government would have paid for the fis-*
4 *cal year with respect to the programs if the*
5 *project had not been conducted, as determined by*
6 *the Director of the Office of Management and*
7 *Budget.*

8 *(B) SPECIAL RULE.—If an applicant sub-*
9 *mits to the Director of the Office of Management*
10 *and Budget a request to apply the rules of this*
11 *subparagraph to the programs affected by a dem-*
12 *onstration project proposed in the application*
13 *submitted pursuant to this section, during such*
14 *period of not more than 5 consecutive fiscal*
15 *years in which the project is in effect, and the*
16 *Director determines, on the basis of supporting*
17 *information provided by the applicant, to grant*
18 *the request, then, notwithstanding any other pro-*
19 *vision of law, the total of the amounts that may*
20 *be paid by the Federal Government for the pe-*
21 *riod with respect to the programs shall not ex-*
22 *ceed the estimated total amount that the Federal*
23 *Government would have paid for the period with*
24 *respect to the programs if the project had not*
25 *been conducted.*

1 (e) *DURATION OF PROJECTS.*—A demonstration
2 project under this section may be approved for a term of
3 not more than 5 years, and may be renewed for 1 or more
4 additional terms of not more than 5 years.

5 (f) *REPORTS TO CONGRESS.*—Each administering
6 Secretary shall provide annually to the Congress a report
7 concerning demonstration projects approved under this sec-
8 tion, including—

9 (1) the projects approved for each applicant;

10 (2) the number of waivers granted under this
11 section, and the specific statutory provisions waived;
12 and

13 (3) how well each project for which a waiver is
14 granted is improving or enhancing program achieve-
15 ment from the standpoint of quality, cost-effectiveness,
16 or both;

17 (4) how well each project for which a waiver is
18 granted is meeting the performance objectives speci-
19 fied in subsection (c)(3)(B);

20 (5) how each project for which a waiver is grant-
21 ed is conforming with the cost-neutrality requirements
22 of subsection (d)(4); and

23 (6) to the extent the administering Secretary
24 deems appropriate, recommendations for modification
25 of programs based on outcomes of the projects.

1 **TITLE IV—EFFECTIVE DATE**

2 **SEC. 401. EFFECTIVE DATE.**

3 (a) *IN GENERAL.*—*Except as otherwise provided, the*
4 *amendments made by this Act shall take effect on October*
5 *1, 2002.*

6 (b) *EXTENSION OF EFFECTIVE DATE FOR STATE LAW*
7 *AMENDMENT.*—*In the case of a State plan under part A*
8 *of title IV of the Social Security Act which the Secretary*
9 *determines requires State legislation in order for the plan*
10 *to meet the additional requirements imposed by the amend-*
11 *ments made by this Act, the effective date of the amend-*
12 *ments imposing the additional requirements shall be 3*
13 *months after the first day of the first calendar quarter be-*
14 *ginning after the close of the first regular session of the*
15 *State legislature that begins after the date of the enactment*
16 *of this Act. For purposes of the preceding sentence, in the*
17 *case of a State that has a 2-year legislative session, each*
18 *year of the session shall be considered to be a separate reg-*
19 *ular session of the State legislature.*

Union Calendar No. 267

107TH CONGRESS
2^D SESSION

H. R. 4092

[Report No. 107-452, Part I]

A BILL

To enhance the opportunities of needy families to achieve self-sufficiency and access quality child care, and for other purposes.

MAY 10, 2002

Reported from the Committee on Education and the Workforce with an amendment

MAY 10, 2002

Referral to the Committee on Ways and Means extended for a period not later than May 10, 2002

MAY 10, 2002

The Committee on Ways and Means discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed