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[Report No. 107–221]

IN THE SENATE OF THE UNITED STATES

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Received; read twice and referred to the Committee on Finance

JULY 25, 2002

Reported by Mr. BAUCUS, with an amendment

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

AN ACT

To reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~**SECTION 1. SHORT TITLE.**~~

~~This Act may be cited as the "Personal Responsibility, Work, and Family Promotion Act of 2002".~~

~~**SEC. 2. TABLE OF CONTENTS.**~~

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~~TITLE X—EFFECTIVE DATE~~

~~Sec. 1001. Effective date.~~

~~SEC. 3. REFERENCES.~~

~~Except as otherwise expressly provided, wherever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.~~

~~SEC. 4. FINDINGS.~~

~~The Congress makes the following findings:~~

~~(1) The Temporary Assistance for Needy Families (TANF) Program established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) has succeeded in moving families from welfare to work and reducing child poverty.~~

~~(A) There has been a dramatic increase in the employment of current and former welfare recipients. The percentage of working recipients reached an all-time high in fiscal years 1999 and 2000. In fiscal year 1999, 33 percent of adult recipients were working, compared to less than 7 percent in fiscal year 1992, and 11 percent in fiscal year 1996. All States met the overall participation rate standard in fiscal year 2000, as did the District of Columbia and Puerto Rico.~~

~~(B) Earnings for welfare recipients remaining on the rolls have also increased significantly, as have earnings for female-headed households. The increases have been particularly large for the bottom 2 income quintiles, that is, those women who are most likely to be former or present welfare recipients.~~

~~(C) Welfare dependency has plummeted. As of September 2001, 2,103,000 families and 5,333,000 individuals were receiving assistance. Accordingly, the number of families in the welfare caseload and the number of individuals receiving cash assistance declined 52 percent and 56 percent, respectively, since the enactment of TANF. These declines have persisted even as unemployment rates have increased. unemployment rates nationwide rose 25 percent, from 3.9 percent in September 2000 to 4.9 percent in September 2001, while welfare caseloads continued to drop by 7 percent.~~

~~(D) The child poverty rate continued to decline between 1996 and 2000, falling 21 percent from 20.5 to 16.2 percent. The 2000 child poverty rate is the lowest since 1979. Child poverty rates for African-American and Hispanic chil-~~

~~dren have also fallen dramatically during the past 6 years. African-American child poverty is at the lowest rate on record and Hispanic child poverty has had the largest 4-year decrease on record.~~

~~(E) Despite these gains, States have had mixed success in fully engaging welfare recipients in work activities. While all States have met the overall work participation rates required by law, in 2000, in an average month, only about ⅓ of all families with an adult participated in work activities that were countable toward the State's participation rate. Eight jurisdictions failed to meet the more rigorous 2-parent work requirements, and about 20 States are not subject to the 2-parent requirements, most because they moved their 2-parent cases to separate State programs where they are not subject to a penalty for failing the 2-parent rates.~~

~~(2) As a Nation, we have made substantial progress in reducing teen pregnancies and births, slowing increases in nonmarital childbearing, and improving child support collections and paternity establishment.~~

~~(A) The teen birth rate has fallen continuously since 1991, down a dramatic 22 percent by 2000. During the period of 1991–2000, teenage birth rates fell in all States and the District of Columbia, Puerto Rico, and the Virgin Islands. Declines also have spanned age, racial, and ethnic groups. There has been success in lowering the birth rate for both younger and older teens. The birth rate for those 15–17 years of age is down 29 percent since 1991, and the rate for those 18 and 19 is down 16 percent. Between 1991 and 2000, teen birth rates declined for all women ages 15–19—white, African American, American Indian, Asian or Pacific Islander, and Hispanic women ages 15–19. The rate for African American teens—until recently the highest—experienced the largest decline, down 31 percent from 1991 to 2000, to reach the lowest rate ever reported for this group. Most births to teens are nonmarital; in 2000, about 73 percent of the births to teens aged 15–19 occurred outside of marriage.~~

~~(B) Nonmarital childbearing continued to increase slightly in 2000, however not at the sharp rates of increase seen in recent decades.~~

~~The birth rate among unmarried women in 2000 was 3.5 percent lower than its peak reached in 1994, while the proportion of births occurring outside of marriage has remained at approximately 33 percent since 1998.~~

~~(C) The negative consequences of out-of-wedlock birth on the mother, the child, the family, and society are well documented. These include increased likelihood of welfare dependency, increased risks of low birth weight, poor cognitive development, child abuse and neglect, and teen parenthood, and decreased likelihood of having an intact marriage during adulthood.~~

~~(D) An estimated 23,900,000 children do not live with their biological father. 16,000,000 children live with their mother only. These facts are attributable largely to declining marriage rates, increasing divorce rates, and increasing rates of nonmarital births during the latter part of the 20th century.~~

~~(E) There has been a dramatic rise in cohabitation as marriages have declined. Only 40 percent of children of cohabiting couples will see their parents marry. Those who do marry experience a 50 percent higher divorce rate.~~

~~Children in single-parent households and cohabiting households are at much higher risk of child abuse than children in intact married and stepparent families.~~

~~(F) Children who live apart from their biological fathers, on average, are more likely to be poor, experience educational, health, emotional, and psychological problems, be victims of child abuse, engage in criminal behavior, and become involved with the juvenile justice system than their peers who live with their married, biological mother and father. A child living in a single-parent family is nearly 5 times as likely to be poor as a child living in a married-couple family. In married-couple families, the child poverty rate is 8.1 percent, in households headed by a single mother, the poverty rate is 39.7 percent.~~

~~(G) Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, child support collections within the child support enforcement system have grown every year, increasing from $12,000,000,000 in fiscal year 1996 to nearly $19,000,000,000 in fiscal year 2001. The number of paternities established or acknowledged~~

~~in fiscal year 2002 reached an historic high of over 1,500,000—which includes a nearly 100 percent increase through in-hospital acknowledgement programs to 688,510 in 2000 from 349,356 in 1996. Child support collections were made in over 7,000,000 cases in fiscal year 2000, significantly more than the almost 4,000,000 cases having a collection in 1996.~~

~~(3) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave States great flexibility in the use of Federal funds to develop innovative programs to help families leave welfare and begin employment and to encourage the formation of 2-parent families.~~

~~(A) Total Federal and State TANF expenditures in fiscal year 2000 were $24,000,000,000, up from $22,600,000,000 for the previous year. This increased spending is attributable to significant new investments in supportive services in the TANF program, such as child care and activities to support work.~~

~~(B) Since the welfare reform effort began there has been a dramatic increase in work participation (including employment, community service, and work experience) among welfare re-~~

~~cipients, as well as an unprecedented reduction in the caseload because recipients have left welfare for work.~~

~~(C) States are making policy choices and investment decisions best suited to the needs of their citizens.~~

~~(i) To expand aid to working families, all States disregard a portion of a family's earned income when determining benefit levels.~~

~~(ii) Most States increased the limits on countable assets above the former Aid to Families with Dependent Children (AFDC) program. Every State has increased the vehicle asset level above the prior AFDC limit for a family's primary automobile.~~

~~(iii) States are experimenting with programs to promote marriage and father involvement. Over half the States have eliminated restrictions on 2-parent families. Many States use TANF, child support, or State funds to support community-based activities to help fathers become more involved in their children's lives or~~

~~strengthen relationships between mothers and fathers.~~

~~(4) Therefore, it is the sense of the Congress that increasing success in moving families from welfare to work, as well as in promoting healthy marriage and other means of improving child well-being, are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by this Act) is intended to serve these ends.~~

~~TITLE I—TANF~~

~~SEC. 101. PURPOSES.~~

~~Section 401(a) (42 U.S.C. 601(a)) is amended—~~

~~(1) in the matter preceding paragraph (1), by striking "increase" and inserting "improve child well-being by increasing";~~

~~(2) in paragraph (1), by inserting "and services" after "assistance";~~

~~(3) in paragraph (2), by striking "parents on government benefits" and inserting "families on government benefits and reduce poverty"; and~~

~~(4) in paragraph (4), by striking "two-parent families" and inserting "healthy, 2-parent married families, and encourage responsible fatherhood".~~

~~SEC. 102. FAMILY ASSISTANCE GRANTS.~~

~~(a) EXTENSION OF AUTHORITY.—Section 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—~~

~~(1) by striking "1996, 1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2003 through 2007"; and~~

~~(2) by inserting "payable to the State for the fiscal year" before the period.~~

~~(b) STATE FAMILY ASSISTANCE GRANT.—Section 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking subparagraphs (B) through (E) and inserting the following:~~

~~"(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph as the amount required to be paid to the State under this paragraph for fiscal year 2002 (determined without regard to any reduction pursuant to section 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002.~~

~~"(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for~~

~~each of fiscal years 2003 through 2007 $16,566,542,000 for grants under this paragraph.''.~~

~~(c) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking ''1997 through 2002'' and inserting ''2003 through 2007''.~~

~~SEC. 103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.~~

~~(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by adding at the end the following:~~

~~''(vii) Encourage equitable treatment of married, 2-parent families under the program referred to in clause (i).''.~~

~~(b) HEALTHY MARRIAGE PROMOTION GRANTS; REPEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:~~

~~''(2) HEALTHY MARRIAGE PROMOTION GRANTS.—~~

~~''(A) AUTHORITY.—The Secretary shall award competitive grants to States, territories, and tribal organizations for not more than 50 percent of the cost of developing and imple-~~

~~menting innovative programs to promote and support healthy, married, 2-parent families.~~

~~"(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:~~

~~"(i) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.~~

~~"(ii) Education in high schools on the value of marriage, relationship skills, and budgeting.~~

~~"(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.~~

~~"(iv) Pre-marital education and marriage skills training for engaged couples and for couples interested in marriage.~~

~~"(v) Marriage enhancement and marriage skills training programs for married couples.~~

~~"(vi) Divorce reduction programs that teach relationship skills.~~

~~"(vii) Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.~~

~~"(viii) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.~~

~~"(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2003 through 2007 $100,000,000 for grants under this paragraph.".~~

~~(c) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:~~

~~"(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—The term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).".~~

~~SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.~~

~~Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)) is amended—~~

~~(1) in the subparagraph heading, by striking "OF GRANTS FOR FISCAL YEAR 2002";~~

~~(2) in clause (i), by striking "fiscal year 2002" and inserting "each of fiscal years 2002 through 2006";~~

~~(3) in clause (ii), by striking "2002" and inserting "2006"; and~~

~~(4) in clause (iii), by striking "fiscal year 2002" and inserting "each of fiscal years 2002 through 2006".~~

~~SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.~~

~~(a) REALLOCATION OF FUNDING.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended—~~

~~(1) in the paragraph heading, by striking "HIGH PERFORMANCE STATES" and inserting "EMPLOYMENT ACHIEVEMENT";~~

~~(2) in subparagraph (D)(ii)—~~

~~(A) in subclause (I), by striking "equals $200,000,000" and inserting "(other than 2003) equals $200,000,000, and for bonus year 2003 equals $100,000,000"; and~~

~~(B) in subclause (II), by striking "$1,000,000,000" and inserting "$900,000,000"; and~~

~~(3) in subparagraph (F), by striking "$1,000,000,000" and inserting "$900,000,000".~~

~~(b) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—~~

~~(1) IN GENERAL.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended by striking subparagraphs (A) through (F) and inserting the following:~~

~~"(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is an employment achievement State.~~

~~"(B) AMOUNT OF GRANT.—~~

~~"(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to an employment achievement State for a bonus year, which shall be based on the performance of the State as determined under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.~~

~~"(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.~~

~~"(C) FORMULA FOR MEASURING STATE PERFORMANCE.—~~

~~"(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2003, the Secretary, in consultation with the States, shall develop a formula for measuring State performance in operating the State~~

~~program funded under this part so as to achieve the goals of employment entry, job retention, and increased earnings from employment for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.~~

~~"(ii) SPECIAL RULE FOR BONUS YEAR 2004.—For the purposes of awarding a bonus under this paragraph for bonus year 2004, the Secretary may measure the performance of a State in fiscal year 2003 using the job entry rate, job retention rate, and earnings gain rate components of the formula developed under section 403(a)(4)(C) as in effect immediately before the effective date of this paragraph.~~

~~"(D) DETERMINATION OF STATE PERFORMANCE.—For each bonus year, the Secretary shall—~~

~~"(i) use the formula developed under subparagraph (C) to determine the performance of each eligible State for the fiscal year that precedes the bonus year; and~~

~~"(ii) prescribe performance standards in such a manner so as to ensure that—~~

~~"(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and~~

~~"(II) the total amount of grants to be made under this paragraph for all bonus years equals $500,000,000.~~

~~"(E) DEFINITIONS.—In this paragraph:~~

~~"(i) BONUS YEAR.—The term 'bonus year' means each of fiscal years 2004 through 2008.~~

~~"(ii) EMPLOYMENT ACHIEVEMENT STATE.—The term 'employment achievement State' means, with respect to a bonus year, an eligible State whose performance determined pursuant to subparagraph (D)(i) for the fiscal year preceding the bonus year equals or exceeds the performance standards prescribed under subparagraph (D)(ii) for such preceding fiscal year.~~

~~"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not other-~~

~~wise appropriated, there are appropriated for fiscal years 2004 through 2008 $500,000,000 for grants under this paragraph.~~

~~"(G) GRANTS FOR TRIBAL ORGANIZATIONS.—This paragraph shall apply with respect to tribal organizations in the same manner in which this paragraph applies with respect to States. In determining the criteria under which to make grants to tribal organizations under this paragraph, the Secretary shall consult with tribal organizations.".~~

~~(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on October 1, 2003.~~

~~SEC. 106. CONTINGENCY FUND.~~

~~(a) DEPOSITS INTO FUND.—Section 403(b)(2) (42 U.S.C. 603(b)(2)) is amended—~~

~~(1) by striking "1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2003 through 2007"; and~~

~~(2) by striking all that follows "$2,000,000,000" and inserting a period.~~

~~(b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C. 603(b)(3)(C)(ii)) is amended by striking "fiscal years 1997 through 2002" and inserting "fiscal years 2003 through 2007".~~

~~(c) DEFINITION OF NEEDY STATE.—Clauses (i) and (ii) of section 403(b)(5)(B) (42 U.S.C. 603(b)(5)(B)) are amended by inserting after "1996" the following: ", and the Food Stamp Act of 1977 as in effect during the corresponding 3-month period in the fiscal year preceding such most recently concluded 3-month period,".~~

~~(d) ANNUAL RECONCILIATION: FEDERAL MATCHING OF STATE EXPENDITURES ABOVE "MAINTENANCE OF EFFORT" LEVEL.—Section 403(b)(6) (42 U.S.C. 603(b)(6)) is amended—~~

~~(1) in subparagraph (A)(ii)—~~

~~(A) by adding "and" at the end of subclause (I);~~

~~(B) by striking "; and" at the end of subclause (II) and inserting a period; and~~

~~(C) by striking subclause (III);~~

~~(2) in subparagraph (B)(i)(II), by striking all that follows "section 409(a)(7)(B)(iii))" and inserting a period;~~

~~(3) by amending subparagraph (B)(ii)(I) to read as follows:~~

~~"(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the fiscal year; plus"; and~~

~~(4) by striking subparagraph (C).~~

~~(c) CONSIDERATION OF CERTAIN CHILD CARE EXPENDITURES IN DETERMINING STATE COMPLIANCE WITH CONTINGENCY FUND MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C. 609(a)(10)) is amended—~~

~~(1) by striking "(other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part" and inserting a close parenthesis; and~~

~~(2) by striking "excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994,".~~

~~SEC. 107. USE OF FUNDS.~~

~~(a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C. 604(a)(2)) is amended by striking "in any manner that" and inserting "for any purposes or activities for which".~~

~~(b) TREATMENT OF INTERSTATE IMMIGRANTS.—~~

~~(1) STATE PLAN PROVISION.—Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended by striking clause (i) and redesignating clauses (ii) through (iv) as clauses (i) through (iii), respectively.~~

~~(2) USE OF FUNDS.—Section 404 (42 U.S.C. 604) is amended by striking subsection (c).~~

~~(c) INCREASE IN AMOUNT TRANSFERABLE TO CHILD CARE.—Section 404(d)(1) (42 U.S.C. 604(d)(1)) is amended by striking "30" and inserting "50".~~

~~(d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C. 604(d)(2)(B)) is amended to read as follows:~~

~~"(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 10 percent for fiscal year 2003 and each succeeding fiscal year.".~~

~~(e) CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:~~

~~"(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—~~

~~"(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.~~

~~"(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the~~

~~State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State shall, on an annual basis, include in its report under section 411(a) the amount so designated.''.~~

~~SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.~~

~~(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.~~

~~(b) CONFORMING AMENDMENTS.—~~

~~(1) Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (6).~~

~~(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.~~

~~(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking ''406,''.~~

~~SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.~~

~~(a) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:~~

~~"(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).~~

~~"(iii) Require families receiving assistance under the program to engage in activities in accordance with family self-sufficiency plans developed pursuant to section 408(b).".~~

~~(b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY PLANS.—~~

~~(1) IN GENERAL.—Section 408(b) (42 U.S.C. 608(b)) is amended to read as follows:~~

~~"(b) FAMILY SELF-SUFFICIENCY PLANS.—~~

~~"(1) IN GENERAL.—A State to which a grant is made under section 403 shall—~~

~~"(A) assess, in the manner deemed appropriate by the State, of the skills, prior work experience, and employability of each work-eligible~~

~~individual (as defined in section 407(b)(2)(C)) receiving assistance under the State program funded under this part;~~

~~"(B) establish for each family that includes such an individual, in consultation as the State deems appropriate with the individual, a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency, and that provides for the ongoing participation of the individual in the activities;~~

~~"(C) require, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;~~

~~"(D) monitor the participation of each such individual in the activities specified in the self sufficiency plan, and regularly review the progress of the family toward self-sufficiency;~~

~~"(E) upon such a review, revise the self-sufficiency plan and activities as the State deems appropriate.~~

~~"(2) TIMING.—The State shall comply with paragraph (1) with respect to a family—~~

~~"(A) in the case of a family that, as of October 1, 2002, is not receiving assistance from the State program funded under this part, not later than 60 days after the family first receives assistance on the basis of the most recent application for the assistance; or~~

~~"(B) in the case of a family that, as of such date, is receiving the assistance, not later than 12 months after the date of enactment of this subsection.~~

~~"(3) STATE DISCRETION.—A State shall have sole discretion, consistent with section 407, to define and design activities for families for purposes of this subsection, to develop methods for monitoring and reviewing progress pursuant to this subsection, and to make modifications to the plan as the State deems appropriate to assist the individual in increasing their degree of self-sufficiency.~~

~~"(4) RULE OF INTERPRETATION.—Nothing in this part shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.".~~

~~(2) PENALTY FOR FAILURE TO ESTABLISH FAMILY SELF-SUFFICIENCY PLAN.—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—~~

~~(A) in the paragraph heading, by inserting "OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN" after "RATES"; and~~

~~(B) in subparagraph (A), by inserting "or 408(b)" after "407(a)".~~

~~SEC. 110. WORK PARTICIPATION REQUIREMENTS.~~

~~(a) IN GENERAL.—Section 407 (42 U.S.C. 607) is amended by striking all that precedes subsection (b)(3) and inserting the following:~~

~~"SEC. 407. WORK PARTICIPATION REQUIREMENTS.~~

~~"(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate equal to not less than—~~

~~"(1) 50 percent for fiscal year 2003;~~

~~"(2) 55 percent for fiscal year 2004;~~

~~"(3) 60 percent for fiscal year 2005;~~

~~"(4) 65 percent for fiscal year 2006; and~~

~~"(5) 70 percent for fiscal year 2007 and each succeeding fiscal year.~~

~~"(b) CALCULATION OF PARTICIPATION RATES.—~~

~~"(1) AVERAGE MONTHLY RATE.—For purposes of subsection (a), the participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.~~

~~"(2) MONTHLY PARTICIPATION RATES; INCORPORATION OF 40-HOUR WORK WEEK STANDARD.—~~

~~"(A) IN GENERAL.—For purposes of paragraph (1), the participation rate of a State for a month is—~~

~~"(i) the total number of countable hours (as defined in subsection (c)) with respect to the counted families for the State for the month; divided by~~

~~"(ii) 160 multiplied by the number of counted families for the State for the month.~~

~~"(B) COUNTED FAMILIES DEFINED.—~~

~~"(i) IN GENERAL.—In subparagraph (A), the term 'counted family' means, with respect to a State and a month, a family that includes a work-eligible individual and that receives assistance in the month under the State program funded under this part, subject to clause (ii).~~

~~"(ii) STATE OPTION TO EXCLUDE CERTAIN FAMILIES.—At the option of a State, the term 'counted family' shall not include—~~

~~"(I) a family in the first month for which the family receives assistance from a State program funded under this part on the basis of the most recent application for such assistance; or~~

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

~~"(iii) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—At the option of a State, the term 'counted family' may include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.~~

~~"(C) WORK-ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term 'work-eligible individual' means an individual—~~

~~"(i) who is married or a single head of household; and~~

~~"(ii) whose needs are (or, but for sanctions under this part that have been in effect for more than 3 months (whether or not consecutive) in the preceding 12 months or under part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.".~~

~~(b) RECALIBRATION OF CASELOAD REDUCTION CREDIT.—Section 407(b)(3)(A)(ii) (42 U.S.C. 607(b)(3)(A)(ii)) is amended to read as follows:~~

~~"(ii) the average monthly number of families that received assistance under the State program funded under this part during—~~

~~"(I) if the fiscal year is fiscal year 2003, fiscal year 1996;~~

~~"(II) if the fiscal year is fiscal year 2004, fiscal year 1998;~~

~~"(III) if the fiscal year is fiscal year 2005, fiscal year 2001; or~~

~~"(IV) if the fiscal year is fiscal year 2006 or any succeeding fiscal year, the then 4th preceding fiscal year.".~~

~~(c) SUPERACHIEVER CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is amended by striking paragraphs (4) and (5) and inserting the following:~~

~~"(4) SUPERACHIEVER CREDIT.—~~

~~"(A) IN GENERAL.—The participation rate, determined under paragraphs (1) and (2) of this subsection, of a superachiever State for a fiscal year shall be increased by the lesser of—~~

~~"(i) the amount (if any) of the superachiever credit applicable to the State; or~~

~~"(ii) the number of percentage points (if any) by which the minimum participation rate required by subsection (a) for the fiscal year exceeds 50 percent.~~

~~"(B) SUPERACHIEVER STATE.—For purposes of subparagraph (A), a State is a superachiever State if the State caseload for fiscal~~

~~year 2001 has declined by at least 60 percent from the State caseload for fiscal year 1995.~~

~~"(C) AMOUNT OF CREDIT.—The super-achiever credit applicable to a State is the number of percentage points (if any) by which the decline referred to in subparagraph (B) exceeds 60 percent.~~

~~"(D) DEFINITIONS.—In this paragraph:~~

~~"(i) STATE CASELOAD FOR FISCAL YEAR 2001.—The term 'State caseload for fiscal year 2001' means the average monthly number of families that received assistance during fiscal year 2001 under the State program funded under this part.~~

~~"(ii) STATE CASELOAD FOR FISCAL YEAR 1995.—The term 'State caseload for fiscal year 1995' means the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.".~~

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

~~"(c) COUNTABLE HOURS.—~~

~~"(1) DEFINITION.—In subsection (b)(2), the term 'countable hours' means, with respect to a family for a month, the total number of hours in the month in which any member of the family who is a work-eligible individual is engaged in a direct work activity or other activities specified by the State (excluding an activity that does not address a purpose specified in section 401(a)), subject to the other provisions of this subsection.~~

~~"(2) LIMITATIONS.—Subject to such regulations as the Secretary may prescribe:~~

~~"(A) MINIMUM WEEKLY AVERAGE OF 24 HOURS OF DIRECT WORK ACTIVITIES REQUIRED.—If the work-eligible individuals in a family are engaged in a direct work activity for an average total of fewer than 24 hours per week in a month, then the number of countable hours with respect to the family for the month shall be zero.~~

~~"(B) MAXIMUM WEEKLY AVERAGE OF 16 HOURS OF OTHER ACTIVITIES.—An average of not more than 16 hours per week of activities specified by the State (subject to the exclusion described in paragraph (1)) may be considered~~

countable hours in a month with respect to a family.

"(3) SPECIAL RULES.—For purposes of paragraph (1):

"(A) PARTICIPATION IN QUALIFIED ACTIVITIES.—

"(i) IN GENERAL.—If, with the approval of the State, the work-eligible individuals in a family are engaged in 1 or more qualified activities for an average total of at least 24 hours per week in a month, then all such engagement in the month shall be considered engagement in a direct work activity, subject to clause (iii).

"(ii) QUALIFIED ACTIVITY DEFINED.—The term 'qualified activity' means an activity specified by the State (subject to the exclusion described in paragraph (1)) that meets such standards and criteria as the State may specify, including—

"(I) substance abuse counseling or treatment;

"(II) rehabilitation treatment and services;

~~"(III) work-related education or training directed at enabling the family member to work;~~

~~"(IV) job search or job readiness assistance; and~~

~~"(V) any other activity that addresses a purpose specified in section 401(a).~~

~~"(iii) LIMITATION.—~~

~~"(I) IN GENERAL.—Except as provided in subclause (II), clause (i) shall not apply to a family for more than 3 months in any period of 24 consecutive months.~~

~~"(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed at enabling the individual to fill a known job need in a local~~

area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.

"(B) SCHOOL ATTENDANCE BY TEEN HEAD OF HOUSEHOLD.—The work-eligible members of a family shall be considered to be engaged in a direct work activity for an average of 40 hours per week in a month if the family includes an individual who is married, or is a single head of household, who has not attained 20 years of age, and the individual—

"(i) maintains satisfactory attendance at secondary school or the equivalent in the month; or

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

"(d) DIRECT WORK ACTIVITY.—In this section, the term 'direct work activity' means—

"(1) unsubsidized employment;

"(2) subsidized private sector employment;

"(3) subsidized public sector employment;

"(4) on-the-job training;

~~"(5) supervised work experience; or~~

~~"(6) supervised community service.".~~

~~(c) PENALTIES AGAINST INDIVIDUALS.—Section 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as follows:~~

~~"(1) REDUCTION OR TERMINATION OF ASSISTANCE.—~~

~~"(A) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under a State program funded under this part fails to engage in activities required in accordance with this section, or other activities required by the State under the program, and the family does not otherwise engage in activities in accordance with the self-sufficiency plan established for the family pursuant to section 408(b), the State shall—~~

~~"(i) if the failure is partial or persists for not more than 1 month—~~

~~"(I) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the failure occurs; or~~

~~"(II) terminate all assistance to the family, subject to such good cause exceptions as the State may establish; or~~

~~"(ii) if the failure is total and persists for at least 2 consecutive months, terminate all cash payments to the family including qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual has resumed full participation in the activities, subject to such good cause exceptions as the State may establish.~~

~~"(B) SPECIAL RULE.—In the event of a conflict between a requirement of clause (i)(II) or (ii) of subparagraph (A) and a requirement of a State constitution, or of a State statute that, before 1966, obligated local government to provide assistance to needy parents and children, the State constitutional or statutory requirement shall control.".~~

~~(f) CONFORMING AMENDMENTS.—~~

~~(1) Section 407(f) (42 U.S.C. 607(f)) is amended in each of paragraphs (1) and (2) by striking~~

~~"work activity described in subsection (d)" and inserting "direct work activity".~~

~~(2) The heading of section 409(a)(14) (42 U.S.C. 609(a)(14)) is amended by inserting "OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN" after "WORK".~~

~~SEC. 111. MAINTENANCE OF EFFORT.~~

~~(a) IN GENERAL.—Section 409(a)(7) (42 U.S.C. 609(a)(7)) is amended—~~

~~(1) in subparagraph (A) by striking "fiscal year 1998, 1999, 2000, 2001, 2002, or 2003" and inserting "fiscal year 2003, 2004, 2005, 2006, 2007 or 2008"; and~~

~~(2) in subparagraph (B)(ii)—~~

~~(A) by inserting "preceding" before "fiscal year"; and~~

~~(B) by striking "for fiscal years 1997 through 2002,".~~

~~(b) STATE SPENDING ON PROMOTING HEALTHY MARRIAGE.—~~

~~(1) IN GENERAL.—Section 404 (42 U.S.C. 604) is amended by adding at the end the following:~~

~~"(l) MARRIAGE PROMOTION.—A State, territory, or tribal organization to which a grant is made under section 403(a)(2) may use a grant made to the State, territory,~~

~~or tribal organization under any other provision of section 403 for marriage promotion activities, and the amount of any such grant so used shall be considered State funds for purposes of section 403(a)(2).”.~~

~~(2) FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION DISREGARDED FOR PURPOSES OF MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c) of this Act, is amended by adding at the end the following:~~

~~“(VI) EXCLUSION OF FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION ACTIVITIES.—Such term does not include the amount of any grant made to the State under section 403 that is expended for a marriage promotion activity.”.~~

~~SEC. 112. PERFORMANCE IMPROVEMENT.~~

~~(a) STATE PLANS.—Section 402(a) (42 U.S.C. 602(a)) is amended—~~

~~(1) in paragraph (1)—~~

~~(A) in subparagraph (A)—~~

~~(i) by redesignating clause (vi) and clause (vii) (as added by section 103(a) of~~

~~this Act) as clauses (vii) and (viii), respectively; and~~

~~(ii) by striking clause (v) and inserting the following:~~

~~"(v) The document shall—~~

~~"(I) describe how the State will pursue ending dependence of needy families on government benefits and reducing poverty by promoting job preparation and work;~~

~~"(II) describe how the State will encourage the formation and maintenance of healthy 2-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies;~~

~~"(III) include specific, numerical, and measurable performance objectives for accomplishing subclauses (I) and (II), and with respect to subclause (I), include objectives consistent with the criteria used by the Secretary in establishing performance targets under section 403(a)(4)(B) if available; and~~

~~"(IV) describe the methodology that the State will use to measure State performance in relation to each such objective.~~

~~"(vi) Describe any strategies and programs the State may be undertaking to address—~~

~~"(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;~~

~~"(II) efforts to reduce teen pregnancy;~~

~~"(III) services for struggling and noncompliant families, and for clients with special problems; and~~

~~"(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which~~

former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.''; and

(B) in subparagraph (B), by striking clause (iii) (as so redesignated by section 107(b)(1) of this Act) and inserting the following:

''(iii) The document shall describe strategies and programs the State is undertaking to engage religious organizations in the provision of services funded under this part and efforts related to section 104 of the Personal Responsibility and Work Opportunity Reconcilation Act of 1996.

''(iv) The document shall describe strategies to improve program management and performance.''; and

(2) in paragraph (4), by inserting ''and tribal'' after ''that local''.

(b) CONSULTATION WITH STATE REGARDING PLAN AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1) (42 U.S.C. 612(b)(1)) is amended—

(1) by striking ''and'' at the end of subparagraph (E);

~~(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and~~

~~(3) by adding at the end the following:~~

~~"(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.".~~

~~(c) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:~~

~~"(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.".~~

~~(d) ANNUAL RANKING OF STATES.—Section 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking "long-term private sector jobs" and inserting "private sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages".~~

~~SEC. 113. DATA COLLECTION AND REPORTING.~~

~~(a) CONTENTS OF REPORT.— Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended—~~

~~(1) in clause (vii), by inserting "and minor parent" after "of each adult";~~

~~(2) in clause (viii), by striking "and educational level";~~

~~(3) in clause (ix), by striking ", and if the latter 2, the amount received";~~

~~(4) in clause (x)—~~

~~(A) by striking "each type of"; and~~

~~(B) by inserting before the period "and, if applicable, the reason for receipt of the assistance for a total of more than 60 months";~~

~~(5) in clause (xi), by striking the subclauses and inserting the following:~~

~~"(I) Subsidized private sector employment.~~

~~"(II) Unsubsidized employment.~~

~~"(III) Public sector employment, supervised work experience, or supervised community service.~~

~~"(IV) On-the-job training.~~

~~"(V) Job search and placement.~~

~~"(VI) Training.~~

~~"(VII) Education.~~

~~"(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.";~~

~~(6) in clause (xii), by inserting "and progress toward universal engagement" after "participation rates";~~

~~(7) in clause (xiii), by striking "type and" before "amount of assistance";~~

~~(8) in clause (xvi), by striking subclause (II) and redesignating subclauses (III) through (V) as subclauses (II) through (IV), respectively; and~~

~~(9) by adding at the end the following:~~

~~"(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.~~

~~"(xix) Whether a self-sufficiency plan is established for the family in accordance with section 408(b).~~

~~"(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.".~~

~~(b) USE OF SAMPLES.—Section 411(a)(1)(B) (42 U.S.C. 611(a)(1)(B)) is amended—~~

~~(1) in clause (i)—~~

~~(A) by striking "a sample" and inserting "samples"; and~~

~~(B) by inserting before the period ", except that the Secretary may designate core data elements that must be reported on all families"; and~~

~~(2) in clause (ii), by striking "funded under this part" and inserting "described in subparagraph (A)".~~

~~(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—~~

~~(1) by striking paragraph (5);~~

~~(2) by redesignating paragraph (6) as paragraph (5); and~~

~~(3) by inserting after paragraph (5) (as so redesignated) the following:~~

~~"(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become~~

so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).''.

(d) REGULATIONS.—Section 411(a)(7) (42 U.S.C. 611(a)(7)) is amended—

(1) by inserting ''and to collect the necessary data'' before ''with respect to which reports'';

(2) by striking ''subsection'' and inserting ''section''; and

(3) by striking ''in defining the data elements'' and all that follows and inserting '', the National Governors' Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.''.

(e) ADDITIONAL REPORTS BY STATES.—Section 411 (42 U.S.C. 611) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

''(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2004 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteris-

~~ties of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.~~

~~"(c) MONTHLY REPORTS ON CASELOAD.—Not later than 3 months after the end of a calendar month that begins 1 year or more after the enactment of this subsection, each eligible State shall submit to the Secretary report on the number of families and total number of individuals receiving assistance in the calendar month under the State program funded under this part.~~

~~"(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2004, not later than January 1 of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the numerical performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).".~~

~~(f) ANNUAL REPORTS TO CONGRESS BY THE SECRETARY.—Section 411(e), as so redesignated by subsection (e) of this section, is amended—~~

~~(1) in the matter preceding paragraph (1), by striking "and each fiscal year thereafter" and inserting "and by July 1 of each fiscal year thereafter";~~

~~(2) in paragraph (2), by striking "families applying for assistance," and by striking the last comma; and~~

~~(3) in paragraph (3), by inserting "and other programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))" before the semicolon.~~

~~(g) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—Section 411 (42 U.S.C. 611) is amended by adding at the end the following:~~

~~"(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—~~

~~"(1) IN GENERAL.—Within 3 months after a State submits to the Secretary a report pursuant to section 7502(a)(1)(A) of title 31, United States Code, the Secretary shall analyze the report for the purpose of identifying the extent and nature of problems related to the oversight by the State of nongovernmental entities with respect to contracts en-~~

~~tered into by such entities with the State program funded under this part, and determining what additional actions may be appropriate to help prevent and correct the problems.~~

~~"(2) INCLUSION OF PROGRAM OVERSIGHT SECTION IN ANNUAL REPORT TO THE CONGRESS.—The Secretary shall include in each report under subsection (a) a section on oversight of State programs funded under this part, including findings on the extent and nature of the problems referred to in paragraph (1), actions taken to resolve the problems, and to the extent the Secretary deems appropriate make recommendations on changes needed to resolve the problems.".~~

~~SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.~~

~~(a) TRIBAL FAMILY ASSISTANCE GRANT.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by striking "1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2003 through 2007".~~

~~(b) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)) is amended by striking "1997, 1998, 1999, 2000, 2001, and 2002" and inserting "2003 through 2007".~~

~~SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.~~

~~(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 112(c) of this Act, is further amended by adding at the end the following:~~

~~"(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—~~

~~"(1) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $102,000,000 for each of fiscal years 2003 through 2007, which shall be available to the Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under this part, which shall be expended primarily on activities described in section 403(a)(2)(B), and which shall be in addition to any other funds made available under this part.~~

~~"(2) SET ASIDE FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF~~

~~CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—~~

~~"(A) IN GENERAL.—Of the amounts made available under paragraph (1) for a fiscal year, $2,000,000 shall be awarded on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.~~

~~"(B) USE OF FUNDS.—A grant made to such a project shall be used—~~

~~"(i) to improve case management for families eligible for assistance from such a tribal program;~~

~~"(ii) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and~~

~~"(iii) for prevention services and assistance to tribal families at risk of child abuse and neglect.~~

~~"(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this paragraph.".~~

~~(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking "1997 through 2002" and inserting "2003 through 2007".~~

~~(c) REPORT ON ENFORCEMENT OF CERTAIN AFFIDAVITS OF SUPPORT AND SPONSOR DEEMING.—Not later than March 31, 2004, the Secretary of Health and Human Services, in consultation with the Attorney General, shall submit to the Congress a report on the enforcement of affidavits of support and sponsor deeming as required by section 421, 422, and 432 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.~~

~~(d) REPORT ON COORDINATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit a report to the Congress describing common or conflicting data elements, definitions, performance measures, and reporting require-~~

~~ments in the Workforce Investment Act of 1998 and part A of title IV of the Social Security Act, and, to the degree each Secretary deems appropriate, at the discretion of either Secretary, any other program administered by the respective Secretary, to allow greater coordination between the welfare and workforce development systems.~~

~~SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GENERAL ACCOUNTING OFFICE.~~

~~(a) CENSUS BUREAU STUDY.—~~

~~(1) IN GENERAL.—Section 414(a) (42 U.S.C. 614(a)) is amended to read as follows:~~

~~"(a) IN GENERAL.—The Bureau of the Census shall implement a new longitudinal survey of program dynamics, developed in consultation with the Secretary and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning~~

~~and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.''.~~

~~(2) APPROPRIATION.—Section 414(b) (42 U.S.C. 614(b)) is amended by striking ''1996,'' and all that follows through ''2002'' and inserting ''2003 through 2007''.~~

~~(b) GAO STUDY.—~~

~~(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study to determine the combined effect of the phase-out rates for Federal programs and policies which provide support to low-income families and individuals as they move from welfare to work, at all earning levels up to $35,000 per year, for at least 5 States including Wisconsin and California, and any potential disincentives the combined phase-out rates create for families to achieve independence or to marry.~~

~~(2) REPORT.—Not later than 1 year after the date of the enactment of this subsection, the Comptroller General shall submit a report to Congress containing the results of the study conducted under this section and, as appropriate, any recommendations consistent with the results.~~

~~**SEC. 117. DEFINITION OF ASSISTANCE.**~~

~~(a) IN GENERAL.—Section 419 (42 U.S.C. 619) is amended by adding at the end the following:~~

~~"(6) ASSISTANCE.—~~

~~"(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).~~

~~"(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).".~~

~~(b) CONFORMING AMENDMENTS.—~~

~~(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking "assistance" and inserting "aid".~~

~~(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking "assistance" and inserting "benefits or services".~~

~~(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking "ASSISTANCE" and inserting "AID".~~

~~(4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is amended by striking "assistance" and inserting "aid".~~

~~SEC. 118. TECHNICAL CORRECTIONS.~~

~~(a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after "appropriate".~~

~~(b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C. 611(a)(1)(A)(ii)(III)) is amended by striking the last close parenthesis.~~

~~(c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is amended by striking "section" and inserting "sections".~~

~~(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 112(c) and 115(a) of this Act, respectively) as subsections (g) through (k), respectively.~~

~~(2) Each of the following provisions is amended by striking "413(j)" and inserting "413(i)":~~

~~(A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C. 603(a)(5)(A)(ii)(III)).~~

~~(B) Section 403(a)(5)(F) (42 U.S.C. 603(a)(5)(F)).~~

~~(C) Section 403(a)(5)(G)(ii) (42 U.S.C. 603(a)(5)(G)(ii)).~~

~~(D) Section 412(a)(3)(B)(iv) (42 U.S.C. 612(a)(3)(B)(iv)).~~

~~SEC. 119. FATHERHOOD PROGRAM.~~

~~(a) SHORT TITLE.—This section may be cited as the "Promotion and Support of Responsible Fatherhood and Healthy Marriage Act of 2002".~~

~~(b) FATHERHOOD PROGRAM.—~~

~~(1) IN GENERAL.—Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) is amended by adding at the end the following:~~

~~"SEC. 117. FATHERHOOD PROGRAM.~~

~~"(a) IN GENERAL.—Title IV (42 U.S.C. 601–679b) is amended by inserting after part B the following:~~

~~'PART C—FATHERHOOD PROGRAM~~

~~'SEC. 441. FINDINGS AND PURPOSES.~~

~~'(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:~~

~~'(1) In approximately 90 percent of cases where a parent is absent, that parent is the father.~~

~~'(2) By some estimates, 60 percent of children born in the 1990's will spend a significant portion of their childhood in a home without a father.~~

~~'(3) Nearly 75 percent of children in single-parent homes will experience poverty before they are 11 years old, compared with only 20 percent of children in 2-parent families.~~

~~'(4) Low income is positively correlated with children's difficulties with education, social adjustment, and delinquency, and single-parent households constitute a disproportionate share of low-income households.~~

~~'(5) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.~~

~~'(6) Children raised in 2-parent married families, on average, fare better as a group in key areas, including better school performance, reduced rates of substance abuse, crime, and delinquency, fewer health, emotional, and behavioral problems, lower rates of teenage sexual activity, less risk of abuse or neglect, and lower risk of teen suicide.~~

~~'(7) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.~~

~~'(8) An estimated 24,000,000 children (33.5 percent) live apart from their biological father.~~

~~'(9) A recent national survey indicates that of all children under age 18 not living with their biological father, 29 percent had not seen their father even once in the last 12 months.~~

~~'(b) PURPOSES.—The purposes of this part are:~~

~~'(1) To provide for projects and activities by public entities and by nonprofit community entities, including religious organizations, designed to test promising approaches to accomplishing the following objectives:~~

~~'(A) Promoting responsible, caring, and effective parenting through counseling, mentoring, and parenting education, dissemination of educational materials and information on parenting skills, encouragement of positive father involvement, including the positive involvement of nonresident fathers, and other methods.~~

~~'(B) Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take full advantage of education, job training, and job search programs, to improve work habits and work skills, to secure career advancement by activities such as outreach and information dissemination, coordination, as appropriate, with employment services and job training programs, including the One-Stop delivery system established under title I of the Workforce Investment Act of 1998, encouragement and support of timely payment of current child support and regular payment toward past due child support obligations in appropriate cases, and other methods.~~

~~'(C) Improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in matters including household management, budgeting, banking, and handling of financial transactions, time management, and home maintenance.~~

~~'(D) Encouraging and supporting healthy marriages and married fatherhood through such activities as premarital education, including the use of premarital inventories, marriage preparation programs, skills-based marriage education programs, marital therapy, couples counseling, divorce education and reduction programs, divorce mediation and counseling, relationship skills enhancement programs, including those designed to reduce child abuse and domestic violence, and dissemination of information about the benefits of marriage for both parents and children.~~

~~'(2) Through the projects and activities described in paragraph (1), to improve outcomes for children with respect to measures such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.~~

~~'(3) To evaluate the effectiveness of various approaches and to disseminate findings concerning outcomes and other information in order to encourage~~

and facilitate the replication of effective approaches to accomplishing these objectives.

'SEC. 442. DEFINITIONS.

'In this part, the terms ''Indian tribe'' and ''tribal organization'' have the meanings given them in subsections (c) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act.

'SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.

'(a) IN GENERAL.—The Secretary may make grants for fiscal years 2003 through 2007 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplish the objectives specified in section 441(b)(1).

'(b) ELIGIBILITY CRITERIA FOR FULL SERVICE GRANTS.—In order to be eligible for a grant under this section, except as specified in subsection (c), an entity shall submit an application to the Secretary containing the following:

'(1) PROJECT DESCRIPTION.—A statement including—

'(A) a description of the project and how it will be carried out, including the geographical area to be covered and the number and charac-

teristics of clients to be served, and how it will address each of the 4 objectives specified in section 441(b)(1); and

'(B) a description of the methods to be used by the entity or its contractor to assess the extent to which the project was successful in accomplishing its specific objectives and the general objectives specified in section 441(b)(1).

'(2) EXPERIENCE AND QUALIFICATIONS.—A demonstration of ability to carry out the project, by means such as demonstration of experience in successfully carrying out projects of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

'(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

~~'(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.~~

~~'(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs under parts A, B, and D of this title, including programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.~~

~~'(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.~~

~~'(7) SELF-INITIATED EVALUATION.—If the entity elects to contract for independent evaluation of~~

the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report within 30 days after completion of the report and not more than 1 year after completion of the project.

'(8) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including random assignment of clients to service recipient and control groups, if determined by the Secretary to be appropriate, and affording the Secretary access to the project and to project-related records and documents, staff, and clients.

'(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE GRANTS.—In order to be eligible for a grant under this section in an amount under $25,000 per fiscal year, an entity shall submit an application to the Secretary containing the following:

'(1) PROJECT DESCRIPTION.—A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least 1 of the 4 objectives specified in section 441(b)(1).

~~'(2) QUALIFICATIONS.—Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.~~

~~'(3) COORDINATION WITH RELATED PROGRAMS.—As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project including, as appropriate, jobs programs and programs serving children and families.~~

~~'(4) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.~~

~~'(5) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.~~

~~'(d) CONSIDERATIONS IN AWARDING GRANTS.—~~

~~'(1) DIVERSITY OF PROJECTS.—In awarding grants under this section, the Secretary shall seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the purposes of this section, including working with the State agency responsible for the administration of part D to help fathers satisfy child support arrearage obligations.~~

~~'(2) PREFERENCE FOR PROJECTS SERVING LOW-INCOME FATHERS.—In awarding grants under this section, the Secretary may give preference to applications for projects in which a majority of the clients to be served are low-income fathers.~~

~~'(c) FEDERAL SHARE.—~~

~~'(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for a share of the cost of such project in such fiscal year equal to—~~

~~'(A) up to 80 percent (or up to 90 percent, if the entity demonstrates to the Secretary's satisfaction circumstances limiting the entity's ability to secure non-Federal resources) in the case of a project under subsection (b); and~~

~~'(B) up to 100 percent, in the case of a project under subsection (c).~~

~~'(2) NON-FEDERAL SHARE.—The non-Federal share may be in cash or in kind. In determining the amount of the non-Federal share, the Secretary may attribute fair market value to goods, services, and facilities contributed from non-Federal sources.~~

~~'SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION PROJECTS.~~

~~'(a) IN GENERAL.—The Secretary may make grants under this section for fiscal years 2003 through 2007 to eligible entities (as specified in subsection (b)) for 2 multicity, multistate projects demonstrating approaches to achieving the objectives specified in section 441(b)(1). One of the projects shall test the use of married couples to deliver program services.~~

~~'(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section must be a national nonprofit fatherhood promotion organization that meets the following requirements:~~

~~'(1) EXPERIENCE WITH FATHERHOOD PROGRAMS.—The organization must have substantial experience in designing and successfully conducting programs that meet the purposes described in section 441.~~

~~'(2) EXPERIENCE WITH MULTICITY, MULTISTATE PROGRAMS AND GOVERNMENT COORDINATION.—The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area in more than 1 State and in coordinating such programs, where appropriate, with State and local government agencies and private, nonprofit agencies (including community-based and religious organizations), including State or local agencies responsible for child support enforcement and workforce development.~~

~~'(c) APPLICATION REQUIREMENTS.—In order to be eligible for a grant under this section, an entity must submit to the Secretary an application that includes the following:~~

~~'(1) QUALIFICATIONS.—~~

~~'(A) ELIGIBLE ENTITY.—A demonstration that the entity meets the requirements of subsection (b).~~

~~'(B) OTHER.—Such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.~~

~~'(2) PROJECT DESCRIPTION.—A description of and commitments concerning the project design, including the following:~~

~~'(A) IN GENERAL.—A detailed description of the proposed project design and how it will be carried out, which shall—~~

~~'(i) provide for the project to be conducted in at least 3 major metropolitan areas;~~

~~'(ii) state how it will address each of the 4 objectives specified in section 441(b)(1);~~

~~'(iii) demonstrate that there is a sufficient number of potential clients to allow for the random selection of individuals to participate in the project and for comparisons with appropriate control groups composed of individuals who have not participated in such projects; and~~

~~'(iv) demonstrate that the project is designed to direct a majority of project resources to activities serving low-income fathers (but the project need not make services available on a means-tested basis).~~

~~'(B) OVERSIGHT, EVALUATION, AND ADJUSTMENT COMPONENT.—An agreement that the entity—~~

~~'(i) in consultation with the evaluator selected pursuant to section 445, and as required by the Secretary, will modify the project design, initially and (if necessary) subsequently throughout the duration of the project, in order to facilitate ongoing and final oversight and evaluation of project operation and outcomes (by means including, to the maximum extent feasible, random assignment of clients to service recipient and control groups), and to provide for mid-course adjustments in project design indicated by interim evaluations;~~

~~'(ii) will submit to the Secretary revised descriptions of the project design as modified in accordance with clause (i); and~~

~~'(iii) will cooperate fully with the Secretary's ongoing oversight and ongoing and final evaluation of the project, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.~~

~~'(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.~~

~~'(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.~~

~~'(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs funded under parts A, B, and D of this title, programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.~~

'(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits (in addition to those required under the preceding provisions of paragraph (2)) as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

'(d) FEDERAL SHARE.—

'(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for up to 80 percent of the cost of such project in such fiscal year.

'(2) NON-FEDERAL SHARE.—The non-Federal share may be in cash or in kind. In determining the amount of the non-Federal share, the Secretary may attribute fair market value to goods, services, and facilities contributed from non-Federal sources.

'SEC. 445. EVALUATION.

'(a) IN GENERAL.—The Secretary, directly or by contract or cooperative agreement, shall evaluate the effectiveness of service projects funded under sections 443 and 444 from the standpoint of the purposes specified in section 441(b)(1).

'(b) EVALUATION METHODOLOGY.—Evaluations under this section shall—

~~'(1) include, to the maximum extent feasible, random assignment of clients to service delivery and control groups and other appropriate comparisons of groups of individuals receiving and not receiving services;~~

~~'(2) describe and measure the effectiveness of the projects in achieving their specific project goals; and~~

~~'(3) describe and assess, as appropriate, the impact of such projects on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health, and education.~~

~~'(c) EVALUATION REPORTS.—The Secretary shall publish the following reports on the results of the evaluation:~~

~~'(1) An implementation evaluation report covering the first 24 months of the activities under this part to be completed by 36 months after initiation of such activities.~~

~~'(2) A final report on the evaluation to be completed by September 30, 2010.~~

~~'SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.~~

~~'The Secretary is authorized, by grant, contract, or cooperative agreement, to carry out projects and activities~~

of national significance relating to fatherhood promotion, including—

'(1) COLLECTION AND DISSEMINATION OF INFORMATION.—Assisting States, communities, and private entities, including religious organizations, in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the objectives specified in section 441(b)(1).

'(2) MEDIA CAMPAIGN.—Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed, and responsible fatherhood and married fatherhood.

'(3) TECHNICAL ASSISTANCE.—Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.

'(4) RESEARCH.—Conducting research related to the purposes of this part.

'SEC. 447. NONDISCRIMINATION.

'The projects and activities assisted under this part shall be available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.

'SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RESERVATION FOR CERTAIN PURPOSE.

'(a) AUTHORIZATION.—There are authorized to be appropriated $20,000,000 for each of fiscal years 2003 through 2007 to carry out the provisions of this part.

'(b) RESERVATION.—Of the amount appropriated under this section for each fiscal year, not more than 15 percent shall be available for the costs of the multicity, multicounty, multistate demonstration projects under section 444, evaluations under section 445, and projects of national significance under section 446.'.

''(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.''.

~~(2) CLERICAL AMENDMENT.—Section 2 of such Act is amended in the table of contents by inserting after the item relating to section 116 the following new item:~~

~~"Sec. 117. Fatherhood program.".~~

~~SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.~~

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

~~"(h) STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.—For purposes of section 121(b) of the Workforce Investment Act of 1998, a State program funded under part A of title IV of the Social Security Act shall be considered a program referred to in paragraph (1)(B) of such section, unless, after the date of the enactment of this subsection, the Governor of the State notifies the Secretaries of Health and Human Services and Labor in writing of the decision of the Governor not to make the State program a mandatory partner.".~~

~~SEC. 121. SENSE OF THE CONGRESS.~~

~~It is the sense of the Congress that a State welfare-to-work program should include a mentoring program.~~

~~TITLE II—CHILD CARE~~

~~SEC. 201. SHORT TITLE.~~

~~This title may be cited as the "Caring for Children Act of 2002".~~

~~SEC. 202. GOALS.~~

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

~~(1) in paragraph (3) by striking "encourage" and inserting "assist",~~

~~(2) by amending paragraph (4) to read as follows:~~

~~"(4) to assist State to provide child care to low-income parents;",~~

~~(3) by redesignating paragraph (5) as paragraph (7), and~~

~~(4) by inserting after paragraph (4) the following:~~

~~"(5) to encourage States to improve the quality of child care available to families;~~

~~"(6) to promote school readiness by encouraging the exposure of young children in child care to nurturing environments and developmentally-appropriate activities, including activities to foster early cognitive and literacy development; and".~~

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

~~SEC. 203. AUTHORIZATION OF APPROPRIATIONS.~~

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

~~(1) by striking "is" and inserting "are", and~~

~~(2) by striking "$1,000,000,000 for each of the fiscal years 1996 through 2002" and inserting "$2,300,000,000 for fiscal year 2003, $2,500,000,000 for fiscal year 2004, $2,700,000,000 for fiscal year 2005, $2,900,000,000 for fiscal year 2006, and $3,100,000,000 for fiscal year 2007".~~

~~SEC. 204. APPLICATION AND PLAN.~~

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

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

~~"(D) CONSUMER AND CHILD CARE PROVIDER EDUCATION INFORMATION.—Certify that the State will collect and disseminate, through resource and referral services and other means~~

~~as determined by the State, to parents of eligible children, child care providers, and the general public, information regarding—~~

~~"(i) the promotion of informed child care choices, including information about the quality and availability of child care services;~~

~~"(ii) research and best practices on children's development, including early cognitive development;~~

~~"(iii) the availability of assistance to obtain child care services; and~~

~~"(iv) other programs for which families that receive child care services for which financial assistance is provided under this subchapter may be eligible, including the food stamp program, the WIC program under section 17 of the Child Nutrition Act of 1966, the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act, and the medicaid and CHIP programs under titles XIX and XXI of the Social Security Act.", and~~

~~(2) by inserting after subparagraph (H) the following:~~

~~"(I) COORDINATION WITH OTHER EARLY CHILD CARE SERVICES AND EARLY CHILDHOOD EDUCATION PROGRAMS.—Demonstrate how the State is coordinating child care services provided under this subchapter with Head Start, Early Reading First, Even Start, Ready-To-Learn Television, State pre-kindergarten programs, and other early childhood education programs to expand accessibility to and continuity of care and early education without displacing services provided by the current early care and education delivery system.~~

~~"(J) PUBLIC-PRIVATE PARTNERSHIPS.—Demonstrate how the State encourages partnerships with private and other public entities to leverage existing service delivery systems of early childhood education and increase the supply and quality of child care services.~~

~~"(K) CHILD CARE SERVICE QUALITY.—~~

~~"(i) CERTIFICATION.—For each fiscal year after fiscal year 2003, certify that during the then preceding fiscal year the State was in compliance with section 658G~~

~~and describe how funds were used to comply with such section during such preceding fiscal year.~~

~~"(ii) STRATEGY.—For each fiscal year after fiscal year 2003, contain an outline of the strategy the State will implement during such fiscal year for which the State plan is submitted, to address the quality of child care services in child care settings that provide services for which assistance is made available under this subchapter, and include in such strategy—~~

~~"(I) a statement specifying how the State will address the activities described in paragraphs (1), (2), and (3) of section 658G;~~

~~"(II) a description of quantifiable, objective measures for evaluating the quality of child care services separately with respect to the activities listed in each of such paragraphs that the State will use to evaluate its progress in improving the quality of such child care services;~~

~~"(III) a list of State-developed child care service quality targets for such fiscal year quantified on the basis of such measures; and~~

~~"(IV) for each fiscal year after fiscal year 2003, a report on the progress made to achieve such targets during the then preceding fiscal year.~~

~~"(iii) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed to require that the State apply measures for evaluating quality to specific types of child care providers.~~

~~"(L) ACCESS TO CARE FOR CERTAIN POPULATIONS.—Demonstrate how the State is addressing the child care needs of parents eligible for child care services for which financial assistance is provided under this subchapter who have children with special needs, work nontraditional hours, or require child care services for infants or toddlers.".~~

~~SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.~~

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

~~"SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE SERVICES.~~

~~"A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 6 percent of the amount of such funds for activities provided through resource and referral services or other means, that are designed to improve the quality of child care services for which financial assistance is made available under this subchapter. Such activities include—~~

~~"(1) programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including training opportunities for caregivers in informal care settings;~~

~~"(2) activities within child care settings to enhance early learning for young children, to promote early literacy, and to foster school readiness;~~

~~"(3) initiatives to increase the retention and compensation of child care providers, including tiered reimbursement rates for providers that meet quality standards as defined by the State; or~~

"(4) other activities deemed by the State to improve the quality of child care services provided in such State.".

SEC. 206. REPORT BY SECRETARY.

Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended to read as follows:

"SEC. 658L. REPORT BY SECRETARY.

"(a) REPORT REQUIRED.—Not later than October 1, 2004, and biennially thereafter, the Secretary shall prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate a report that contains the following:

"(1) A summary and analysis of the data and information provided to the Secretary in the State reports submitted under section 658K.

"(2) Aggregated statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs.

"(3) An assessment, and where appropriate, recommendations for the Congress concerning efforts that should be undertaken to improve the access of the public to quality and affordable child care in the United States.

~~"(b) COLLECTION OF INFORMATION.—The Secretary may utilize the national child care data system available through resource and referral organizations at the local, State, and national level to collect the information required by subsection (a)(2).~~

~~SEC. 207. DEFINITIONS.~~

~~Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B)) is amended by striking "85 percent of the State median income" and inserting "income levels as established by the State, prioritized by need,".~~

~~SEC. 208. ENTITLEMENT FUNDING.~~

~~Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—~~

~~(1) by striking "and" at the end of subparagraph (E);~~

~~(2) by striking the period at the end of subparagraph (F) and inserting "; and"; and~~

~~(3) by adding at the end the following:~~

~~"(G) $2,917,000,000 for each of fiscal years 2003 through 2007.".~~

~~TITLE III—TAXPAYER PROTECTIONS~~

~~SEC. 301. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.~~

~~(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 139 the following new section:~~

~~"SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.~~

~~"(a) IN GENERAL.—In the case of an individual, gross income shall not include interest paid under section 6611 on any overpayment of tax imposed by this subtitle.~~

~~"(b) EXCEPTION.—Subsection (a) shall not apply in the case of a failure to claim items resulting in the overpayment on the original return if the Secretary determines that the principal purpose of such failure is to take advantage of subsection (a).~~

~~"(c) SPECIAL RULE FOR DETERMINING MODIFIED ADJUSTED GROSS INCOME.—For purposes of this title, interest not included in gross income under subsection (a) shall not be treated as interest which is exempt from tax for purposes of sections 32(i)(2)(B) and 6012(d) or any~~

~~computation in which interest exempt from tax under this title is added to adjusted gross income.''.~~

~~(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 139 the following new item:~~

~~''Sec. 139A. Exclusion from gross income for interest on overpayments of income tax by individuals.''.~~

~~(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received after December 31, 2006.~~

~~SEC. 302. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS.~~

~~(a) IN GENERAL.—Subchapter A of chapter 67 of the Internal Revenue Code of 1986 (relating to interest on underpayments) is amended by adding at the end the following new section:~~

~~''SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS, ETC.~~

~~''(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN AS PAYMENT OF TAX.—A taxpayer may make a cash deposit with the Secretary which may be used by the Secretary to pay any tax imposed under subtitle A or B or chapter 41, 42, 43, or 44 which has not been assessed~~

at the time of the deposit. Such a deposit shall be made in such manner as the Secretary shall prescribe.

"(b) NO INTEREST IMPOSED.—To the extent that such deposit is used by the Secretary to pay tax, for purposes of section 6601 (relating to interest on underpayments), the tax shall be treated as paid when the deposit is made.

"(c) RETURN OF DEPOSIT.—Except in a case where the Secretary determines that collection of tax is in jeopardy, the Secretary shall return to the taxpayer any amount of the deposit (to the extent not used for a payment of tax) which the taxpayer requests in writing.

"(d) PAYMENT OF INTEREST.—

"(1) IN GENERAL.—For purposes of section 6611 (relating to interest on overpayments), a deposit which is returned to a taxpayer shall be treated as a payment of tax for any period to the extent (and only to the extent) attributable to a disputable tax for such period. Under regulations prescribed by the Secretary, rules similar to the rules of section 6611(b)(2) shall apply.

"(2) DISPUTABLE TAX.—

"(A) IN GENERAL.—For purposes of this section, the term 'disputable tax' means the amount of tax specified at the time of the de-

~~posit as the taxpayer's reasonable estimate of the maximum amount of any tax attributable to disputable items.~~

~~"(B) SAFE HARBOR BASED ON 30-DAY LETTER.—In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of tax under subparagraph (A) shall not be less than the amount of the proposed deficiency specified in such letter.~~

~~"(3) OTHER DEFINITIONS.—For purposes of paragraph (2)—~~

~~"(A) DISPUTABLE ITEM.—The term 'disputable item' means any item of income, gain, loss, deduction, or credit if the taxpayer—~~

~~"(i) has a reasonable basis for its treatment of such item, and~~

~~"(ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer's treatment of such item.~~

~~"(B) 30-DAY LETTER.—The term '30-day letter' means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.~~

~~"(4) RATE OF INTEREST.—The rate of interest allowable under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.~~

~~"(e) USE OF DEPOSITS.—~~

~~"(1) PAYMENT OF TAX.—Except as otherwise provided by the taxpayer, deposits shall be treated as used for the payment of tax in the order deposited.~~

~~"(2) RETURNS OF DEPOSITS.—Deposits shall be treated as returned to the taxpayer on a last-in, first-out basis.".~~

~~(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 67 of such Code is amended by adding at the end the following new item:~~

~~"Sec. 6603. Deposits made to suspend running of interest on potential underpayments, etc.".~~

~~(c) EFFECTIVE DATE.—~~

~~(1) IN GENERAL.—The amendments made by this section shall apply to deposits made after the date of the enactment of this Act.~~

~~(2) COORDINATION WITH DEPOSITS MADE UNDER REVENUE PROCEDURE 84–58.—In the case of an amount held by the Secretary of the Treasury or his delegate on the date of the enactment of this Act as a deposit in the nature of a cash bond deposit~~

~~pursuant to Revenue Procedure 84–58, the date that the taxpayer identifies such amount as a deposit made pursuant to section 6603 of the Internal Revenue Code (as added by this Act) shall be treated as the date such amount is deposited for purposes of such section 6603.~~

~~SEC. 303. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.~~

~~(a) IN GENERAL.—~~

~~(1) Section 6159(a) of the Internal Revenue Code of 1986 (relating to authorization of agreements) is amended—~~

~~(A) by striking "satisfy liability for payment of" and inserting "make payment on", and~~

~~(B) by inserting "full or partial" after "facilitate".~~

~~(2) Section 6159(c) of such Code (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting "full" before "payment".~~

~~(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 of such Code is amended by redesignating subsections (d) and (e)~~

as subsections (c) and (f), respectively, and inserting after subsection (c) the following new subsection:

"(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

TITLE IV—CHILD SUPPORT

SEC. 401. FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.

(a) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended—

(1) in paragraph (1)(A), by inserting "subject to paragraph (7)" before the semicolon; and

(2) by adding at the end the following:

"(7) FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an

~~amount collected during a month on behalf of a family that is a recipient of assistance under the State program funded under part A, to the extent that—~~

~~"(A) the State distributes the amount to the family;~~

~~"(B) the total of the amounts so distributed to the family during the month—~~

~~"(i) exceeds the amount (if any) that, as of December 31, 2001, was required under State law to be distributed to a family under paragraph (1)(B); and~~

~~"(ii) does not exceed the greater of—~~

~~"(I) $100; or~~

~~"(II) $50 plus the amount described in clause (i); and~~

~~"(C) the amount is disregarded in determining the amount and type of assistance provided to the family under the State program funded under part A.".~~

~~(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2004.~~

~~SEC. 402. STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.~~

~~(a) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)), as amended by section 401(a) of this Act, is amended—~~

~~(1) in paragraph (2)(B), in the matter preceding clause (i), by inserting ", except as provided in paragraph (8)," after "shall"; and~~

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

~~"(8) STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.—In lieu of applying paragraph (2) to any family described in paragraph (2), a State may distribute to the family any amount collected during a month on behalf of the family.".~~

~~(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2004.~~

~~SEC. 403. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.~~

~~(a) IN GENERAL.—Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended—~~

~~(1) by striking "parent, or," and inserting "parent or"; and~~

~~(2) by striking "upon the request of the State agency under the State plan or of either parent,".~~

~~(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.~~

~~SEC. 404. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.~~

~~(a) IN GENERAL.—Section 454(6)(B) (42 U.S.C. 654(6)(B)) is amended—~~

~~(1) by inserting "(i)" after "(B)";~~

~~(2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;~~

~~(3) by adding "and" after the semicolon; and~~

~~(4) by adding after and below the end the following new clause:~~

~~"(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from~~

the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and shall be considered income to the program);".

(b) CONFORMING AMENDMENT.—Section 457(a)(3) (42 U.S.C. 657(a)(3)) is amended to read as follows:

"(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2003.

SEC. 405. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total

amount of such undistributed child support and the average length of time it takes for such child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the State or Federal level to expedite the payment of undistributed child support.

SEC. 406. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) (42 U.S.C. 653(j)) is amended by adding at the end the following:

"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any pu-

~~tative employer of the individual, subject to this paragraph.~~

~~"(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.~~

~~"(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).".~~

~~(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2003.~~

~~SEC. 407. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.~~

~~(a) IN GENERAL.—Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking "$5,000" and inserting "$2,500".~~

~~(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking "$5,000" and inserting "$2,500".~~

~~(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2003.~~

~~SEC. 408. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.~~

~~(a) IN GENERAL.—Section 464 (42 U.S.C. 664) is amended—~~

~~(1) in subsection (a)(2)(A), by striking "(as that term is defined for purposes of this paragraph under subsection (c))"; and~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1)—~~

~~(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and~~

~~(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and~~

~~(B) by striking paragraphs (2) and (3).~~

~~(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2004.~~

~~SEC. 409. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.~~

~~(a) IN GENERAL.—Section 459(h) (42 U.S.C. 659(h)) is amended—~~

~~(1) in paragraph (1)(A)(ii)(V), by striking all that follows "Armed Forces" and inserting a semicolon; and~~

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

~~"(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:~~

~~"(A) Compensation described in paragraph (1)(A)(ii)(V) shall not be subject to withholding pursuant to this section—~~

~~"(i) for payment of alimony; or~~

~~"(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.~~

~~"(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.".~~

~~(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2004.~~

~~SEC. 410. IMPROVING FEDERAL DEBT COLLECTION PRACTICES.~~

~~Section 3716(h)(3) of title 31, United States Code, is amended to read as follows:~~

~~"(3) In applying this subsection with respect to any debt owed to a State, other than past due support being enforced by the State, subsection (c)(3)(A) shall not apply. Subsection (c)(3)(A) shall apply with respect to past due support being enforced by the State notwithstanding any other provision of law, including sections 207 and 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and 1383(d)(1)), section 413(b) of Public law 91–173 (30 U.S.C. 923(b)), and section 14 of the Act of August 29, 1935 (45 U.S.C. 231m).".~~

~~SEC. 411. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.~~

~~Section 452(j) (42 U.S.C. 652(j)) is amended by inserting "or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater," before "which shall be available".~~

~~SEC. 412. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.~~

~~Section 453(o) (42 U.S.C. 653(o)) is amended—~~

~~(1) in the 1st sentence, by inserting "or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater," before "which shall be available"; and~~

~~(2) in the 2nd sentence, by striking "for each of fiscal years 1997 through 2001".~~

~~TITLE V—CHILD WELFARE~~

~~SEC. 501. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.~~

~~Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "2002" and inserting "2007".~~

~~SEC. 502. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS.~~

~~Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "not more than 10".~~

~~SEC. 503. ELIMINATION OF LIMITATION ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT DEMONSTRATION PROJECTS ON SAME TOPIC.~~

~~Section 1130 (42 U.S.C. 1320a–9) is amended by adding at the end the following:~~

~~"(h) NO LIMIT ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR DEMONSTRATION PROJECTS.—The Secretary shall not refuse to grant a waiver to a State under this section on the grounds that a purpose of the waiver or of the demonstration project for which the waiver is necessary would be the same as or similar to a purpose of another waiver or project that is or may be conducted under this section.".~~

~~SEC. 504. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS THAT MAY BE GRANTED TO A SINGLE STATE FOR DEMONSTRATION PROJECTS.~~

~~Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:~~

~~"(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED TO, OR DEMONSTRATION PROJECTS THAT MAY BE CONDUCTED BY, A SINGLE STATE.—The Secretary shall not impose any limit on the number of waivers that may be granted to a State, or the number of demonstration projects that a State may be authorized to conduct, under this section.".~~

~~SEC. 505. STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS TO AND EXTENSIONS OF DEMONSTRATION PROJECTS REQUIRING WAIVERS.~~

~~Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:~~

~~"(j) STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS AND EXTENSIONS.—The Secretary shall develop a streamlined process for consideration of amendments and extensions proposed by States to demonstration projects conducted under this section.".~~

~~SEC. 506. AVAILABILITY OF REPORTS.~~

~~Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:~~

"(k) AVAILABILITY OF REPORTS.—The Secretary shall make available to any State or other interested party any report provided to the Secretary under subsection (f)(2), and any evaluation or report made by the Secretary with respect to a demonstration project conducted under this section, with a focus on information that may promote best practices and program improvements.".

SEC. 507. TECHNICAL CORRECTION.

Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is amended by striking "422(b)(9)" and inserting "422(b)(10)".

TITLE VI—SUPPLEMENTAL SECURITY INCOME

SEC. 601. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

"(e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

1 ~~"(2)(A) In carrying out paragraph (1), the Commis-~~
2 ~~sioner of Social Security shall review—~~
3 ~~"(i) at least 20 percent of all determinations re-~~
4 ~~ferred to in paragraph (1) that are made in fiscal~~
5 ~~year 2003;~~
6 ~~"(ii) at least 40 percent of all such determina-~~
7 ~~tions that are made in fiscal year 2004; and~~
8 ~~"(iii) at least 50 percent of all such determina-~~
9 ~~tions that are made in fiscal year 2005 or thereafter.~~
10 ~~"(B) In carrying out subparagraph (A), the Commis-~~
11 ~~sioner of Social Security shall, to the extent feasible, select~~
12 ~~for review the determinations which the Commissioner of~~
13 ~~Social Security identifies as being the most likely to be~~
14 ~~incorrect.".~~

15 **~~TITLE VII—STATE AND LOCAL~~**
16 **~~FLEXIBILITY~~**

17 **~~SEC. 701. PROGRAM COORDINATION DEMONSTRATION~~**
18 **~~PROJECTS.~~**

19 ~~(a) PURPOSE.—The purpose of this section is to es-~~
20 ~~tablish a program of demonstration projects in a State or~~
21 ~~portion of a State to coordinate multiple public assistance,~~
22 ~~workforce development, and other programs, for the pur-~~
23 ~~pose of supporting working individuals and families, help-~~
24 ~~ing families escape welfare dependency, promoting child~~
25 ~~well-being, or helping build stronger families, using inno-~~

~~vative approaches to strengthen service systems and provide more coordinated and effective service delivery.~~

~~(b) DEFINITIONS.—In this section:~~

~~(1) ADMINISTERING SECRETARY.—The term "administering Secretary" means, with respect to a qualified program, the head of the Federal agency responsible for administering the program.~~

~~(2) QUALIFIED PROGRAM.—The term "qualified program" means—~~

~~(A) a program under part A of title IV of the Social Security Act;~~

~~(B) the program under title XX of such Act;~~

~~(C) activities funded under title I of the Workforce Investment Act of 1998, except subtitle C of such title;~~

~~(D) a demonstration project authorized under section 505 of the Family Support Act of 1988;~~

~~(E) activities funded under the Wagner-Peyser Act;~~

~~(F) activities funded under the Adult Education and Family Literacy Act;~~

~~(G) activities funded under the Child Care and Development Block Grant Act of 1990;~~

~~(H) activities funded under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), except that such term shall not include—~~

~~(i) any program for rental assistance under section 8 of such Act (42 U.S.C. 1437f); and~~

~~(ii) the program under section 7 of such Act (42 U.S.C. 1437e) for designating public housing for occupancy by certain populations;~~

~~(I) activities funded under title I, II, III, or IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 et seq.); or~~

~~(J) the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)).~~

~~(c) APPLICATION REQUIREMENTS.—The head of a State entity or of a sub-State entity administering 2 or more qualified programs proposed to be included in a demonstration project under this section shall (or, if the project is proposed to include qualified programs administered by 2 or more such entities, the heads of the administering entities (each of whom shall be considered an applicant for purposes of this section) shall jointly) submit~~

~~to the administering Secretary of each such program an application that contains the following:~~

~~(1) PROGRAMS INCLUDED.—A statement identifying each qualified program to be included in the project, and describing how the purposes of each such program will be achieved by the project.~~

~~(2) POPULATION SERVED.—A statement identifying the population to be served by the project and specifying the eligibility criteria to be used.~~

~~(3) DESCRIPTION AND JUSTIFICATION.—A detailed description of the project, including—~~

~~(A) a description of how the project is expected to improve or enhance achievement of the purposes of the programs to be included in the project, from the standpoint of quality, of cost-effectiveness, or of both; and~~

~~(B) a description of the performance objectives for the project, including any proposed modifications to the performance measures and reporting requirements used in the programs.~~

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

~~(5) COST NEUTRALITY.—Such information and assurances as necessary to establish to the satisfaction of the administering Secretary, in consultation with the Director of the Office of Management and Budget, that the proposed project is reasonably expected to meet the applicable cost neutrality requirements of subsection (d)(4).~~

~~(6) EVALUATION AND REPORTS.—An assurance that the applicant will conduct ongoing and final evaluations of the project, and make interim and final reports to the administering Secretary, at such times and in such manner as the administering Secretary may require.~~

~~(7) PUBLIC HOUSING AGENCY PLAN.—In the case of an application proposing a demonstration project that includes activities referred to in subsection (b)(2)(H) of this section—~~

~~(A) a certification that the applicable annual public housing agency plan of any agency affected by the project that is approved under section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c–1) by the Secretary includes the information specified in paragraphs (1) through (4) of this subsection; and~~

~~(B) any resident advisory board recommendations, and other information, relating to the project that, pursuant to section 5A(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(e)(2), is required to be included in the public housing agency plan of any public housing agency affected by the project.~~

~~(8) OTHER INFORMATION AND ASSURANCES.—Such other information and assurances as the administering Secretary may require.~~

~~(d) APPROVAL OF APPLICATIONS.—~~

~~(1) IN GENERAL.—The administering Secretary with respect to a qualified program that is identified in an application submitted pursuant to subsection (c) may approve the application and, except as provided in paragraph (2), waive any requirement applicable to the program, to the extent consistent with this section and necessary and appropriate for the conduct of the demonstration project proposed in the application, if the administering Secretary determines that the project—~~

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

~~(B) may reasonably be expected to meet the applicable cost neutrality requirements of paragraph (4), as determined by the Director of the Office of Management and Budget; and~~

~~(C) includes the coordination of 2 or more qualified programs.~~

~~(2) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under paragraph (1)—~~

~~(A) with respect to any provision of law relating to—~~

~~(i) civil rights or prohibition of discrimination;~~

~~(ii) purposes or goals of any program;~~

~~(iii) maintenance of effort requirements;~~

~~(iv) health or safety;~~

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

~~(vi) environmental protection;~~

~~(B) with respect to section 241(a) of the Adult Education and Family Literacy Act;~~

~~(C) in the case of a program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), with respect to any requirement~~

~~under section 5A of such Act (42 U.S.C. 1437c–1; relating to public housing agency plans and resident advisory boards);~~

~~(D) in the case of a program under the Workforce Investment Act, with respect to any requirement the waiver of which would violate section 189(i)(4)(A)(i) of such Act;~~

~~(E) in the case of the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)), with respect to any requirement under—~~

~~(i) section 6 (if waiving a requirement under such section would have the effect of expanding eligibility for the program), 7(b) or 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or~~

~~(ii) title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1601 et seq.);~~

~~(F) with respect to any requirement that a State pass through to a sub-State entity part or all of an amount paid to the State;~~

~~(G) if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of trans-~~

~~ferring appropriated funds from 1 appropriations account to another; or~~

~~(II) except as otherwise provided by statute, if the waiver would waive any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to another program.~~

~~(3) AGREEMENT OF EACH ADMINISTERING SECRETARY REQUIRED.—~~

~~(A) IN GENERAL.—An applicant may not conduct a demonstration project under this section unless each administering Secretary with respect to any program proposed to be included in the project has approved the application to conduct the project.~~

~~(B) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration~~

~~project under this section, an administering Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the administering Secretary with respect to the project.~~

~~(4) COST-NEUTRALITY REQUIREMENT.—~~

~~(A) GENERAL RULE.—Notwithstanding any other provision of law (except subparagraph (B)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this section is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.~~

~~(B) SPECIAL RULE.—If an applicant submits to the Director of the Office of Management and Budget a request to apply the rules of this subparagraph to the programs in the State in which the applicant is located that are~~

~~affected by a demonstration project proposed in an application submitted by the applicant pursuant to this section, during such period of not more than 5 consecutive fiscal years in which the project is in effect, and the Director determines, on the basis of supporting information provided by the applicant, to grant the request, then, notwithstanding any other provision of law, the total of the amounts that may be paid by the Federal Government for the period with respect to the programs shall not exceed the estimated total amount that the Federal Government would have paid for the period with respect to the programs if the project had not been conducted.~~

~~(5) 90-DAY APPROVAL DEADLINE.—~~

~~(A) IN GENERAL.—If an administering Secretary receives an application to conduct a demonstration project under this section and does not disapprove the application within 90 days after the receipt, then—~~

~~(i) the administering Secretary is deemed to have approved the application for such period as is requested in the ap-~~

~~plication, except to the extent inconsistent with subsection (c); and~~

~~(ii) any waiver requested in the application which applies to a qualified program that is identified in the application and is administered by the administering Secretary is deemed to be granted, except to the extent inconsistent with paragraph (2) or (4) of this subsection.~~

~~(B) DEADLINE EXTENDED IF ADDITIONAL INFORMATION IS SOUGHT.—The 90-day period referred to in subparagraph (A) shall not include any period that begins with the date the Secretary requests the applicant to provide additional information with respect to the application and ends with the date the additional information is provided.~~

~~(e) DURATION OF PROJECTS.—A demonstration project under this section may be approved for a term of not more than 5 years.~~

~~(f) REPORTS TO CONGRESS.—~~

~~(1) REPORT ON DISPOSITION OF APPLICATIONS.—Within 90 days after an administering Secretary receives an application submitted pursuant to this section, the administering Secretary shall sub-~~

~~mit to each Committee of the Congress which has jurisdiction over a qualified program identified in the application notice of the receipt, a description of the decision of the administering Secretary with respect to the application, and the reasons for approving or disapproving the application.~~

~~(2) REPORTS ON PROJECTS.—Each administering Secretary shall provide annually to the Congress a report concerning demonstration projects approved under this section, including—~~

~~(A) the projects approved for each applicant;~~

~~(B) the number of waivers granted under this section, and the specific statutory provisions waived;~~

~~(C) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;~~

~~(D) how well each project for which a waiver is granted is meeting the performance objectives specified in subsection (c)(3)(B);~~

~~(E) how each project for which a waiver is granted is conforming with the cost-neutrality requirements of subsection (d)(4); and~~

~~(F) to the extent the administering Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.~~

~~(g) AMENDMENT TO UNITED STATES HOUSING ACT OF 1937.—Section 5A(d) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(d)) is amended—~~

~~(1) by redesignating paragraph (18) as paragraph (19); and~~

~~(2) by inserting after paragraph (17) the following new paragraph:~~

~~"(18) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—In the case of an agency that administers an activity referred to in section 701(b)(2)(H) of the Personal Responsibility, Work, and Family Promotion Act of 2002 that, during such fiscal year, will be included in a demonstration project under section 701 of such Act, the information that is required to be included in the application for the project pursuant to paragraphs (1) through (4) of section 701(b) of such Act.".~~

~~SEC. 702. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.~~

~~The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:~~

~~"SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.~~

~~"(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—~~

~~"(1) food assistance to needy individuals and families residing in the State;~~

~~"(2) funds to operate an employment and training program under subsection (g) for needy individuals under the program; and~~

~~"(3) funds for administrative costs incurred in providing the assistance.~~

~~"(b) ELECTION.—~~

~~"(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).~~

~~"(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse the election of the State only once thereafter. Following the reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.~~

~~"(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under sub-~~

~~section (a) shall not be subject to, or receive any benefit under, this Act except as provided in this section.~~

~~"(c) LEAD AGENCY.—~~

~~"(1) DESIGNATION.—A State desiring to participate in the program established under subsection (a) shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.~~

~~"(2) DUTIES.—The lead agency shall—~~

~~"(A) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;~~

~~"(B) develop the State plan to be submitted to the Secretary under subsection (d)(1); and~~

~~"(C) coordinate the provision of food assistance under this section with other Federal, State, and local programs.~~

~~"(d) APPLICATION AND PLAN.—~~

~~"(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such~~

~~time, in such manner, and containing such information as the Secretary shall by regulation require, including—~~

~~"(A) an assurance that the State will comply with the requirements of this section;~~

~~"(B) a State plan that meets the requirements of paragraph (2); and~~

~~"(C) an assurance that the State will comply with the requirements of the State plan under paragraph (2).~~

~~"(2) REQUIREMENTS OF PLAN.—~~

~~"(A) LEAD AGENCY.—The State plan shall identify the lead agency.~~

~~"(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—~~

~~"(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i);~~

~~"(ii) to administer an employment and training program under subsection (g) for needy individuals under the program~~

~~and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and~~

~~"(iii) to pay administrative costs incurred in providing the assistance.~~

~~"(C) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.~~

~~"(D) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.~~

~~"(E) OTHER ASSISTANCE.—~~

~~"(i) COORDINATION.—The State plan may coordinate assistance received under this section with assistance provided under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).~~

~~"(ii) PENALTIES.—If an individual or family is penalized for violating part A of~~

title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

"(F) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

"(G) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

"(H) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

"(I) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

"(3) APPROVAL OF APPLICATION AND PLAN.—During fiscal years 2003 through 2007, the Secretary may approve the applications and State plans

that satisfy the requirements of this section of not more than 5 States for a term of not more than 5 years.

"(e) CONSTRUCTION OF FACILITIES.—No funds made available under this section shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility.

"(f) BENEFITS FOR ALIENS.—No individual shall be eligible to receive benefits under a State plan approved under subsection (d)(3) if the individual is not eligible to participate in the food stamp program under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1601 et seq.).

"(g) EMPLOYMENT AND TRAINING.—Each State shall implement an employment and training program for needy individuals under the program.

"(h) ENFORCEMENT.—

"(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (d)(3).

"(2) NONCOMPLIANCE.—

~~"(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—~~

~~"(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(3); or~~

~~"(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section, the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.~~

~~"(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addi-~~

~~tion to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.~~

~~"(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).~~

~~"(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—~~

~~"(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and~~

~~"(B) imposing sanctions under this section.~~

~~"(i) PAYMENTS.—~~

~~"(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(3) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.~~

~~"(2) METHOD OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.~~

~~"(3) SPENDING OF FUNDS BY STATE.—~~

~~"(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.~~

~~"(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under subsection (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.~~

~~"(4) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State to provide food assistance to needy individuals and families in the State, such as electronic benefits transfer limited to food purchases, coupons limited~~

~~to food purchases, or direct provision of commodities.~~

~~"(5) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).~~

~~"(j) AUDITS.—~~

~~"(1) REQUIREMENT.—After the close of each fiscal year, a State shall arrange for an audit of the expenditures of the State during the program period from amounts received under this section.~~

~~"(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.~~

~~"(3) PAYMENT ACCURACY.—Each annual audit under this section shall include an audit of payment accuracy under this section that shall be based on a statistically valid sample of the caseload in the State.~~

~~"(4) SUBMISSION.—Not later than 30 days after the completion of an audit under this section,~~

~~the State shall submit a copy of the audit to the legislature of the State and to the Secretary.~~

~~"(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.~~

~~"(k) NONDISCRIMINATION.—~~

~~"(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.~~

~~"(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).~~

~~"(l) ALLOTMENTS.—~~

~~"(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the~~

District of Columbia, Guam, and the Virgin Islands of the United States.

"(2) STATE ALLOTMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under subsection (a) an amount that is equal to the sum of—

"(i) the greater of, as determined by the Secretary—

"(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 2002; or

"(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 2000 through 2002; and

"(ii) the greater of, as determined by the Secretary—

"(I) the total amount received by the State for administrative costs and

the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 2002; or

"(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 2000 through 2002.

"(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.".

~~TITLE VIII—ABSTINENCE EDUCATION~~

~~SEC. 801. EXTENSION OF ABSTINENCE EDUCATION FUNDING UNDER MATERNAL AND CHILD HEALTH PROGRAM.~~

~~Section 510(d) (42 U.S.C. 710(d)) is amended by striking "2002" and inserting "2007".~~

~~TITLE IX—TRANSITIONAL MEDICAL ASSISTANCE~~

~~SEC. 901. ONE-YEAR REAUTHORIZATION OF TRANSITIONAL MEDICAL ASSISTANCE.~~

~~(a) IN GENERAL.—Section 1925(f) (42 U.S.C. 1396r–6(f)) is amended by striking "2002" and inserting "2003".~~

~~(b) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by striking "2002" and inserting "2003".~~

~~SEC. 902. ADJUSTMENT TO PAYMENTS FOR MEDICAID ADMINISTRATIVE COSTS TO PREVENT DUPLICATIVE PAYMENTS AND TO FUND A 1-YEAR EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.~~

~~Section 1903 (42 U.S.C. 1396b) is amended—~~

~~(1) in subsection (a)(7), by striking "section 1919(g)(3)(B)" and inserting "subsection (x) and section 1919(g)(3)(C)"; and~~

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

~~"(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRATIVE COSTS TO FUND 1-YEAR EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.—~~

~~"(1) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Effective for each calendar quarter in fiscal year 2003 and fiscal year 2004, the Secretary shall reduce the amount paid under subsection (a)(7) to each State by an amount equal to 50 percent for fiscal year 2003, and 75 percent for fiscal year 2004, of one-quarter of the annualized amount determined for the medicaid program under section 16(k)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(2)(B)).~~

~~"(2) ALLOCATION OF ADMINISTRATIVE COSTS.—None of the funds or expenditures described in section 16(k)(5)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used to pay for costs—~~

~~"(A) eligible for reimbursement under subsection (a)(7) (or costs that would have been el-~~

igible for reimbursement but for this subsection); and

"(B) allocated for reimbursement to the program under this title under a plan submitted by a State to the Secretary to allocate administrative costs for public assistance programs;

except that, for purposes of subparagraph (A), the reference in clause (iii) of that section to 'subsection (a)' is deemed a reference to subsection (a)(7) and clause (iv)(II) of that section shall be applied as if 'medicaid program' were substituted for 'food stamp program'.".

TITLE X—EFFECTIVE DATE

SEC. 1001. EFFECTIVE DATE.

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

(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first reg-

~~ular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.~~

SECTION 1. SHORT TITLE.

This Act may be cited as the "Work, Opportunity, and Responsibility for Kids Act of 2002" or the "WORK Act of 2002".

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.
Sec. 4. Findings.

TITLE I—FUNDING

Sec. 101. Reauthorization of State family assistance grants.
Sec. 102. Contingency fund.
Sec. 103. Child care.
Sec. 104. State option to assist legal immigrant families.
Sec. 105. Use of funds.
Sec. 106. Definition of assistance.
Sec. 107. Maintenance of effort.
Sec. 108. Funding for families assisted by a territory program.
Sec. 109. Repeal of Federal loan fund for State welfare programs.
Sec. 110. Social Services Block Grant.
Sec. 111. Technical corrections.

TITLE II—WORK

Sec. 201. Universal engagement.
Sec. 202. Work participation requirements.

TITLE III—FAMILY PROMOTION AND SUPPORT

Sec. 301. Healthy marriage promotion grants.
Sec. 302. Abstinence education.
Sec. 303. Teen pregnancy prevention resource center.
Sec. 304. Responsible fatherhood.

Sec. 305. Second chance homes.

TITLE IV—HEALTH COVERAGE

Sec. 401. 5-year extension and simplification of the transitional medical assistance program (TMA).
Sec. 402. Optional coverage of legal immigrants under the medicaid program and title XXI.
Sec. 403. Clarification of authority of States and local authorities to provide health care to immigrants.
Sec. 404. Clarification of no verification requirement for nonprofit charitable organizations.

TITLE V—CHILD SUPPORT AND CHILD WELFARE

Sec. 501. Distribution of child support collected by States.
Sec. 502. Mandatory review and adjustment of child support orders for families receiving TANF.
Sec. 503. Decrease in amount of child support arrearage triggering passport denial.
Sec. 504. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.
Sec. 505. Financing review and administrative funding.
Sec. 506. Adoption of uniform State laws.
Sec. 507. Tribal child support enforcement programs.
Sec. 508. Report on undistributed child support payments.
Sec. 509. Use of new hire information to assist in administration of unemployment compensation programs.
Sec. 510. Annual report on performance of State child support programs.
Sec. 511. Extension of authority to approve demonstration projects.
Sec. 512. Prohibition of limit on number of demonstration projects or waivers that may be granted to a single State.

TITLE VI—TRIBAL ISSUES

Sec. 601. Tribal TANF programs.
Sec. 602. Authority of Indian tribes to receive Federal funds for foster care and adoption assistance.

TITLE VII—INNOVATION, FLEXIBILITY, AND ACCOUNTABILITY

Sec. 701. Data collection; performance measures.
Sec. 702. State plan.
Sec. 703. Research.
Sec. 704. Innovative business link partnership grants for employers and nonprofit organizations.
Sec. 705. Grants to improve access to transportation.
Sec. 706. At-home infant care.
Sec. 707. Grants to conduct demonstration projects on housing with services for families with multiple barriers to work.
Sec. 708. Transitional compliance for teen parents.
Sec. 709. TANF programs mandatory partners with one-stop employment training centers; State opt-out.
Sec. 710. Advanced planning document process for information management systems procurement approval.
Sec. 711. Waivers.
Sec. 712. Antidiscrimination.

TITLE VIII—OTHER PROVISIONS

Sec. 801. Review of State agency blindness and disability determinations.
Sec. 802. Customs user fees.

TITLE IX—EFFECTIVE DATE

Sec. 901. Effective date.

SEC. 3. REFERENCES.

Except as otherwise expressly provided, wherever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

SEC. 4. FINDINGS.

Congress makes the following findings:

(1) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) was a fundamental change to reform the Federal welfare system to shift it from an entitlement program into a transition program to help families move from welfare to work and personal responsibility.

(2) Since enactment of the 1996 welfare reform law, welfare cash assistance caseloads have dropped dramatically, by approximately 50 percent, and approximately ⅔ of welfare recipients who have left the cash assistance rolls have left for work.

(3) Another sign of reform and progress is that funding has shifted from providing monthly cash as-

sistance for parents to stay at home to over ½ of the funding targeted to pay for work supports, such as child care, transportation, job placement, limited job training, and services to prevent welfare dependency.

(4) More investments in quality child care will allow parents to enter and continue in the workforce knowing that their children have access to safe, meaningful child care, hopefully with emphasis on child development and preparation to ensure that each child gains the skills needed to enter school ready to learn.

(5) While families are moving from welfare to work, and employment rates are up, many families struggle in low-wage jobs and have trouble getting promised supports such as medicaid, child care, food stamps, and other supports available under programs intended to help families.

(6) Child poverty rates in the United States are improving but they could be lower and they remain high when compared to the rates of other developed countries. More must be done to reduce child poverty in our Nation.

(7) Many parents who remain on the welfare caseloads face multiple barriers to employment and

therefore need a range of services to address their needs and move from welfare to work.

(8) States should have plans for each family receiving assistance to guide the family to self-sufficiency and to consider the well-being of the children in the family. While work participation levels have increased for recipients since 1996, those levels should be higher.

(9) Children deserve to be raised in supportive homes, preferably with 2 loving parents. It is crucial to end policies that discriminate against serving 2-parent families within the welfare system. It is also important to support innovative programs to encourage full participation in child support and child rearing by noncustodial parents.

(10) Welfare reform has been successful because it has been a flexible partnership between the Federal Government and the States, and retaining the partnership and flexibility will be important for future progress.

(11) The State and local agencies responsible for administering the temporary assistance to needy families program have had to assume many new and more complex responsibilities which necessitates improving and upgrading the skills and ability of the

workers at those agencies to ensure high quality service delivery and meet all program goals, including reducing high staff turnover rates for such agencies and staff-to-participant ratios.

(12) Studies have indicated disparate racial treatment in the implementation of the temporary assistance to needy families program with respect to determining eligibility for assistance under the program, disseminating information, providing referral for services, and imposing sanctions for noncompliance with program requirements.

TITLE I—FUNDING

SEC. 101. REAUTHORIZATION OF STATE FAMILY ASSISTANCE GRANTS.

Section 403(a)(1) is amended (42 U.S.C. 603(a)(1))—

(1) in subparagraph (A), by striking "1996" and all that follows through "2002" and inserting "2003 through 2007";

(2) in subparagraph (B), by striking "As used" and inserting "Subject to subparagraph (E), as used";

(3) by redesignating subparagraph (E) as subparagraph (F);

(4) by inserting after subparagraph (D) the following:

"(E) INCREASE OF GRANT FOR CERTAIN STATES.—

"(i) IN GENERAL.—With respect to a State family assistance grant made for each of fiscal years 2003 through 2007, in the case of a State that meets the criteria described in clause (ii) or (iii) (or both), the amount of the State family assistance grant determined under this paragraph for that State for each such fiscal year shall be increased by the applicable amount described in clause (iv).

"(ii) RECEIPT OF SUPPLEMENTAL GRANT FOR FISCAL YEAR 2002.—For purposes of clause (i), the criteria described in this clause is that the State received a supplemental grant under paragraph (3) for fiscal year 2002 (as in effect with respect to such fiscal year).

"(iii) STATE PER CAPITA INCOME BELOW THE NATIONAL AVERAGE.—For purposes of clause (i), the criteria described in this clause is that, with respect to a State, the average State per capita income for calendar years 1998, 1999, and 2000, as pub-

lished by the Department of Commerce in the May 2002 Survey of Current Business—

"(I) exceeds 80 percent, but does not exceed 90 percent of the average per capita income determined for all States for such calendar years; or

"(II) does not exceed 80 percent of the average per capita income determined for all States for such calendar years.

"(iv) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount described in this clause is the following:

"(I) STATE WITH A SUPPLEMENTAL GRANT IN FISCAL YEAR 2002.—In the case of a State that meets the criteria described in clause (ii), the amount paid to the State under paragraph (3) for fiscal year 2002 (as in effect with respect to such fiscal year).

"(II) STATE WITH PER CAPITA INCOME BELOW NATIONAL AVERAGE.—In the case of a State that meets the criteria described in—

"(aa) clause (iii)(I), the amount equal to 5 percent of the State family assistance grant determined for the State for fiscal year 2003 (without regard to this subparagraph, in the case of a State that meets the criteria in clause (ii)); or

"(bb) clause (iii)(II), the amount equal to 10 percent of the State family assistance grant determined for the State for fiscal year 2003 (as so determined).

"(III) STATE DESCRIBED IN CLAUSES (II) AND (III).—In the case of a State that meets the criteria described in clauses (ii) and (iii), the amount equal to the sum of the amounts determined under subclauses (I) and (II) with respect to the State.

"(v) DEFINITION OF STATE.—In this subparagraph, the term 'State' means each of the 50 States and the District of Columbia."; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking "for fiscal years" and all that follows through the period and inserting "for State family assistance grants under this paragraph—

"(i) for fiscal year 2003, $17,044,348,000; and

"(ii) for each of fiscal years 2004 through 2007, $17,042,348,000.".

SEC. 102. CONTINGENCY FUND.

(a) CONTINGENCY FUNDING AVAILABLE TO NEEDY STATES.—Section 403(b) (42 U.S.C. 603(b)) is amended—

(1) by striking paragraphs (1) through (3) and inserting the following:

"(1) CONTINGENCY FUND GRANTS.—

"(A) PAYMENTS.—Subject to subparagraph (C), and out of funds appropriated under subparagraph (E), each State shall receive a contingency fund grant for each eligible month in which the State is a needy State under paragraph (3).

"(B) MONTHLY CONTINGENCY FUND GRANT AMOUNT.—For each eligible month in which a State is a needy State, the State shall receive a contingency fund grant equal to the higher of $0

and the applicable percentage (as defined in subparagraph (D)(i)) of the product of—

"(i) the applicable benefit level (as defined in subparagraph (D)(ii)); and

"(ii) the adjusted increase in the number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in subparagraph (D)(iii)).

"(C) LIMITATION.—The total amount paid to a single State under subparagraph (A) during a fiscal year shall not exceed the amount equal to 10 percent of the State family assistance grant (as defined under subparagraph (B) of subsection (a)(1) and increased under subparagraph (E) of that subsection).

"(D) DEFINITIONS.—In this paragraph:

"(i) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means the higher of—

"(I) 60 percent; and

"(II) the Federal medical assistance percentage for the State (as defined in section 1905(b)).

"(ii) APPLICABLE BENEFIT LEVEL.—

"(I) IN GENERAL.—Subject to subclause (II), the term 'applicable benefit level' means the amount equal to the maximum cash assistance grant for a family consisting of 3 individuals under the State program funded under this part.

"(II) RULE FOR STATES WITH MORE THAN 1 MAXIMUM LEVEL.—In the case of a State that has more than 1 maximum cash assistance grant level for families consisting of 3 individuals, the basic assistance cost shall be the amount equal to the maximum cash assistance grant level applicable to the largest number of families consisting of 3 individuals receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

"(iii) ADJUSTED INCREASE IN THE NUMBER OF FAMILIES RECEIVING ASSISTANCE UNDER THE STATE PROGRAM FUNDED

UNDER THIS PART AND ALL PROGRAMS FUNDED WITH QUALIFIED STATE EXPENDITURES.—The term 'adjusted increase in the number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures' means the increase in—

"(I) the unduplicated number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) in the most recent month for which data from the State are available; as compared to

"(II) the product of—

"(aa) the lower of the average monthly number of families receiving such assistance in either of the 2 completed fiscal years immediately preceding the fiscal year in which the State initially qualifies as a needy State; and

"(bb) 1.04.

"(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for the period of fiscal years 2003 through 2007, such sums as are necessary for making contingency fund grants under this subsection in a total amount not to exceed $2,000,000,000.";

(2) by redesignating paragraph (4) as paragraph (2); and

(3) in paragraph (2), as so redesignated—

(A) by striking "(3)(A)" and inserting "(1)"; and

(B) by striking "2-month period that begins with any" and inserting "fiscal year quarter that includes a".

(b) MODIFICATION OF DEFINITION OF NEEDY STATE.—Section 403(b), as amended by subsection (a), (42 U.S.C. 603(b)) is further amended—

(1) by striking paragraphs (5) and (6);

(2) by redesignating paragraphs (7) and (8) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (2) (as redesignated by subsection (a)(2)) the following:

"(3) INITIAL DETERMINATION OF WHETHER A STATE QUALIFIES AS A NEEDY STATE.—

"(A) IN GENERAL.—For purposes of paragraph (1), a State will be initially determined to be a needy State for a month if the State satisfies any of the following:

"(i) The—

"(I) average rate of total unemployment in the State for the period consisting of the most recent 3 months for which data are available has increased by the lesser of 1.5 percentage points or by 50 percent over the corresponding 3-month period in either of the 2 most recent preceding fiscal years; or

"(II) average insured unemployment rate for the most recent 3 months for which data are available has increased by 1 percentage point over the corresponding 3-month period in either of the 2 most recent preceding fiscal years.

"(ii) As determined by the Secretary of Agriculture, the monthly average number of households (as of the last day of each month) that participated in the food stamp

program in the State in the then most recently concluded 3-month period for which data are available exceeds by at least 10 percent the monthly average number of households (as of the last day of each month) in the State that participated in the food stamp program in the corresponding 3-month period in either of the 2 most recent preceding fiscal years, but only if the Secretary of Agriculture makes a determination that the State's increased caseload was due, in large measure, to economic conditions rather than changes in Federal or State policies related to the food stamp program.

"(iii) As determined by the Secretary, the monthly average of the unduplicated number of families that received assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) in the most recently concluded 3-month period for which data are available from the State increased by at least 10 percent over the number of such families that received such benefits in the

corresponding 3-month period in either of the 2 most recent preceding fiscal years, but only if the Secretary makes a determination that the State's increased caseload was due, in large measure, to economic conditions rather than State policy changes.

"(B) DURATION.—

"(i) IN GENERAL.—A State that qualifies as a needy State—

"(I) under subparagraph (A)(i), shall be considered a needy State until either the State's (seasonally adjusted) total unemployment rate or (seasonally adjusted) insured unemployment rate, whichever rate was used to meet the definition as a needy State under that subparagraph for the most recently concluded 3-month period for which data are available, falls below the level attained in the 3-month period that was used to first determine that the State qualified as a needy State under that subparagraph;

"(II) under subparagraph (A)(ii), shall be considered a needy State until

the average monthly number of households participating in the food stamp program for the most recently concluded 3-month period for which data are available nationally falls below the food stamp base period level; and

"(III) under subparagraph (A)(iii), shall be considered a needy State until the unduplicated number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the most recently concluded 3-month period for which data are available falls below the TANF base period level.

"(ii) SEASONAL VARIATIONS.—

"(I) IN GENERAL.—Subject to subclause (II), notwithstanding subclauses (II) and (III) of clause (i), a State shall be considered a needy State—

"(aa) under subparagraph (A)(ii), if with respect to the

State, the monthly average number of households participating in the food stamp program for the most recent 3-month period for which data are available nationally falls below the food stamp base period level and the Secretary determines that this is due to expected seasonal variations in food stamp receipt in the State; and

"(bb) under subparagraph (A)(iii), if, with respect to a State, the monthly average of the number of unduplicated families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the most recently concluded 3-month period for which data are available nationally falls below the TANF base period level and the Secretary de-

termines that this is due to expected seasonal variations in assistance receipt in the State.

"(II) LIMITATIONS.—A State shall not be considered a needy State pursuant to—

"(aa) item (aa) of subclause (I), unless the Secretary of Agriculture determines that the number of households receiving food stamps remained at elevated levels largely due to economic factors; and

"(bb) item (bb) of subclause (II), unless the Secretary determines that the unduplicated number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) remained at elevated levels largely due to economic factors.

"(iii) FOOD STAMP BASE PERIOD LEVEL.—In this subparagraph, the term 'food stamp base period level' means the monthly average number of households participating in the food stamp program that corresponds to the most recent 3-month period for which data are available at the time when the State first was determined to be a needy State under this paragraph.

"(iv) TANF BASE PERIOD LEVEL.—In this subparagraph, the term 'TANF base period level' means the monthly average of the unduplicated number of families receiving assistance under the State program funded under this part and all programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)) that corresponds to the most recent 3 months for which data are available at the time when the State first was determined to be a needy State under this paragraph.

"(4) EXCEPTIONS.—

"(A) UNEXPENDED BALANCES.—

"(i) IN GENERAL.—Notwithstanding paragraph (3), a State that has unexpended

TANF balances in an amount that exceeds 30 percent of the total amount of grants received by the State under subsection (a) for the most recently completed fiscal year (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000), shall not be a needy State under this subsection.

"(ii) DEFINITION OF UNEXPENDED TANF BALANCES.—In clause (i), the term 'unexpended TANF balances' means the lessor of—

"(I) the total amount of grants made to the State (regardless of the fiscal year in which such funds were awarded) under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but not yet expended as of the end of the fiscal year preceding the fiscal year for which the State would, in the absence of this subparagraph, be considered a needy State under this subsection; and

"(II) the total amount of grants made to the State under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but not yet expended as of the end of such preceding fiscal year, plus the difference between—

"(aa) the pro rata share of the current fiscal year grant to be made under subsection (a) to the State; and

"(bb) current year expenditures of the total amount of grants made to the State under subsection (a) (regardless of the fiscal year in which such funds were awarded) (other than such welfare-to-work grants) through the end of the most recent calendar quarter.

"(B) FAILURE TO SATISFY MAINTENANCE OF EFFORT REQUIREMENT.—Notwithstanding paragraph (3), a State that fails to satisfy the requirement of section 409(a)(7) with respect to

a fiscal year shall not be a needy State under this subsection for that fiscal year.".

(c) CLARIFICATION OF REPORTING REQUIREMENTS.—Paragraph (6) of section 403(b) (42 U.S.C. 603(b)), as redesignated by subsection (b)(2), is amended by striking "on the status of the Fund" and inserting "on the States that qualified for contingency funds and the amount of funding awarded under this subsection".

(d) ELIMINATION OF PENALTY FOR FAILURE TO MAINTAIN 100 PERCENT MAINTENANCE OF EFFORT.—Section 409(a) (42 U.S.C. 609(a)) is amended—

(1) by striking paragraph (10); and

(2) be redesignating paragraphs (11) through (14) as paragraphs (10) through (13), respectively.

SEC. 103. CHILD CARE.

(a) MANDATORY FUNDING.—

(1) IN GENERAL.—Section 418(a) (42 U.S.C. 618(a)) is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting "and paragraph (6)" after "paragraph (3)";

(B) in paragraph (3)—

(i) by striking "and" at the end of subparagraph (E);

(ii) in subparagraph (F), by striking "fiscal year 2002." and inserting "each of fiscal years 2002 through 2005; and"; and

(iii) by adding at the end the following:

"(G) $2,967,000,000 for each of fiscal years 2006 and 2007.";

(C) by striking paragraph (4) and inserting the following:

"(4) AMOUNTS RESERVED.—

"(A) INDIAN TRIBES.—The Secretary shall reserve 2 percent of the aggregate amount appropriated to carry out this section under paragraphs (3) and (5) for each fiscal year for payments to Indian tribes and tribal organizations for each such fiscal year for the purpose of providing child care assistance.

"(B) PUERTO RICO.—The Secretary shall reserve $10,000,000 of the amount appropriated under paragraph (5) for each fiscal year for payments to the Commonwealth of Puerto Rico for each such fiscal year for the purpose of providing child care assistance.

"(C) USE OF FUNDS; APPLICATION OF CHILD CARE AND DEVELOPMENT BLOCK GRANT

ACT.—Subsections (b) and (c) apply to amounts received under this paragraph in the same manner as such subsections apply to amounts received by a State under this section.

"(D) NO MATCHING REQUIREMENT.—No matching requirement shall apply to amounts paid under this paragraph for a fiscal year.";

(D) by redesignating paragraph (5) as paragraph (7); and

(E) by inserting after paragraph (4) the following:

"(5) ADDITIONAL GENERAL ENTITLEMENT GRANTS.—

"(A) APPROPRIATION.—For additional grants under paragraph (1), there is appropriated $1,000,000,000 for each of fiscal years 2003 through 2007. Amounts appropriated under this subparagraph for a fiscal year shall be in addition to amounts appropriated under paragraph (3) for such fiscal year.

"(B) ADDITIONAL GRANT.—In addition to the grant paid to a State under paragraph (1) for each of fiscal years 2003 through 2007, of the amount available for additional grants under subparagraph (A) for a fiscal year, the Secretary

shall pay the State an amount equal to the same proportion of such amount as the proportion of the State's grant under paragraph (1) to the amount appropriated under paragraph (3) for such fiscal year.

"(6) REQUIREMENT FOR GRANT INCREASE.—Notwithstanding paragraphs (1), (2), or (5), the aggregate amount paid to a State under this section for each of fiscal years 2003 through 2007 may not exceed the aggregate amount paid to the State under this section for fiscal year 2002 unless the State ensures that the level of State expenditures for child care for such fiscal year is not less than the level of State expenditures for child care that were matched under a grant made to the State under paragraph (2) or that the State expended to meet its maintenance of effort obligation under paragraph (2) for fiscal year 2002.".

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "or 413(f)" and inserting "413(f), or 418(a)(4)(B)".

(b) APPLICABILITY OF STATE OR LOCAL HEALTH AND SAFETY STANDARDS TO OTHER TANF CHILD CARE SPENDING.—Section 402(a) (42 U.S.C. 602(a)) is amended by adding at the end the following:

"(8) CERTIFICATION OF PROCEDURES TO ENSURE THAT CHILD CARE PROVIDERS COMPLY WITH APPLICABLE STATE OR LOCAL HEALTH AND SAFETY STANDARDS.—A certification by the chief executive officer of the State that procedures are in effect to ensure that any child care provider in the State that provides services for which assistance is provided under the State program funded under this part complies with all applicable State or local health and safety requirements as described in section 658E(c)(2)(F) of the Child Care and Development Block Grant Act of 1990 (other than a relative excluded from the definition of 'child care provider' in section 98.41(e) of title 45 of the Code of Federal Regulations (as in effect on June 1, 2002)).".

SEC. 104. STATE OPTION TO ASSIST LEGAL IMMIGRANT FAMILIES.

(a) STATE OPTION.—

(1) IN GENERAL.—Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

"(M) At State option, assistance, benefits, or services under a State program funded under

part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).".

(2) CONFORMING AMENDMENT.—Section 408(e) (42 U.S.C. 608(e)) is amended to read as follows:

"(e) ELIGIBILITY OF CERTAIN ALIENS.—Except as provided in subsection (f), at State option, a State may provide assistance, benefits, or services to a qualified alien (as defined in subsections (b) and (c) of section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641)) under the State program funded under this part in the same manner and to the same extent as a citizen of the United States would be provided such assistance, benefits, or services.".

(b) ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIENS.—

(1) IN GENERAL.—Section 408(f) (42 U.S.C. 608(f)) is amended—

(A) in the heading, by striking "NON-213A" and inserting "SPONSORED";

(B) by striking "The following" and all that follows through the colon and inserting "The following rules shall apply in determining whether an alien sponsored under section 213A of the Immigration and Nationality Act (and, at the option of the State, a non-213A alien) is eligible

for cash assistance under the State program funded under this part, or in determining the amount of such assistance to be provided to a sponsored alien:";

(C) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking "non-213A" and inserting "sponsored";

(ii) in subparagraph (B), by inserting "(or, a greater amount as determined by the State)" before the period; and

(iii) in the heading of subparagraph (C), by striking "NON-213A" and inserting "SPONSORED";

(D) by striking paragraph (5) and inserting the following:

"(5) EXCEPTIONS.—This subsection shall not apply to an alien who is—

"(A) a minor child if the sponsor of the alien or any spouse of the sponsor is a parent of the alien child; or

"(B) described in subsection (e) or (f) of section 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631)."; and

(E) by adding at the end the following:

"(7) INAPPLICABILITY TO FAMILY MEMBERS WHO ARE NOT SPONSORED ALIENS.—Income and resources of a sponsor which are deemed under this subsection to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other family members.

"(8) RULE OF CONSTRUCTION.—For purposes of section 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631), the State program funded under this part is not a Federal means-tested public benefits program.".

(2) CONFORMING AMENDMENTS.—Section 423(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1183a note) is amended by adding at the end the following:

"(12) Assistance, benefits, or services under part A of title IV of the Social Security Act except for cash assistance provided to a sponsored alien who is subject to deeming pursuant to section 408(f) of that Act.".

(c) STATE AUTHORITY TO PROVIDE STATE AND LOCAL PUBLIC BENEFITS FOR CERTAIN ALIENS.—Section 411(d)

of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621(d)) is amended—

(1) in the heading, by inserting "AND OTHER" before "ALIENS"; and

(2) by inserting "or who otherwise is not a qualified alien (as defined in subsections (b) and (c) of section 431)" after "United States".

SEC. 105. USE OF FUNDS.

(a) CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

"(e) AUTHORITY TO CARRY OVER CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.".

(b) CLARIFICATION OF APPLICATION OF CAP ON ADMINISTRATIVE EXPENDITURES.—Section 404(b)(1) (42 U.S.C. 604(b)(1)) is amended by inserting "(determined without regard to any amounts transferred under subsection (d))" after "of the grant".

(c) ELIMINATION OF TRUST REQUIREMENT FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—Section 404(h)(3)(A) (42 U.S.C. 604(h)(3)(A)) is amended by striking "a trust created or organized in the United States and".

(d) AUTHORITY TO TRANSFER TANF FUNDS TO CARRY OUT AN ACCESS TO JOBS PROJECT OR A REVERSE COMMUTE PROJECT.—Section 404(d)(1) (42 U.S.C. 604(d)(1)) is amended by adding at the end the following:

"(C) An access to jobs project or a reverse commute project under a grant made under section 3037 of the Transportation Equity Act for the 21st Century (49 U.S.C. 5309 note).".

(e) STATE OPTION TO ESTABLISH POSTSECONDARY EDUCATION PROGRAM.—Section 404 (42 U.S.C. 604) is amended by adding at the end the following:

"(l) AUTHORITY TO ESTABLISH POSTSECONDARY EDUCATION PROGRAM.—

"(1) IN GENERAL.—Subject to paragraph (2), a State to which a grant is made under section 403 may use the grant to establish a program under which an eligible participant (as defined in paragraph (3)) may be provided assistance and other benefits as determined by the State, including support services described in paragraph (5).

"(2) NO FEDERAL FUNDS FOR TUITION.—A State may not use Federal funds provided under a grant made under section 403 to pay tuition for an eligible participant in a program established under this subsection.

"(3) DEFINITION OF ELIGIBLE PARTICIPANT.—

"(A) IN GENERAL.—In this subsection, the term 'eligible participant' means an individual eligible for assistance, benefits, or services under the State program funded under this part and satisfies the following requirements:

"(i) The individual is enrolled in a postsecondary 2- or 4-year degree program.

"(ii) Enrollment in the postsecondary program is a requirement of the individual's individual responsibility plan under section 408(b).

"(iii) During the first 24 months that the individual participates in the postsecondary program, the individual engages in a combination of educational activities in connection with a course of study, training, study time, employment, or work experience for an average of not less than 24 hours (20

hours, in the case of an individual described in section 407(c)(2)(B)) per week.

"(iv) After the first 24 months of the individual's participation in the postsecondary program, the individual—

"(I) works not less than an average of 15 hours per week (in addition to school and study time, and with priority for hours engaged in work related to the individual's course of study); or

"(II) engages in a combination of educational activities in connection with a course of study, training, study time, employment, or work experience for an average of not less than 30 hours (20 hours, in the case of an individual described in section 407(c)(2)(B)) per week.

"(v) During the period the individual participates in the postsecondary program, the individual maintains satisfactory academic progress, as defined by the institution operating the undergraduate postsecondary program in which the individual is enrolled.

"(B) DETERMINATION OF HOURS.—For purposes of determining hours per week under clause (ii) or (iii) of subparagraph (A), a State may not count study time of less than 1 hour for every hour of class time or more than 2 hours for every hour of class time.

"(4) REQUIRED TIME PERIODS FOR COMPLETION OF DEGREE.—

"(A) IN GENERAL.—Subject to subparagraph (B), an individual participating in a program established under this subsection shall be required to complete the requirements of a degree program within the normal timeframe for full time students seeking the particular degree.

"(B) EXCEPTION.—For good cause, the State may allow an individual to complete their degree requirements within a period not to exceed 1½ times the normal timeframe established under subparagraph (A) (unless further modification is required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)) and may modify the requirements applicable to an individual participating in the program. For purposes of the preceding

sentence, good cause includes the case of an individual with 1 or more significant barriers to normal participation, as determined by the State, such as the need to care for a family member with special needs.

"(5) SUPPORT SERVICES DESCRIBED.—For purposes of paragraph (1), the support services described in this paragraph include any or all of the following during the period the eligible participant is in the program established under this subsection:

"(A) Child care.

"(B) Transportation services.

"(C) Payment for books and supplies.

"(D) Other services provided under policies determined by the State to ensure coordination and lack of duplication with other programs available to provide support services.".

(f) SUPPLEMENTAL HOUSING BENEFITS.—Section 404 (42 U.S.C. 604), as amended by subsection (d), is amended by adding at the end the following:

"(m) USE OF FUNDS FOR SUPPLEMENTAL HOUSING BENEFITS.—

"(1) IN GENERAL.—A State to which a grant is made under section 403 may use the grant to provide supplemental housing benefits (as defined in para-

graph (4)) in order to carry out the purposes specified in section 401(a).

"(2) NOT CONSIDERED ASSISTANCE.—Supplemental housing benefits (as so defined) shall not for any purpose, be considered assistance under the State program funded under this part.

"(3) LIMITATION ON USE OF FUNDS.—A State may not use any part of the funds made available under a grant made under section 403 to supplant existing State expenditures on housing-related programs. Notwithstanding the preceding sentence, a State may use such funds to supplement such State expenditures.

"(4) DEFINITION OF SUPPLEMENTAL HOUSING BENEFITS.—In this subsection, the term 'supplemental housing benefits' means payments made to, or on behalf of, an individual with significant annual earnings (as defined by the State) to reduce or reimburse the costs incurred by the individual for housing accommodations.

"(n) STATE AUTHORITY TO DEFINE MINOR HOUSING REHABILITATION COSTS.—A State to which a grant is made under section 403 may use the grant to provide grants, loans, or to otherwise pay the costs of minor rehabilitation of housing owned or rented by individuals eligible

for assistance under the State program funded under this part, consistent with a definition of minor housing rehabilitation adopted by the State and incorporated into the State plan required under section 402(a).".

SEC. 106. DEFINITION OF ASSISTANCE.

(a) DEFINITION.—Section 419 (42 U.S.C. 619) is amended by adding at the end the following:

"(6) ASSISTANCE.—

"(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation, child care, or supplemental housing benefits (as defined in section 404(m)(4)).

"(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary) or any other benefit or service excluded from the definition of assistance under section 260.31 of title 45 of the Code of

Federal Regulations (as in effect on June 1, 2002).".

(b) CONFORMING AMENDMENTS.—

(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking "assistance" and inserting "aid".

(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking "assistance" and inserting "benefits or services".

(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking "ASSISTANCE" and inserting "AID".

(4) Section 5(g)(2)(D) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(D)) is amended—

(A) by striking "If the vehicle allowance" and inserting the following:

"(i) IN GENERAL.—If the vehicle allowance"; and

(B) by adding at the end the following:

"(ii) DEFINITION OF ASSISTANCE.—In clause (i), the term 'assistance' shall have the meaning given such term in section 260.31 of title 45 of the Code of Federal Regulations, as in effect on June 1, 2002.".

SEC. 107. MAINTENANCE OF EFFORT.

(a) INCLUSION OF CHILD SUPPORT ARREARAGES DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended—

(1) in subclause (I)(aa), by striking "457(a)(1)(B)" and inserting "457(a)(1)"; and

(2) by adding at the end the following:

"(V) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to section 457(a)(2)(B), but only to the extent that the State properly elects under section 457(a)(6) to have the payment considered a qualified State expenditure.".

(b) REAUTHORIZATION.—Section 409(a)(7) (42 U.S.C. 609(a)(7)) is amended—

(1) in subparagraph (A) by striking "fiscal year 1998, 1999, 2000, 2001, 2002, or 2003" and inserting "fiscal year 2003, 2004, 2005, 2006, 2007 or 2008"; and

(2) in subparagraph (B)(ii)—

(A) by inserting "preceding" before "fiscal year"; and

(B) by striking "for fiscal years 1997 through 2002,".

SEC. 108. FUNDING FOR FAMILIES ASSISTED BY A TERRITORY PROGRAM.

(a) INCREASE IN MANDATORY CEILING AMOUNT.—Section 1108(c)(4) (42 U.S.C. 1308(c)(4)) is amended—

(1) in subparagraph (A), by striking "$107,255,000" and inserting "$109,936,375";

(2) in subparagraph (B), by striking "$4,686,000" and inserting "$4,803,150";

(3) in subparagraph (C), by striking "$3,554,000" and inserting "$3,642,850"; and

(4) in subparagraph (D), by striking "$1,000,000" and inserting "$1,250,000".

(b) REAUTHORIZATION OF MATCHING GRANTS.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking "fiscal years 1997 through 2002" and inserting "each of fiscal years 2003 through 2007".

SEC. 109. REPEAL OF FEDERAL LOAN FUND FOR STATE WELFARE PROGRAMS.

(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (6).

(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking "406,".

SEC. 110. SOCIAL SERVICES BLOCK GRANT.

(a) RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS.—

(1) IN GENERAL.—Section 404(d)(2) (42 U.S.C. 604(d)(2)) is amended to read as follows:

"(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to amounts made available for fiscal year 2003 and each fiscal year thereafter.

(b) FUNDING FOR FISCAL YEAR 2005.—Section 2003(c)(11) (42 U.S.C. 1397b(c)(11)) is amended by inserting ", except that, with respect to fiscal year 2005, the amount shall be $1,952,000,000" after "thereafter".

SEC. 111. TECHNICAL CORRECTIONS.

(a) Section 404 (42 U.S.C. 604) is amended by striking subsection (c).

(b) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after "appropriate".

(c) Section 411(a)(1)(A)(ii)(III) (42 U.S.C. 611(a)(1)(A)(ii)(III)) is amended by striking the last close parenthesis.

(d) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is amended by striking "section" and inserting "sections".

TITLE II—WORK

SEC. 201. UNIVERSAL ENGAGEMENT.

(a) MODIFICATION OF INDIVIDUAL RESPONSIBILITY PLANS.—Section 408(b) (42 U.S.C. 608(b)) is amended to read as follows:

"(b) INDIVIDUAL RESPONSIBILITY PLANS.—

"(1) ASSESSMENT.—The State agency responsible for administering the State program funded under this part shall make an initial screening and assessment of the following for each family with an adult or minor child head of household receiving assistance:

"(A) The education obtained, skills, prior work experience, work readiness, and barriers to work of each adult or minor child head of household recipient of assistance in the family who

has attained age 18 or who has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school.

"(B) The work support, work readiness, and family support services for which families receiving assistance are eligible.

"(C) The well-being of the children in the family and, where appropriate, activities or resources to improve the well-being of the children.

"(2) CONTENTS OF PLANS.—

"(A) IN GENERAL.—On the basis of the screening and assessment required under paragraph (1) for a family with an adult or minor child head of household receiving assistance under the State program funded under this part, the State agency, in consultation with the family, shall develop an individual responsibility plan that—

"(i) establishes for each adult and minor child head of household recipient a self-sufficiency plan that specifies activities described in the State plan submitted pursuant to section 402, including work activities specified in section 407(d), as appro-

priate, that are designed to assist the family in achieving their maximum degree of self-sufficiency, and that provides for the ongoing participation of the adult or minor child head of household recipient in the activities;

"(ii) sets forth the obligations of the adult or minor child head of household recipient which may include registering for work and commencing a search for employment for a specified number of hours each week;

"(iii) requires, at a minimum, each such recipient to participate in activities in accordance with the individual responsibility plan;

"(iv) sets forth the appropriate supportive services the State intends to provide for the family;

"(v) establishes for the family a plan that addresses the issue of child well-being and, when appropriate, adolescent well-being, and that may include services such as domestic violence counseling, mental health referrals, and parenting courses; and

"(vi) includes a section designed to assist the family by informing the family of the work support assistance for which the family may be eligible, including (but not limited to)—

"(I) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

"(II) the medicaid program funded under title XIX;

"(III) the State children's health insurance program funded under title XXI;

"(IV) child care funded under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.);

"(V) the earned income tax credit under section 32 of the Internal Revenue Code of 1986;

"(VI) the low-income home energy assistance program established under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.);

"(VII) the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

"(VIII) programs conducted under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.); and

"(IX) low-income housing assistance programs.

"(3) REVIEW.—

"(A) REGULAR REVIEW.—The State agency shall—

"(i) monitor the participation of each adult recipient in the activities specified in the individual responsibility plan, and regularly review the progress of the family toward self-sufficiency; and

"(ii) upon such a review, revise the plan and activities required under the plan as the State deems appropriate in consultation with the family.

"(B) PRIOR TO THE IMPOSITION OF A SANCTION.—The State agency shall—

"(i) review the individual responsibility plan prior to imposing a sanction against the adult recipient or the family for failure to comply with a requirement of the plan or the State program funded under this part; and

"(ii) make a good faith effort (as defined by the State) to consult with the family as part of such review.

"(4) TIMING.—With respect to a family, the State shall comply with this subsection—

"(A) in the case of a family that, as of October 1, 2003, is not receiving assistance from the State program funded under this part, not later than 60 days after the family first receives assistance on the basis of the most recent application for the assistance; and

"(B) in the case of a family that, as of such date, is receiving the assistance, not later than September 30, 2004.

"(5) RULE OF INTERPRETATION.—Nothing in this subsection shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.".

(b) IMPLEMENTATION.—

(1) DEVELOPMENT OF MODEL SCREENING AND ASSESSMENT TOOLS.—

(A) IN GENERAL.—The Secretary of Health and Human Services shall develop or identify model screening and assessment tools to assist States (at their option) in identifying an individual's barriers to employment or program compliance.

(B) CONSULTATION.—The Secretary of Health and Human Services shall develop or identify the model tools required under paragraph (1) in consultation with individuals and groups with expertise in circumstances such as physical or mental impairments (including learning disabilities), substance abuse, limited English proficiency, domestic violence, or the need to care for a family member with a disability.

(C) DISSEMINATION.—The Secretary of Health and Human Services shall disseminate the tools developed or identified under this paragraph to States (as defined in section 1101(a)(1) of the Social Security Act (42 U.S.C. 1301(a)(1)) for purposes of part A of title IV of such Act)

and Indian tribes with programs funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(2) GRANTS TO ASSIST WITH IMPLEMENTATION.—Section 403(a) (42 U.S.C. 603(a)) is amended by adding at the end the following:

"(6) GRANTS TO ASSIST WITH IMPLEMENTATION OF UNIVERSAL ENGAGEMENT REQUIREMENTS.—

"(A) IN GENERAL.—Each eligible State shall be entitled to receive from the Secretary, for each of fiscal years 2003 through 2006, a grant under this paragraph to carry out any or all of the following activities:

"(i) To provide training for supervisory and non-supervisory staff of the State or local agency with responsibility for the administration of the State program funded under this part, including (but not limited to) training that is designed to improve the ability of such staff to identify barriers to employment and indicators of child well-being, and to improve the understanding of such staff of program requirements and services funded under this part and of nondiscrimination and employment

laws for families receiving assistance under the State program.

"(ii) To improve the communication of information concerning program requirements to recipients of, and applicants for, assistance, including services related to communicating such information to families with a primary language other than English.

"(iii) To improve the quality of the agency workforce.

"(iv) To improve the coordination of support programs for low-income families.

"(v) To conduct outreach to promote the enrollment of eligible families in such programs.

"(vi) To establish advisory review panels to advise States with respect to improving the State's policies and procedures for assisting individuals under the State program funded under this part who have barriers to work in accordance with the requirements of subparagraph (C).

"(B) AMOUNT OF GRANT.—Of the amount appropriated under subparagraph (E) for a fis-

cal year, the Secretary shall pay each State an amount equal to the same proportion of such amount as the proportion of the number of families receiving assistance under the State program funded under this part to all such families for all States.

"(C) REQUIREMENTS FOR ADVISORY REVIEW PANELS.—A State that uses funds provided under a grant made under this paragraph to establish an advisory review panel shall establish such panels consistent with the following:

"(i) MEMBERSHIP.—

"(I) IN GENERAL.—The advisory review panel shall consist of the following:

"(aa) At least 1 member shall be a representative of the State or local agency responsible for administering the State program funded under this part.

"(bb) At least 1 member shall be an employer.

"(cc) At least 1 member shall be a representative of other State or local agencies with expertise in

providing services to individuals with disabilities or other barriers to work, such as vocational rehabilitation agencies, the State workforce investment board established under section 111 of the Workforce Investment Act of 1998 (29 U.S.C. 2821), or mental health agencies.

"(dd) At least 1 member shall be a parent with a barrier to work who is receiving, or who has ceased receiving, cash assistance or support services under the State program funded under this part.

"(ee) At least 1 member shall be an individual or representative of an entity with expertise in designing and implementing policies and programs to successfully serve individuals with barriers to work.

"(ff) At least 1 member shall be a representative of an organization that represent recipients of

assistance under the State program funded under this part or individuals with barriers to employment.

"(gg) At least 1 member shall be a representative of non-supervisory employees of the State or local agency with responsibility for the administration of the State program funded under this part.

"(I) CHAIR.—

"(aa) IN GENERAL.—Subject to item (bb), the chair of the advisory review panel shall be appointed by the chief executive officer of the State.

"(bb) LIMITATION.—The chair shall not be a State employee.

"(III) COORDINATION WITH EXISTING PANELS.—A State shall coordinate the establishment of an advisory review panel with other advisory panels established as of October 1, 2002, that serve recipients of assistance

under the State program funded under this part.

"(ii) DUTIES AND USE OF FUNDS.—

"(I) IN GENERAL.—In seeking to improve a State's policies and procedures for assisting individuals with barriers to work, an advisory review panel established with funds paid under a grant made this paragraph may hold meetings, hire support staff, and enter into contracts for independent evaluations.

"(II) SITE VISITS; PUBLIC HEARINGS.—To the extent it determines appropriate, an advisory review panel established under this paragraph may—

"(aa) conduct site visits to State or local agencies responsible for administering the State program funded under this part; and

"(bb) hold public hearings.

"(III) EXPENSES.—At the option of the State, an advisory review panel established under this paragraph may reimburse a panel member who is a re-

cipient, or a former recipient, of assistance under the State program funded under this part for reasonable travel expenses associated with the member's participation on the panel.

"(IV) RULE OF CONSTRUCTION.—

"(aa) IN GENERAL.—Nothing in this paragraph shall be construed as authorizing an advisory review panel established under this paragraph to resolve complaints filed by individuals or entities related to possible violations of laws protecting civil rights, to review specific individual's claims against the State agency responsible for administering the State program funded under this part, or to become involved in advising the State as to the specific provisions that should be included in a specific individual's individual responsibility plan under section 408(b).

"(bb) RECIPIENT PARTICIPATION.—Nothing in item (aa) shall prevent an individual who is a recipient, or a former recipient of assistance under the State program funded under this part from providing the advisory review panel with information that could help inform the panel's deliberations regarding improvements that may be needed in the State's policies and procedures to better meet the needs of individuals and families with barriers to employment.

"(iii) REPORTS.—An advisory review panel established under this paragraph shall submit to the Secretary at least 1 report that identifies areas in the State where improvement is needed with respect to the State's policies and procedures for assisting individuals under the State program funded under this part who have barriers to work.

"(D) INAPPLICABILITY OF SECTION 404.—A grant made under this paragraph shall not be

considered a grant made under this section for purposes of section 404.

"(E) APPROPRIATIONS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated to carry out this paragraph, $120,000,000 for the period of fiscal years 2003 through 2006.".

(3) CONSULTATION.—The Secretary of Health and Human Services shall consult with representatives of the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures with respect to implementation of the universal engagement requirements under the temporary assistance to needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as added by the amendments made by this section, including—

(A) the development of regulations to carry out the amendments made by this section;

(B) the provision of technical assistance to States (in participation with the organizations the Secretary is required to consult with under this paragraph) regarding compliance with such requirements; and

(C) the model screening tools required to be developed under paragraph (1).

(4) GAO EVALUATION AND REPORT.—Not later than September 30, 2005, the Comptroller General of the United States shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate evaluating the implementation of the universal engagement provisions under the temporary assistance to needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as added by the amendments made by this section.

(c) RULES OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed—

(1) as establishing a private right or cause of action against a State for failure to comply with the requirements imposed under this section or the amendments made by this section; or

(2) as limiting claims that may be available under other Federal or State laws.

SEC. 202. WORK PARTICIPATION REQUIREMENTS.

(a) MINIMUM PARTICIPATION RATES.—The table set forth in section 407(a)(1) (42 U.S.C. 607(a)(1)) is amended—

(1) in the item relating to fiscal year 2002—

(A) by striking "or thereafter" and inserting "or 2003"; and

(B) by striking the period; and

(2) by adding at the end the following:

"2004	*55*
2005	*60*
2006	*65*
2007 or thereafter	*70.".*

(b) ELIMINATION OF SEPARATE WORK PARTICIPATION RATE FOR 2-PARENT FAMILIES.—Section 407 (42 U.S.C. 607) is amended—

(1) in subsection (a)—

(A) in the heading of paragraph (1), by striking "ALL FAMILIES" and inserting "IN GENERAL"; and

(B) by striking paragraph (2);

(2) in subsection (b)—

(A) by striking paragraph (2);

(B) in paragraph (4), by striking "paragraphs (1)(B) and (2)(B)" and inserting "paragraph (1)(B)"; and

(C) in paragraph (5), by striking "rates" and inserting "rate"; and

(3) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "GENERAL RULES.—" and all that follows through "For purposes" in subparagraph (A) and inserting "GENERAL RULE.—For purposes"; and

(ii) by striking subparagraph (B); and

(B) in paragraph (2)(D)—

(i) by striking "paragraphs (1)(B)(i) and (2)(B) of subsection (b)" and inserting "subsection (b)(1)(B)(i)"; and

(ii) by striking "and in 2-parent families, respectively,".

(c) MAKING WORK PAY.—

(1) REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT.—

(A) EMPLOYMENT CREDIT TO REWARD STATES IN WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER EARNINGS.—

(i) IN GENERAL.—Section 407(a) (42 U.S.C. 607(a)), as amended by subsection (b)(1)(B), is further amended by adding at the end the following:

"(2) EMPLOYMENT CREDIT.—

"(A) IN GENERAL.—In consultation with the States, and subject to subparagraph (C), the

Secretary shall prescribe regulations for reducing the minimum participation rate otherwise applicable to a State under this subsection for a fiscal year by the number of percentage points in the employment credit for the State for the fiscal year, as determined by the Secretary—

"(i) using information in the National Directory of New Hires; and

"(ii) with respect to a recipient of assistance under the State program funded under this part who is placed with an employer whose hiring information is not reported to the National Directory of New Hires, using quarterly wage information submitted by the State to the Secretary not later than such date as the Secretary shall prescribe in regulations.

"(B) CALCULATION OF CREDIT.—

"(i) IN GENERAL.—The employment credit for a State for a fiscal year is an amount equal to—

"(I)(aa) twice the unduplicated number of families that include an adult recipient of assistance under the State program funded under this part,

that ceased to receive such assistance for at least a 2-month period during the applicable period (as defined in clause (iii)), that did not receive assistance under a separate State-funded program during such 2-month period, that were employed during the calendar quarter immediately succeeding the quarter in which the assistance under the State program funded under this part ceased, and that are not otherwise included in the determination of a credit against the minimum participation rate otherwise applicable to a State under this subsection for a fiscal year, plus;

"(bb) at State option, the number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined), that were employed during the calendar quarter immediately succeeding the quarter in which the nonrecurring short-term benefit was so re-

ceived, and that earned at least $1000 during the applicable period (as so defined); divided by

"(II) the average monthly number of families that include an adult who received assistance under the State program funded under this part during the applicable period (as so defined), plus, if the State elected the option under subclause (I)(bb), the number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined).

"(ii) SPECIAL RULE FOR FORMER RECIPIENTS WITH HIGHER EARNINGS.—In calculating the employment credit for a State for a fiscal year, a family that, with respect to the quarter in which the family's earnings was examined during the preceding fiscal year, earned at least 33 percent of the average quarterly earnings in the State (determined on the basis of State unemployment data) shall be considered to be 1.5 families.

"(iii) DEFINITION OF APPLICABLE PERIOD.—For purposes of this subparagraph, the term 'applicable period' means the most recent 4 quarters for which data are available to the Secretary providing information on the work status of—

"(I) individuals in the quarter after the individuals ceased receiving assistance under the State program funded under this part; and

"(II) at State option, individuals in the quarter after the individuals received a short-term, non recurring benefit.

"(C) LIMITATION.—

"(i) IN GENERAL.—Except with respect to a State described in clause (ii), the minimum participation rate applicable to families receiving assistance under the State program funded under this part shall not have the effect of being reduced through the application of the employment credit determined under subparagraph (B)(i)(I)(aa) or the inclusion, at State option, of individuals who receive substantial child care or

transportation assistance in the determination of the minimum participation rate under paragraph (1), below—

"(I) 20 percent, in the case of fiscal year 2004;

"(II) 30 percent, in the case of fiscal year 2005;

"(III) 40 percent, in the case of fiscal year 2006; or

"(IV) 50 percent, in the case of fiscal year 2007.

"(ii) STATE DESCRIBED.—Clause (i) shall not apply to a State that meets at least 2 of the criteria for being considered a needy State under section 403(b)(3)(A).

"(D) QUARTERLY REPORTS.—Not later than 6 months after the end of a fiscal year quarter, the Secretary shall issue a report to Congress and each State for the preceding quarter that includes information regarding the performance of each State on the factors used to determine the employment credit for a State under this paragraph during that quarter, including any option selected by the State.".

(ii) AUTHORITY OF SECRETARY TO USE INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES.—Section 453(i) (42 U.S.C. 653(i)) is amended by adding at the end the following:

"(5) CALCULATION OF EMPLOYMENT CREDIT FOR PURPOSES OF DETERMINING STATE WORK PARTICIPATION RATES UNDER TANF.—The Secretary may use the information in the National Directory of New Hires for purposes of calculating State employment credits pursuant to section 407(a)(2).".

(B) ELIMINATION OF CASELOAD REDUCTION CREDIT.—Section 407(b) (42 U.S.C. 607(b)), as amended by subsection (b)(2)(A), is further amended by striking paragraph (3) and redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

(2) STATES TO RECEIVE PARTIAL CREDIT TOWARD WORK PARTICIPATION RATE FOR RECIPIENTS ENGAGED IN PART-TIME WORK.—Section 407(c)(1) (42 U.S.C. 607(c)(1)), as amended by subsection (b)(3)(A), is further amended by adding at the end the following flush sentence: "For purposes of subsection (b)(1)(B)(i), a family that does not include a recipient who is participating in work activities for

an average of 30 hours per week during a month but includes a recipient who is participating in activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), (12), or 13(A) of subsection (d) during the month for an average of at least 50 percent of the minimum average number of hours per week specified for the month in the table set forth in this paragraph shall be counted as a percentage of a family that includes an adult or minor child head of household who is engaged in work for the month, which percentage shall be the number of hours for which the recipient participated in such activities during the month divided by the number of hours of such participation required of the recipient under this section for the month.".

(3) TANF RECIPIENTS WHO QUALIFY FOR SUPPLEMENTAL SECURITY INCOME BENEFITS REMOVED FROM WORK PARTICIPATION RATE CALCULATION FOR ENTIRE YEAR.—Section 407(b)(1)(B)(ii) (42 U.S.C. 607(b)(1)(B)(ii)) is amended—

(A) in subclause (I), by inserting "who has not become eligible for supplemental security income benefits under title XVI during the fiscal year" before the semicolon; and

(B) in subclause (II), by inserting ", and that do not include an adult or minor child head

of household who has become eligible for supplemental security income benefits under title XVI during the fiscal year" before the period.

(4) STATE OPTION TO INCLUDE RECIPIENTS OF SUBSTANTIAL CHILD CARE OR TRANSPORTATION ASSISTANCE IN WORK PARTICIPATION RATE.—

(A) IN GENERAL.—Section 407(a)(1) (42 U.S.C. 607(a)(1)) is amended by inserting "(including, at the option of the State, a family that includes an adult who is receiving substantial child care or transportation assistance (as defined by the Secretary, in consultation with directors of State programs funded under this part, which definition shall specify for each type of assistance a threshold which is a dollar value or a length of time over which the assistance is received, and take into account large one-time transition payments) except any family taken into account under paragraph (2)(B)(i)(I))" before the colon.

(B) DATA COLLECTION AND REPORTING.—Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended in the matter preceding clause (i) by inserting "(including any family with respect to whom the State has exercised its option under

section 407(a)(1) or 407(a)(2)(B)(i)(I)(bb)" after "assistance".

(5) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall take effect on October 1, 2003.

(B) STATE OPTION TO PHASE-IN REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT AND DELAY APPLICABILITY OF OTHER PROVISIONS.—A State may elect to have the amendments made by subsections (a)(2), (b), (c), and (d) not apply to the State program funded under part A of title IV of the Social Security Act until October 1, 2004, and if the State makes the election, then, in determining the participation rate of the State for purposes of sections 407 and 409(a)(3) of the Social Security Act for fiscal year 2004, the State shall be credited with ½ of the reduction in the rate that would otherwise result from applying section 407(a)(2) of the Social Security Act (as added by subsection (c)(1)(A)(i)) to the State for fiscal year 2004 and ½ of the reduction in the rate that would otherwise result from applying sec-

tion 407(b)(3) of the Social Security Act to the State for fiscal year 2004.

(d) INCREASE IN NUMBER OF HOURS REQUIRED FOR WORK-RELATED ACTIVITIES.—Section 407(c)(1) (42 U.S.C. 607(c)(1)), as amended by subsection (b)(3), is further amended in the matter preceding the table set forth in that paragraph, by striking "20 hours" and inserting "24 hours".

(e) ADDITIONAL WORK ACTIVITIES.—

(1) IN GENERAL.—Section 407(d) (42 U.S.C. 607(d)) is amended—

(A) in paragraph (11), by striking "and" at the end;

(B) in paragraph (12), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(13)(A) rehabilitative services, such as adult basic education, participation in a program designed to increase proficiency in the English language, or, in the case of an individual determined by a qualified medical, mental health, or social services professional as having a physical or mental disability, substance abuse problem, or other problem that requires rehabilitative services, substance abuse treatment, mental health treatment, or other rehabilitative services, pro-

vided that the provision of such services is a requirement of the individual's individual responsibility plan under section 408(b) (not to exceed 3 months out of any 24-month period, or, if such services for a longer period of time is a requirement of the individual's plan under section 408(b), up to 6 months, but only if, during the last 3 months of such 6 months, such services are combined with work or job-readiness activities); and

"(B) for purposes of counting toward the minimum average number of hours per week specified in the table set forth in subsection (c)(1), services described in subparagraph (A), the provision of which is a requirement of the individual's individual responsibility plan under section 408(b), until an individual successfully completes such services (and without regard to the time limits for the receipt of such services for purposes of subparagraph (A).".

(2) CONFORMING AMENDMENTS.—Section 407(c)(1) (42 U.S.C. 607(c)(1)), as amended by subsections (b) and (d), is further amended by striking "or (12)" and inserting "(12), or (13)(A)".

(f) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—Section 407(c)(2)(A)(i) (42 U.S.C. 607(c)(2)(A)(i)) is amended—

(1) by striking "6 weeks" and inserting "8 weeks";

(2) by striking "403(b)(6)" and inserting "403(b)"; and

(3) by striking ", or if the participation is for a week that immediately follows 4 consecutive weeks of such participation".

(g) EDUCATION AND TRAINING.—

(1) VOCATIONAL AND POSTSECONDARY EDUCATION.—

(A) IN GENERAL.—Section 407(d)(8) is amended to read as follows:

"(8) vocational education and training and post-secondary education that is a requirement of the individual's individual responsibility plan under section 408(b) (not to exceed 24 months with respect to any individual);".

(B) ELIMINATION OF RECIPIENTS COMPLETING SECONDARY SCHOOL FROM LIMIT ON NUMBER OF TANF RECIPIENTS PARTICIPATING IN VOCATIONAL EDUCATION TRAINING.—

(i) IN GENERAL.—Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended by striking "educational training, or (if the month is in fiscal year 2000 or thereafter)

deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph" and inserting "education and training (determined without regard to any individual described in subparagraph (C)".

(ii) CONFORMING AMENDMENTS.—

(I) Section 407(c)(2)(C)(ii) (42 U.S.C. 607(c)(2)(C)(ii) is amended by inserting "including vocational education and training" after "employment".

(II) Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended in the heading, by striking "EDUCATIONAL ACTIVITIES" and inserting "VOCATIONAL EDUCATION ACTIVITIES".

(2) STATE OPTION TO TREAT PARTICIPANTS IN POSTSECONDARY EDUCATION PROGRAM AS ENGAGED IN WORK.—

(A) IN GENERAL.—Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amended by adding at the end the following:

"(E) STATE OPTION TO TREAT PARTICIPANTS IN POSTSECONDARY EDUCATION PROGRAM AS ENGAGED IN WORK.—

"(i) IN GENERAL.—Subject to clause (ii), in the case of a State that elects to establish a postsecondary education program under section 404(l), the State may include, for purposes of determining monthly participation rates under subsection (b)(1)(B)(i), all families that include an individual participating in the program during the month as being engaged in work for the month, so long as each such individual is in compliance with the requirements of that program.

"(ii) LIMITATION.—With respect to a month, the number of families treated as being engaged in work under clause (i) may not exceed the amount equal to 10 percent of the average monthly number of families to which assistance is provided under the State program funded under this part during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect.".

(B) CONFORMING AMENDMENTS.—

(i) Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)), as amended by paragraph (1)(B)(ii)(II), is amended—

(I) in the heading, by inserting "CERTAIN" after "PARTICIPATION IN"; and

(II) by inserting "(determined without regard to individuals participating in a program referred to in subparagraph (E)(i))" after "training".

(ii) Section 407(d)(8), as amended by paragraph (1)(A), is amended inserting ", or such longer period as the State may allow for an individual who is treated as being engaged in work through participation in a program that meets the requirements of section 404(l))" after "any individual".

(h) STATE OPTION TO EXEMPT FULL TIME CAREGIVER OF A FAMILY MEMBER WITH A DISABILITY FROM WORK REQUIREMENTS.—Section 407(c)(2) (42 U.S.C. 607(c)(2)), as amended by subsection (g)(2), is further amended by adding at the end the following:

"(F) STATE OPTION TO EXEMPT FULL TIME CAREGIVER OF A FAMILY MEMBER WITH A DISABILITY FROM WORK REQUIREMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), a State may exempt an adult recipient from the requirement to engage in work in accordance with this section and may exclude the family of the recipient from the determination required under subsection (b)(1)(B)(ii) if—

"(I) there are no other adults in the family who are able-bodied;

"(II) the recipient is the primary caregiver for a child with a physical or mental disability or chronic illness (as defined by the State), or for another family member with a physical or mental disability or chronic illness (as so defined);

"(III) the State or locality administering the State program funded under this part determines that the demands of caregiving do not allow the recipient to obtain or retain employment of at least 30 hours per week; and

"(IV) the need to provide caregiving is specified in the recipient's individual responsibility plan established under section 408(b) and reviewed not less than annually.

"(ii) LIMITATION.—The average monthly number of families excluded under clause (i) from the determination required under subsection (b)(1)(B)(ii) shall not exceed 10 percent of the average monthly number of families to which assistance is provided under the State program funded under this part during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect.

"(iii) RULES OF CONSTRUCTION.—

"(I) SOME WORK ACTIVITY.—Nothing in this subparagraph shall be construed as prohibiting a State from determining that, taking into consideration the needs of the child or other family member with a physical or mental disability or chronic illness, the adult recipient caregiver can engage in some work activity, or another activity

that may lead to work, on a basis that is less than 30 hours a week. A State may exclude the family of such a recipient from the determination required under subsection (b)(l)(B)(ii) if the individual meets the requirements specified in subclauses (I) through (IV) of clause (i), but subject to the limitation under clause (ii).

"(II) AUTHORITY TO EXEMPT OTHER RECIPIENT CAREGIVERS.—Nothing in this subparagraph shall be construed as prohibiting a State from exempting from the work requirements under this section an adult recipient who is a caregiver of a child or other family member with a physical or mental disability or chronic illness but who does not meet the requirements specified in subclauses (I) through (IV) of clause (i), except that the State may not exclude the family of such a recipient from the determination required under subsection (b)(l)(B)(ii).".

(i) LIMITATION ON PENALTY FOR FAILURE OF CERTAIN STATES TO SATISFY WORK PARTICIPATION RATE.—Section 409(a)(7)(B)(ii) (42 U.S.C. 609(a)(7)(B)(ii)) is amended by inserting "(or fails to meet such requirements but meets at least 1 of the criteria for being considered a needy State under section 403(b)(3)(A))" after "year".

TITLE III—FAMILY PROMOTION AND SUPPORT

SEC. 301. HEALTHY MARRIAGE PROMOTION GRANTS.

Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:

"(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

"(A) AUTHORITY.—

"(i) IN GENERAL.—The Secretary shall award grants to States, Indian tribes, and nonprofit entities for not more than 75 percent of the cost of developing and implementing demonstration projects to promote stronger families, with an emphasis on the promotion of healthy marriages, through the testing and evaluation of a wide variety of approaches to strengthening families.

"(ii) MATCHING FUNDS.—A State, Indian tribe, or nonprofit entity awarded a

grant under this paragraph shall provide non-Federal contributions toward the costs of programs or activities supported with funds provided under the grant in an amount equal to not less than 25 percent of the Federal funds provided under the grant. Such contributions may be provided in cash or in kind, fairly valued, including plant, equipment, or services.

"(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under a grant awarded under this paragraph shall be used to support any of the following programs or activities:

"(i) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

"(ii) Voluntary marriage education and marriage skills programs for nonmarried pregnant women and nonmarried expectant fathers.

"(iii) Voluntary premarital education and marriage skills training for engaged couples and for couples interested in marriage.

"(iv) Voluntary marriage enhancement and marriage skills training programs for married couples.

"(v) Marriage mentoring programs that use married couples as role models and mentors in at-risk communities.

"(vi) Teen pregnancy prevention programs.

"(vii) Broad-based income support and supplementation strategies, such as the strategies implemented under the demonstration project authorized under section 22 of the Food Stamp Act of 1977 (7 U.S.C. 2031), that provide increased assistance to low-income working families, such as housing, transportation, and transitional benefits, and that do not exclude families from participation based on the number of parents in the household.

"(viii) Development and dissemination of best practices for addressing domestic and sexual violence as a barrier to economic security, including caseworker training, technical assistance, and voluntary services for victims.

"(C) SELECTION OF GRANTEES.—

"(i) REQUIREMENT.—The Secretary may not award a grant under this paragraph unless the State, Indian tribe, or nonprofit entity receiving the grant—

"(I) consults with national, State, local, or tribal organizations with demonstrated expertise in working with survivors of domestic violence; and

"(II) agrees to participate in the evaluation conducted under subparagraph (D).

"(ii) PUBLIC COMMENT AND AVAILABILITY.—

"(I) SELECTION CRITERIA.—The Secretary shall promulgate regulations detailing the criteria for awarding grants under this paragraph and shall make such regulations available for a period of public comment.

"(II) FUNDED APPLICATIONS.—The Secretary shall make all grant applications funded under this paragraph available to the public.

"(D) EVALUATION.—

"(i) IN GENERAL.—The Director of the National Academy of Sciences shall conduct, directly or through contracts, a rigorous comprehensive evaluation of a representative sample of the programs and activities described in subparagraph (B) and carried out with funds provided under a grant made under this paragraph. The Director shall seek public input on both the methods and measures to be used in the evaluation.

"(ii) REQUIRED INFORMATION.—The evaluation conducted under this subparagraph shall, with respect to each program and activity described in subparagraph (B), include measures of family structure, levels of family conflict and violence, and child well-being (including measures of health status, educational performance, food security, and family income).

"(iii) FUNDING.—$5,000,000 of the amount appropriated under subparagraph (F) for each fiscal year shall be reserved for carrying out the evaluation required under this subparagraph.

"(E) REPORTS.—

"(i) INITIAL REPORT ON GRANTS.—Not later than September 30, 2005, the Secretary shall submit an initial report to Congress describing the programs and activities funded under grants made under this paragraph.

"(ii) INITIAL EVALUATION FINDINGS.—Not later than September 30, 2006, the Director of the National Academy of Sciences shall submit a report to Congress describing the initial findings of the evaluation conducted under subparagraph (D).

"(iii) FINAL REPORTS.—Not later than September 30, 2008, the Secretary and the Director of the National Academy of Sciences shall each submit final reports on the grants made under this paragraph and the evaluation conducted under subparagraph (D), respectively.

"(iv) GAO.—Not later than September 30, 2006, the Comptroller General of the United States shall submit a report to the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives and the Chairman

and Ranking Member of the Committee on Finance of the Senate describing—

"(I) the process the Secretary used to award grants under this paragraph;

"(II) the programs and activities supported by such funds; and

"(II) the results of such programs and activities.

"(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for each of fiscal years 2003 through 2007, $200,000,000 for grants under this paragraph.".

SEC. 302. ABSTINENCE EDUCATION.

(a) EXTENSION OF ABSTINENCE EDUCATION FUNDING UNDER THE MATERNAL AND CHILD HEALTH PROGRAM.—Section 510(d) (42 U.S.C. 710(d)) is amended by striking "2002" and inserting "2007".

(b) GRANTS TO IMPLEMENT ABSTINENCE FIRST TEEN PREGNANCY PREVENTION STRATEGIES.—

(1) IN GENERAL.—Title V (42 U.S.C. 701 et seq.) is amended by adding at the end the following:

"GRANTS TO IMPLEMENT ABSTINENCE FIRST TEEN PREGNANCY PREVENTION STRATEGIES

"SEC. 511. (a) AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall award grants to States and Indian tribes to implement teen pregnancy prevention strategies that—

"(A) are abstinence-first (as defined in paragraph (3)(A);

"(B) replicate or substantially incorporate the elements of 1 or more teen pregnancy prevention programs, including certain youth development programs and service learning programs, that have been proven effective (on the basis of rigorous scientific research (as defined in paragraph (3)(D));

"(C) delay or decrease sexual intercourse or sexual activity and increase contraceptive use among sexually active teens or reduce teenage pregnancies without increasing risky behavior; and

"(D) incorporate outreach or media programs.

"(2) DESIGN AND IMPLEMENTATION FLEXIBILITY.—States and Indian tribes shall have flexibility to determine how to design and implement teen pregnancy prevention strategies under paragraph (1).

"(3) DEFINITIONS.—In this section:

"(A) ABSTINENCE-FIRST.—The term 'abstinence-first' means a strategy that strongly emphasizes abstinence as the best and only certain way to avoid pregnancy and sexually transmitted infections and that discusses the scientifically proven effectiveness, benefits, and limitations of contraception technologies and other prevention approaches in a manner that is medically accurate (as defined in subparagraph (C)).

"(B) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given that term in section 419(4).

"(C) MEDICALLY ACCURATE.—The term 'medically accurate' means information that is—

"(i) supported by research recognized as accurate and objective by leading medical, psychological, psychiatric, or public health organizations and agencies; and

"(ii) where relevant, is published in a peer-reviewed journal (as defined by the American Medical Association).

"(D) RIGOROUS SCIENTIFIC RESEARCH.—The term 'rigorous scientific research' means research that typically uses randomized control

trials and other similar strong experimental designs.

"(b) APPLICATION OF OTHER REQUIREMENTS.—With respect to a grant made under this section—

"(1) sections 503, 507, and 508 apply to the grant to the same extent and in the same manner as such sections apply to allotments under section 502(c); and

"(2) sections 505 and 506 apply to the grant to the extent determined by the Secretary to be appropriate.

"(c) COMPARATIVE EVALUATION OF EDUCATION APPROACHES.—

"(1) IN GENERAL.—The Secretary shall, in consultation with an advisory panel of researchers identified by the Board on Children, Youth, and Families of the National Academy of Sciences, conduct an experimental, independent evaluation, directly or through contract or interagency agreement, that assesses the relative efficacy of the 2 approaches to abstinence education established under section 510 and this section.

"(2) DESIGN.—The evaluation conducted under paragraph (1) shall be designed to—

"(A) enable a comparison of the efficacy of a program that precludes education about contraception with a similar program that includes education about contraception and means of preventing the transmission of HIV and sexually-transmitted diseases; and

"(B) measure key outcomes, including behaviors that put teens at risk for unintended pregnancy and childbearing and for HIV and other sexually transmitted diseases, such as sexual activity, contraceptive use, condom use and patterns of sexual relationships.

"(3) REPORT.—Not later than 5 years after the date of enactment of this section, the Secretary shall submit a report to Congress that contains the results of the evaluation conducted under paragraph (1).

"(d) APPROPRIATIONS.—

"(1) IN GENERAL.—Out of any money in the Treasury not otherwise appropriated, there is appropriated to the Secretary for the purpose of making grants under this section, $50,000,000 for each of fiscal years 2003 through 2007.

"(2) RESERVATION OF FUNDS.—Of the amount appropriated under paragraph (1) for a fiscal year, the Secretary shall reserve—

"(A) an amount equal to 1.5 percent of such amount for each such fiscal year for the purpose of awarding grants to Indian tribes under this section in such manner, and subject to such requirements as the Secretary, in consultation with such tribes, determines appropriate; and

"(B) up to $5,000,000 of such amount for each such fiscal year for the purpose of conducting the evaluation required under subsection (c).".

(2) CONFORMING AMENDMENT.—The heading for section 510 (42 U.S.C. 710) is amended by striking "SEPARATE PROGRAM FOR".

SEC. 303. TEEN PREGNANCY PREVENTION RESOURCE CENTER.

Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

"(k) TEEN PREGNANCY PREVENTION RESOURCE CENTER.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—The Secretary shall make a grant to a nationally recognized, nonpartisan, nonprofit organization that meets the requirements described in subparagraph (B) to establish and operate a national teen pregnancy

prevention resource center (in this subsection referred to as the 'Resource Center') to carry out the purposes and activities described in paragraph (2).

"(B) REQUIREMENTS.—The requirements described in this subparagraph are the following:

"(i) The organization has at least 5 years of experience in working with diverse sectors of society to reduce teen pregnancy.

"(ii) The organization has a demonstrated ability to work with and provide assistance to a broad range of individuals and entities, including teens, parents, the entertainment and news media, State, tribal, and local organizations, networks of teen pregnancy prevention practitioners, businesses, faith and community leaders, and researchers.

"(iii) The organization is research-based and has capabilities in scientific analysis and evaluation.

"(iv) The organization has comprehensive knowledge and data about teen pregnancy prevention strategies.

"(v) The organization has experiences operating a resource center that carries out activities similar to the activities described in paragraph (2)(B).

"(2) PURPOSES AND ACTIVITIES.—

"(A) PURPOSES.—The purposes of the Resource Center are to—

"(i) provide information and technical assistance to States, Indian tribes, local communities, and other public or private organizations seeking to reduce rates of teen pregnancy; and

"(ii) assist such entities in their efforts to work through all forms of media to communicate effective messages about preventing teen pregnancy, including messages that focus on abstinence, responsible behavior, family communication, relationships, and values.

"(B) ACTIVITIES.—The Resource Center shall carry out the purposes described in subparagraph (A) through the following activities:

"(i) Synthesizing and disseminating research and information regarding effective

and promising practices to prevent teen pregnancy.

"(ii) Developing and providing information on how to design and implement effective programs to prevent teen pregnancy.

"(iii) Helping States, local communities, and other organizations increase their knowledge of existing resources that can be used to advance teen pregnancy prevention efforts.

"(iv) Linking organizations working to reduce teen pregnancy with experts and peer groups, including the creation of technical assistance networks.

"(v) Providing consultation and resources on how to reduce teen pregnancy through a broad array of strategies, including enlisting the help of various sectors of society such as parents, other adults (such as coaches and mentors), community or faith-based groups, the entertainment and news media, business, and other teens.

"(vi) Working directly with individuals and organizations in the entertainment industry to provide consultation and serve

as a source of factual information on issues related to teen pregnancy prevention.

"(3) COLLABORATION WITH OTHER ORGANIZATIONS.—The organization operating the Resource Center shall collaborate with other nonprofit organizations that have expertise and interest in teen pregnancy prevention.

"(4) APPROPRIATIONS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated to carry out this subsection, $5,000,000 for each of fiscal years 2003 through 2007.".

SEC. 304. RESPONSIBLE FATHERHOOD.

(a) NONCUSTODIAL PARENT EMPLOYMENT GRANT PROGRAM.—Part D of title IV (42 U.S.C. 651 et seq.) is amended by adding at the end the following:

"SEC. 469C. NONCUSTODIAL PARENT EMPLOYMENT GRANT PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE STATE.—The term 'eligible State' means a State that has obtained a commitment from at least 1 county within the State to establish a supervised employment program to provide noncustodial parents described in subsection (b) with an option to participate in that program prior to a court

entering a finding that the noncustodial parent is in contempt of court for failure to pay a child support obligation.

"(2) SUPERVISED EMPLOYMENT PROGRAM.—The term 'supervised employment program' means an employment program supervised by a court or administered by the State agency responsible for administering the State plan under section 454.

"(b) AUTHORITY TO AWARD GRANTS.—Subject to the availability of appropriations, the Secretary and the Secretary of Labor (in this subsection referred to as the 'Secretaries') jointly shall award grants to eligible States for the purpose of establishing, in coordination with counties and other local governments, supervised employment programs for noncustodial parents who are determined by a court or the State agency responsible for administering the State plan under section 454 to have a history of nonpayment or irregular payment of child support obligations and are determined to be in need of employment services in order to pay such child support obligations. A noncustodial parent described in the preceding sentence who is an ex-offender shall be eligible to participate in a program established with a grant made under this subsection.

"(c) ADMINISTRATION.—An eligible State that receives a grant under this section may contract with a public, pri-

vate, faith-based or community-based organization to administer (in conjunction with the court of jurisdiction or State agency responsible for administering the State plan under section 454) the supervised employment program.

"(d) PROGRAM GOALS AND REQUIREMENT.—

"(1) GOALS.—The goals of a supervised employment program established with funds made available under a grant made under this section shall include the following:

"(A) To assist noncustodial parents described in subsection (b) establish a pattern of regular child support payments by obtaining and maintaining employment.

"(B) To increase the dollar amount and total number of child support orders with collections.

"(C) To help noncustodial parents described in subsection (b) improve relationships with their children.

"(2) REQUIREMENT.—A supervised employment program established with funds made available under a grant made under this section shall not permit a noncustodial parent placed in the program to graduate from the program and avoid penalties for failure to pay a child support obligation until the noncusto-

dial parent completes at least 6 months of continuous, timely payment of the parent's child support obligations.

"(e) USE OF FUNDS.—Services provided under a supervised employment program established with funds made available under a grant made under this section may include the following:

"(1) Job development.

"(2) Supervised job search.

"(3) Job placement.

"(4) Case management.

"(5) Court and child support liaison services.

"(6) Educational assessment.

"(7) Educational referrals.

"(8) Vocational assessment.

"(9) Counseling on responsible fatherhood and effective parenting.

"(10) Support funds for services such as transportation or short-term training.

"(11) Referral for support services.

"(12) Employment retention services.

"(13) Outreach to community agencies that provide bonding programs.

"(14) Domestic violence services and health services.

"(f) AMOUNT OF GRANTS.—

"(1) IN GENERAL.—The Secretaries shall determine the amount of each grant to be awarded under this section, taking into account the number of counties participating in an eligible State and the population of the noncustodial parents to be served by the employment programs in that State.

"(2) PRIORITY FOR CERTAIN PROGRAMS.—In awarding grants under this section, the Secretaries shall give priority to eligible States with programs that are designed to target noncustodial parents whose income does not exceed 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section applicable to a family of the size involved).

"(3) MATCHING REQUIREMENT.—

"(A) IN GENERAL.—The Secretaries may not award a grant to an eligible State under this section unless the eligible State agrees that, with respect to the costs to be incurred by the eligible State in supporting the supervised employment program established with funds provided under the grant, the State will make available non-Federal contributions in an amount equal to 25 per-

cent of the amount of Federal funds paid to the State under such grant.

"(B) NON-FEDERAL CONTRIBUTIONS.—In this paragraph, the term 'non-Federal contributions' includes contributions by the State and by public and private entities that may be in cash or in kind, but does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government or any amount expended by a State before October 1, 2002.

"(g) APPLICATION.—In order to receive a grant under this section, an eligible State shall submit an application to the Secretaries, at such time and in such manner as the Secretaries may require, and that includes the following:

"(1) Evidence of an agreement between the State and 1 or more counties to establish a supervised employment program that meets the requirements of this section.

"(2) The number of potential noncustodial parents to be served by the program.

"(3) The purposes specific to that State's program.

"(4) The income of the target population.

"(5) The amount of proposed grant funds to be awarded.

"(6) A certification that the State matching requirements of subsection (f)(3) will be satisfied if the grant is awarded to that State.

"(7) Such other information as the Secretaries deem appropriate.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for making grants under this section, $25,000,000 for each of fiscal years 2004 through 2007.".

(b) POLICY REVIEWS AND DEMONSTRATION PROJECTS TO COORDINATE SERVICES FOR LOW-INCOME, NONCUSTODIAL PARENTS.—Part D of title IV (42 U.S.C. 651), as amended by subsection (a), is further amended by adding at the end the following:

"SEC. 469D. GRANTS TO CONDUCT POLICY REVIEWS AND DEMONSTRATION PROJECTS TO COORDINATE SERVICES FOR LOW-INCOME, NONCUSTODIAL PARENTS.

"(a) POLICY REVIEWS.—Subject to the availability of appropriations, the Secretary shall make grants to States desiring to conduct policy reviews and develop recommendations with the goals of—

"(1) obtaining and retaining employment, increasing child support payments, and increasing the healthy involvement of low-income, noncustodial parents with their children; and

"(2) coordinating services for low-income, noncustodial parents among the different systems or programs in which such parents are involved, including the criminal justice system, the State program funded under part A, the State program funded under this part, and job training or employment programs.

"(b) DEMONSTRATION PROJECTS.—

"(1) IN GENERAL.—The Secretary shall make grants to States desiring to conduct a demonstration project for the purpose of—

"(A) testing innovative policies and to better coordinate policies and services for low-income, noncustodial parents to accomplish the goals described in subsection (a); or

"(B) if the State conducted a policy review with a grant made under subsection (a) and desires to implement the recommendations of that review, implementing such recommendations.

"(2) USE OF FUNDS.—Funds made available under a grant made under this subsection may be used to provide a wide variety of services to, and to

implement policies regarding, low-income, noncustodial parents, including providing economic incentives (with or without penalty) to increase the employment of such parents or to increase the amount of child support paid by such parents.

"(c) APPLICATION.—A State desiring to receive a grant to conduct a policy review under subsection (a) or a grant to conduct a demonstration project under subsection (b) shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for making grants under this section, $25,000,000 for each of fiscal years 2004 through 2007.".

SEC. 305. SECOND CHANCE HOMES.

Section 403(a) (42 U.S.C. 603(a)), as amended by section 201(c)(2), is amended by adding at the end the following:

"(7) GRANTS TO PROMOTE SECOND CHANCE HOMES.—

"(A) AUTHORITY TO AWARD GRANTS.—

"(i) IN GENERAL.—The Secretary may award grants to eligible entities to enable

such eligible entities to carry out the activities described in subparagraph (D).

"(ii) PROCESS.—The Secretary shall award grants under this paragraph on a competitive basis, after reviewing all applications submitted under subparagraph (C).

"(B) ELIGIBLE ENTITIES.—

"(i) IN GENERAL.—To be eligible to receive a grant under this paragraph, an entity shall be—

"(I) a State;

"(II) a unit of local government;

"(III) an Indian tribe; or

"(IV) a public or private nonprofit agency, organization, or institution, or other nonprofit entity, including a nonprofit urban Indian organization or an Indian group or community that is not an Indian tribe.

"(ii) DEFINITION OF STATE.—In this paragraph, the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin

Islands, and the Commonwealth of the Northern Mariana Islands.

"(C) APPLICATION.—

"(i) IN GENERAL.—An eligible entity that desires a grant under this paragraph shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary shall reasonably require.

"(ii) PRIORITY.—In awarding grants under this paragraph, the Secretary shall give priority to an eligible entity that submits an application—

"(I) proposing to establish a new second chance home, especially in a rural area or tribal community;

"(II) proposing to collaborate with a nonprofit entity in establishing, expanding, or enhancing a second chance home; or

"(III) demonstrating that the eligible entity will use funds provided under a grant made under this section (other than under this paragraph) to support a portion of the operating

costs of the applicable second chance home.

"(D) USE OF FUNDS.—

"(i) IN GENERAL.—An eligible entity that receives a grant under this paragraph shall use such grant funds to establish, expand, or enhance a second chance home.

"(ii) DEFINITION OF SECOND CHANCE HOME.—In this paragraph, the term 'second chance home' means a community-based, adult-supervised group home that provides young mothers and their children with a supportive and supervised living arrangement in which such mothers are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children.

"(iii) REQUIREMENT.—A second chance home that receives grant funds under this paragraph shall provide services to mothers who are not more than 23 years of age and their children.

"(E) MATCHING FUNDS.—The Secretary shall not award a grant to an eligible entity under this paragraph unless the eligible entity agrees that, with respect to the costs to be incurred in carrying out the activities for which the grant was awarded, the eligible entity will make available non-Federal contributions in an amount equal to not less than 20 percent of the Federal funds provided under the grant. Such contributions may be provided in cash or in kind, fairly valued, including plant, equipment, or services.

"(F) DURATION.—A grant shall be awarded under this paragraph for a period of 5 years.

"(G) CONTRACT FOR EVALUATION.—

"(i) IN GENERAL.—The Secretary shall enter into a contract with a public or private entity for the evaluation of the second chance homes that are supported by grants awarded under this paragraph.

"(ii) INFORMATION.—The evaluation shall include the collection of information about the relevant characteristics of individuals who benefit from second chance homes such as those that are supported by grant

funds under this paragraph and what services provided by such second chance homes are most beneficial to such individuals.

"(iii) REPORT.—

"(I) IN GENERAL.—The entity conducting the evaluation under this subparagraph shall submit to Congress an interim report and a final report in accordance with subclause (II) containing the results of the evaluation.

"(II) DATE.—

"(aa) INTERIM REPORT.—The interim report shall be submitted not later than 2 years after the date on which the entity enters into a contract.

"(bb) FINAL REPORT.—The final report shall be submitted not later than 5 years after the date on which the entity enters into a contract.

"(iv) RESERVATION OF FUNDS.—From amounts appropriated in accordance with subparagraph (I) for fiscal year 2004, the Secretary shall reserve $1,000,000 to carry

out the evaluation required under this subparagraph.

"(H) TECHNICAL ASSISTANCE.—

"(i) IN GENERAL.—From amounts appropriated under subparagraph (I)(i), the Secretary may use an amount not to exceed $500,000 to enter into a contract, with a public or private entity, for the provision of technical assistance to eligible entities receiving grant funds under this paragraph.

"(ii) CONFERENCES.—The technical assistance provided under this subparagraph may include conferences for the purpose of disseminating information concerning best practices for second chance homes.

"(I) AUTHORIZATION OF APPROPRIATIONS.—

"(i) IN GENERAL.—There is authorized to be appropriated to carry out this paragraph, $33,000,000 for each of fiscal years 2004 through 2007.

"(ii) AVAILABILITY.—Any amounts appropriated under the authority of clause (i) shall remain available until expended.".

TITLE IV—HEALTH COVERAGE

SEC. 401. 5-YEAR EXTENSION AND SIMPLIFICATION OF THE TRANSITIONAL MEDICAL ASSISTANCE PROGRAM (TMA).

(a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO AN ADDITIONAL YEAR.—

(1) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS BY MAKING REPORTING REQUIREMENTS OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r–6(b)) is amended—

(A) in paragraph (1), by inserting ", at the option of a State," after "and which";

(B) in paragraph (2)(A), by inserting "Subject to subparagraph (C):" after "(A) NOTICES.—";

(C) in paragraph (2)(B), by inserting "Subject to subparagraph (C):" after "(B) REPORTING REQUIREMENTS.—";

(D) by adding at the end the following new subparagraph:

"(C) STATE OPTION TO WAIVE NOTICE AND REPORTING REQUIREMENTS.—A State may waive some or all of the reporting requirements under clauses (i) and (ii) of subparagraph (B).

Insofar as it waives such a reporting requirement, the State need not provide for a notice under subparagraph (A) relating to such requirement.”; and

(E) in paragraph (3)(A)(iii), by inserting “the State has not waived under paragraph (2)(C) the reporting requirement with respect to such month under paragraph (2)(B) and if” after “6-month period if”.

(2) STATE OPTION TO EXTEND ELIGIBILITY FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDITIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r–6) is further amended—

(A) by redesignating subsections (c) through (f) as subsections (d) through (g), respectively; and

(B) by inserting after subsection (b) the following new subsection:

“(c) STATE OPTION OF UP TO 12 MONTHS OF ADDITIONAL ELIGIBILITY.—

“(1) IN GENERAL.—Notwithstanding any other provision of this title, each State plan approved under this title may provide, at the option of the State, that the State shall offer to each family which received assistance during the entire 6-month period

under subsection (b) and which meets the applicable requirement of paragraph (2), in the last month of the period the option of extending coverage under this subsection for the succeeding period not to exceed 12 months.

"(2) INCOME RESTRICTION.—The option under paragraph (1) shall not be made available to a family for a succeeding period unless the State determines that the family's average gross monthly earnings (less such costs for such child care as is necessary for the employment of the caretaker relative) as of the end of the 6-month period under subsection (b) does not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

"(3) APPLICATION OF EXTENSION RULES.—The provisions of paragraphs (2), (3), (4), and (5) of subsection (b) shall apply to the extension provided under this subsection in the same manner as they apply to the extension provided under subsection (b)(1), except that for purposes of this subsection—

"(A) any reference to a 6-month period under subsection (b)(1) is deemed a reference to

the extension period provided under paragraph (1) and any deadlines for any notices or reporting and the premium payment periods shall be modified to correspond to the appropriate calendar quarters of coverage provided under this subsection; and

"(B) any reference to a provision of subsection (a) or (b) is deemed a reference to the corresponding provision of subsection (b) or of this subsection, respectively.".

(b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended by adding at the end the following: "A State may, at its option, also apply the previous sentence in the case of a family that was receiving such aid for fewer than 3 months, or that had applied for and was eligible for such aid for fewer than 3 months, during the 6 immediately preceding months described in such sentence.".

(c) 5-YEAR EXTENSION OF SUNSET FOR TMA.—

(1) IN GENERAL.—Subsection (g) of section 1925 (42 U.S.C. 1396r–6), as redesignated under subsection (a)(2)(A), is further redesignated as subsection (i) and is amended by striking "2002" and inserting "2007".

(2) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by striking "2002" and inserting "2007".

(d) CMS REPORT ON ENROLLMENT AND PARTICIPATION RATES UNDER TMA.—Section 1925 (42 U.S.C. 1396r–6), as amended by subsections (a)(2)(A) and (c), is amended by inserting after subsection (f) the following:

"(g) ADDITIONAL PROVISIONS.—

"(1) COLLECTION AND REPORTING OF PARTICIPATION INFORMATION.—Each State shall—

"(A) collect and submit to the Secretary, in a format specified by the Secretary, information on average monthly enrollment and average monthly participation rates for adults and children under this section; and

"(B) make such information publicly available.

Such information shall be submitted under subparagraph (A) at the same time and frequency in which other enrollment information under this title is submitted to the Secretary. Using such information, the Secretary shall submit to Congress annual reports concerning such rates.".

(e) COORDINATION OF WORK.—Section 1925(g) (42 U.S.C. 1396r–6(g)), as added by subsection (d), is amended by adding at the end the following new paragraph:

"(2) COORDINATION WITH ADMINISTRATION FOR CHILDREN AND FAMILIES.—The Administrator of the Centers for Medicare & Medicaid Services, in carrying out this section, shall work with the Assistant Secretary for the Administration for Children and Families to develop guidance or other technical assistance for States regarding best practices in guaranteeing access to transitional medical assistance under this section.".

(f) ELIMINATION OF TMA REQUIREMENT FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—

(1) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is further amended by inserting after subsection (g), as added by subsection (d), the following:

"(h) PROVISIONS OPTIONAL FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—A State may meet (but is not required to meet) the requirements of subsections (a) and (b) if it provides for medical assistance under section 1931 to families (including both children and caretaker relatives) the average gross monthly earning of which (less such costs

for such child care as is necessary for the employment of a caretaker relative) is at or below a level that is at least 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.".

(2) CONFORMING AMENDMENTS.—Section 1925 (42 U.S.C. 1396r–6) is further amended, in subsections (a)(1) and (b)(1), by inserting ", but subject to subsection (h)," after "Notwithstanding any other provision of this title," each place it appears.

(g) REQUIREMENT OF NOTICE FOR ALL FAMILIES LOSING TANF.—Subsection (a)(2) of section 1925 (42 U.S.C. 1396r–6) is amended by adding at the end the following flush sentences:

"Each State shall provide, to families whose aid under part A or E of title IV has terminated but whose eligibility for medical assistance under this title continues, written notice of their ongoing eligibility for such medical assistance. If a State makes a determination that any member of a family whose aid under part A or E of title IV is being terminated is also no longer eligible for medical assistance under this title, the notice of such determination shall be

supplemented by a 1-page notification form describing the different ways in which individuals and families may qualify for such medical assistance and explaining that individuals and families do not have to be receiving aid under part A or E of title IV in order to qualify for such medical assistance. Such notice shall further be supplemented by information on how to apply for child health assistance under the State children's health insurance program under title XXI and how to apply for medical assistance under this title.".

(h) EXTENDING USE OF OUTSTATIONED WORKERS TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL ASSISTANCE.—Section 1902(a)(55) (42 U.S.C. 1396a(a)(55)) is amended by inserting "and under section 1931" after "(a)(10)(A)(ii)(IX)".

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 2002, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

(2) NOTICE.—The amendment made by subsection (g) shall take effect 6 months after the date of enactment of this Act.

(3) DELAY PERMITTED FOR STATE PLAN AMENDMENT.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 402. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS UNDER THE MEDICAID PROGRAM AND TITLE XXI.

(a) MEDICAID PROGRAM.—Section 1903(v) (42 U.S.C. 1396b(v)) is amended—

(1) in paragraph (1), by striking "paragraph (2)" and inserting "paragraphs (2) and (4)"; and

(2) by adding at the end the following:

"(4)(A) A State may elect (in a plan amendment under this title) to provide medical assistance under this title (including under a waiver authorized by the Secretary), notwithstanding sections 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, for aliens who are lawfully residing in the United States (including battered aliens described in section 431(c) of such Act) and who are otherwise eligible for such assistance, within any of the following eligibility categories:

"(i) PREGNANT WOMEN.—Women during pregnancy (and during the 60-day period beginning on the last day of the pregnancy).

"(ii) CHILDREN.—Children (as defined under such plan), including optional targeted low-income children described in section 1905(u)(2)(B).

"(B) In the case of a State that has elected to provide medical assistance to a category of aliens under subpara-

graph (A), no debt shall accrue under an affidavit of support against any sponsor of such an alien on the basis of provision of assistance to such category and the cost of such assistance shall not be considered as an unreimbursed cost.".

(b) TITLE XXI.—Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)) is amended by adding at the end the following:

"(E) Section 1903(v)(4) (relating to optional coverage of categories of lawful resident alien pregnant women and children), but only with respect to an eligibility category under this title, if the same eligibility category has been elected under such section for purposes of title XIX.".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002, and apply to medical assistance and child health assistance furnished on or after such date, whether or not regulations implementing such amendments have been issued.

SEC. 403. CLARIFICATION OF AUTHORITY OF STATES AND LOCAL AUTHORITIES TO PROVIDE HEALTH CARE TO IMMIGRANTS.

(a) IN GENERAL.—Section 411 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621) is amended—

(1) in subsection (b)—

(A) by striking paragraphs (1) and (3); and

(B) by redesignating paragraphs (2) and (4) as paragraphs (1) and (2), respectively; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking "(2) and (3)" and inserting "(2), (3), and (4)"; and

(ii) in subparagraph (B), by striking "health,"; and

(B) by adding at the end the following new paragraph

"(4) Such term does not include any health benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to health care furnished before, on, or after the date of enactment of this Act.

SEC. 404. CLARIFICATION OF NO VERIFICATION REQUIREMENT FOR NONPROFIT CHARITABLE ORGANIZATIONS.

Section 432(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1642(d)) is amended—

(1) by striking "Subject to subsection (a), a" and inserting "A";

(2) by striking "is not" and inserting "shall not be"; and

(3) by inserting "or under section 1137 of the Social Security Act (42 U.S.C. 1320b–7)" after "this title".

TITLE V—CHILD SUPPORT AND CHILD WELFARE

SEC. 501. DISTRIBUTION OF CHILD SUPPORT COLLECTED BY STATES.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended to read as follows:

"(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.".

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

(A) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended to read as follows:

"(a) IN GENERAL.—Subject to subsections (e) and (f), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

"(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

"(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

"(C) pay to the family any remaining amount.

"(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

"(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

"(B) ARREARAGES.—Except as otherwise provided in an election made under section 454(34), to the extent that the amount collected exceeds the current support amount, the State—

"(i) shall first pay to the family the excess amount, to the extent necessary to

satisfy support arrearages not assigned pursuant to section 408(a)(3);

"(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

"(I) pay to the Federal Government, the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

"(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

"(iii) shall pay to the family any remaining amount.

"(3) LIMITATIONS.—

"(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under para-

graphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

"(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

"(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (3), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

"(6) STATE FINANCING OPTIONS.—To the extent that the State's share of the amount payable to a family pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family pursuant to former section 457(a)(2)(B) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to use the grant made to the State under section 403(a) to pay the amount, or to have

the payment considered a qualified State expenditure for purposes of section 409(a)(7)(B)(i), but not both.

"(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL COST-SHARING.—

"(A) IN GENERAL.—Notwithstanding paragraph (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that formerly received assistance under the State program funded under part A, to the extent that the State pays the amount to the family.

"(B) RECIPIENTS OF TANF FOR LESS THAN 5 YEARS.—

"(i) IN GENERAL.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that is a recipient of assistance under the State program funded under part A and, if the family includes an adult, that has received the assistance for not more than 5 years after the date of enactment of this paragraph, to the extent that—

"(I) the State pays the amount to the family; and

"(II) subject to clause (ii), the amount is disregarded in determining the amount and type of the assistance provided to the family.

"(ii) LIMITATION.—Of the amount disregarded as described in clause (i)(II), the maximum amount that may be taken into account for purposes of clause (i) shall not exceed $400 per month, except that, in the case of a family that includes 2 or more children, the State may elect to increase the maximum amount to not more than $600 per month.

"(8) STATES WITH DEMONSTRATION WAIVERS.—Notwithstanding the preceding paragraphs, a State with a waiver under section 1115, effective on or before October 1, 1997, the terms of which allow pass-through of child support payments, may pass through payments in accordance with such terms with respect to families subject to the waiver.".

(B) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING AS-

SISTANCE.—Section 454 (42 U.S.C. 654) is amended—

(i) by striking "and" at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting "; and"; and

(iii) by inserting after paragraph (33) the following:

"(34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first applies to the State) to the distribution of the amounts which are the subject of such sections, and for so long as the State elects to so apply such former section, the amendments made by subsection (e) of section 501 of the Work, Opportunity, and Responsibility for Kids Act of 2002 shall not apply with respect to the State, notwithstanding subsection (f)(1) of such section 501.".

(C) APPROVAL OF ESTIMATION PROCEDURES.—Not later than October 1, 2003, the Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security

Act), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act.

(2) CURRENT SUPPORT AMOUNT DEFINED.—Section 457(c) (42 U.S.C. 657(c)) is amended by adding at the end the following:

"(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.".

(c) BAN ON RECOVERY OF MEDICAID COSTS FOR CERTAIN BIRTHS.—

(1) IN GENERAL.—Section 454 (42 U.S.C. 654) as amended by subsection (b)(1)(B), is amended—

(A) by striking "and" at the end of paragraph (33);

(B) by striking the period at the end of paragraph (34) and inserting "; and"; and

(C) by inserting after paragraph (34) the following:

"(35) provide that the State shall not use the State program operated under this part to collect any amount owed to the State by reason of costs incurred

under the State plan approved under title XIX for the birth of a child for whom support rights have been assigned pursuant to section 408(a)(3), 471(a)(17), or 1912.".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 1, 2004.

(d) STATE OPTION TO DISCONTINUE PRE-1997 SUPPORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is amended by striking "shall" and inserting "may".

(e) CONFORMING AMENDMENTS.—Section 404(a) (42 U.S.C. 604(a)) is amended—

(1) by striking "or" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting "; or"; and

(3) by adding at the end the following:

"(3) to fund payment of an amount pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects under section 457(a)(6) to use the grant to fund the payment.".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2006, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to

whether regulations to implement such amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—A State may elect to have the amendments made by this section apply to the State and to amounts collected by the State, on and after such date as the State may select that is after the date of enactment of this Act and before October 1, 2006.

SEC. 502. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

(a) IN GENERAL.—Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended—

(1) by striking "parent, or," and inserting "parent or"; and

(2) by striking "upon the request of the State agency under the State plan or of either parent,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.

SEC. 503. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking "$5,000" and inserting "$2,500".

SEC. 504. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

Section 464 (42 U.S.C. 664) is amended—

(1) in subsection (a)(2)(A), by striking "(as that term is defined for purposes of this paragraph under subsection (c))"; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "(1) Except as provided in paragraph (2), as used in" and inserting "In"; and

(ii) by inserting "(whether or not a minor)" after "a child" each place it appears; and

(B) by striking paragraphs (2) and (3).

SEC. 505. FINANCING REVIEW AND ADMINISTRATIVE FUNDING.

Section 455 (42 U.S.C. 655) is amended by adding at the end the following:

"(g)(1) In addition to any other payments made to a State under this part, the Secretary shall pay each State an amount determined in accordance with paragraph (2) for fiscal year 2003 to carry out any of the following activities:

"(A) To review State policies on collecting fees under the State program operated under the State plan approved under this part.

"(B) To review the distribution options provided under section 457(a) (as amended by section 501(b)(1)(A) of the Work, Opportunity, and Responsibility for Kids Act of 2002), and, if a State elects such options, to prepare for the implementation of the options.

"(C) To update automated systems to conform with requirements of the State program operated under the State plan approved under this part, including as amended by the Work, Opportunity, and Responsibility for Kids Act of 2002.

"(D) To improve customer service under such State program.

"(E) To examine the causes of, and propose solutions for, undistributed collections under such State program.

"(F) To examine the buildup of arrears and approaches to arrears management under such State program.

"(G) To develop approaches to improving interstate collections of child support obligations.

"(H) To develop approaches to improving the percentage of cases under such State program with an established order for child support.

"(I) To review the review and adjustment policies under such program and the State program funded under part A for families receiving assistance or services under the State program funded under part A.

"(2)(A) Subject to subparagraph (B), the Secretary shall determine the amount of each payment to a State under this subsection for fiscal year 2003 based on the proportion of cases under the State program operated under the State plan approved under this part for the most recent fiscal year for which data is available, as compared to all such cases in all States for that fiscal year.

"(B) No State shall receive a payment under this subsection for fiscal year 2003 that is less than $750,000.

"(3) Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for fiscal year 2003, $50,000,000 for making payments to States under this subsection.".

SEC. 506. ADOPTION OF UNIFORM STATE LAWS.

(a) IN GENERAL.—Section 466(f) (42 U.S.C. 666(f)) is amended—

(1) by striking "January 1, 1998" and inserting "October 1, 2004"; and

(2) by striking "August 22, 1996" and inserting "January 1, 2002".

(b) FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.—Section 1738B of title 28, United States Code, is amended—

(1) by striking subsection (d) and inserting the following:

"(d) CONTINUING EXCLUSIVE JURISDICTION.—

"(1) IN GENERAL.—Subject to paragraph (2), a court of a State that has made a child support order consistently with this section has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and—

"(A) the State is the child's State or the residence of any individual contestant; or

"(B) if the State is not the residence of the child or an individual contestant, the contestants consent in a record or in open court that the court may continue to exercise jurisdiction to modify its order.

"(2) REQUIREMENT.—A court may not exercise its continuing, exclusive jurisdiction to modify the order if the court of another State, acting in accord-

ance with subsections (e) and (f), has made a modification of the order.";

(2) in subsection (e)(2)—

(A) in subparagraph (A), by striking "because" and all that follows through the semicolon and inserting "pursuant to paragraph (1) or (2) of subsection (d);" and

(B) in subparagraph (B), by inserting "with jurisdiction over at least 1 of the individual contestants or that is located in the child's State" after "another State";

(3) in subsection (f)—

(A) in the subsection heading, by striking "RECOGNITION OF" and inserting "DETERMINATION OF CONTROLLING";

(B) in the matter preceding paragraph (1), by striking "shall apply" and all that follows through the colon and inserting "having personal jurisdiction over both individual contestants shall apply the following rules and by order shall determine which order controls:"

(C) in paragraph (1), by striking "must be" and inserting "controls and must be so";

(D) in paragraph (2), by striking "must be recognized" and inserting "controls";

(E) in paragraph (3), by striking "must be recognized" each place it appears and inserting "controls";

(F) in paragraph (4)—

(i) by striking "may" and inserting "shall"; and

(ii) by striking "must be recognized" and inserting "controls"; and

(G) by striking paragraph (5);

(4) by striking subsection (g) and inserting the following:

"(g) ENFORCEMENT OF MODIFIED ORDERS.—If a child support order issued by a court of a State is modified by a court of another State which properly assumed jurisdiction, the issuing court—

"(1) may enforce its order that was modified only as to arrears and interest accruing before the modification;

"(2) may provide appropriate relief for violations of its order which occurred before the effective date of the modification; and

"(3) shall recognize the modifying order of the other State for the purpose of enforcement.";

(5) in subsection (h)—

(A) in paragraph (1), by striking "and (3)" and inserting ", (3), and (4)";

(B) in paragraph (2), by inserting "the computation and payment of arrearages, and the accrual of interest on the arrearages," after "obligations of support,"; and

(C) by adding at the end the following:

"(4) PROSPECTIVE APPLICATION.—After a court determines which is the controlling order and issues an order consolidating arrears, if any, a court shall prospectively apply the law of the State issuing the controlling order, including that State's law with respect to interest on arrears, current and future support, and consolidated arrears."; and

(6) in subsection (i), by inserting "and subsection (d)(2) does not apply" after "issuing State".

SEC. 507. TRIBAL CHILD SUPPORT ENFORCEMENT PROGRAMS.

Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services shall promulgate final regulations for making direct payments to Indian tribes and tribal organizations under section 455(f) of the Social Security Act (42 U.S.C. 655(f)).

SEC. 508. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total amount of such undistributed child support and the average length of time it takes for such child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the Federal or State level to expedite the payment of undistributed child support.

SEC. 509. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) (42 U.S.C. 653(j)) is amended by adding at the end the following:

"(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"(A) IN GENERAL.—If a State agency responsible for the administration of an unemploy-

ment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

"(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

"(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2002.

SEC. 510. ANNUAL REPORT ON PERFORMANCE OF STATE CHILD SUPPORT PROGRAMS.

Beginning on January 1, 2003, and annually thereafter, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report regarding the performance of State child support programs funded under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.).

SEC. 511. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.

Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking "2002" and inserting "2007".

SEC. 512. PROHIBITION OF LIMIT ON NUMBER OF WAIVERS OR DEMONSTRATION PROJECTS THAT MAY BE GRANTED TO A SINGLE STATE.

Section 1130 (42 U.S.C. 1320a–9) is amended by adding at the end the following:

"(h) NO LIMIT ON NUMBER OF WAIVERS GRANTED TO, OR DEMONSTRATION PROJECTS THAT MAY BE CONDUCTED BY, A SINGLE STATE.—The Secretary shall not impose any limit on the number of waivers that may be granted to a State, or the number of demonstration projects that a State may be authorized to conduct, under this section.".

TITLE VI—TRIBAL ISSUES

SEC. 601. TRIBAL TANF PROGRAMS.

(a) FINDINGS.—Congress makes the following findings:

(1) The Federal Government bears a unique trust responsibility for Indian tribes.

(2) Despite this responsibility, Indians remain remarkably impoverished. According to the Bureau of the Census, 25.9 percent of American Indians live in poverty, more than twice the national poverty rate. The average household income for Indians in 2000 was only 75 percent of that of the rest of Americans.

(3) In some States with substantial Indian populations, the percentage of the welfare caseload that is made up of Indians has increased since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 because some Indians face substantial barriers in their moving from welfare to work.

(4) A General Accounting Office review of data from the Bureau of the Census found that 25 of the 26 counties in the United States with a majority of American Indians had poverty rates "significantly" higher than average.

(5) Many Indian tribes are located in isolated rural areas that lack sufficient economic opportuni-

ties, including jobs and economic development, transportation services, child care, and other services necessary to ensure a successful transition from welfare to work.

(6) Tribal temporary assistance to needy families programs have demonstrated remarkable success in moving Indians from welfare to work.

(7) Tribal governments, unlike State governments, have not been afforded an opportunity to administer and fully participate in the Federal entitlement program for foster care and adoption assistance, a program Congress recognizes as an important component of welfare services.

(8) Welfare reform has not brought enough change to Indian Country. Welfare reform has not, and will not, succeed unless it adequately addresses the unique barriers many Indians face in moving from welfare to work.

(b) FUNDING FOR TRIBAL TANF PROGRAMS.—

(1) REAUTHORIZATION OF TRIBAL FAMILY ASSISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by striking "1997" and all that follows through "2002" and inserting "2003 through 2007".

(2) TRIBAL TANF IMPROVEMENT FUND.—Section 412(a) (42 U.S.C. 612(a)) is amended by striking paragraph (2) and inserting the following:

"(2) TRIBAL TANF IMPROVEMENT GRANTS.—

"(A) TRIBAL CAPACITY GRANTS.—

"(i) IN GENERAL.—Of the amount appropriated under subparagraph (D) for the period of fiscal years 2003 through 2006, $35,000,000 shall be used by the Secretary to award grants for tribal human services program infrastructure improvement (as defined in clause (v)) to—

"(I) Indian tribes that have applied for approval of a tribal family assistance plan and that meet the requirements of clause (ii)(I);

"(II) Indian tribes with an approved tribal family assistance plan and that meet the requirements of clause (ii)(II); and

"(III) Indian tribes that have applied for approval of a foster care and adoption assistance program under section 479B or that plan to enter into, or have in place, a tribal-State cooper-

ative agreement under section 479B(c) and that meet the requirements of clause (ii)(III).

"(ii) PRIORITIES FOR AWARDING OF GRANTS.—The Secretary shall give priority in awarding grants under this subparagraph as follows:

"(I) First, for grants to Indian tribes that have applied for approval of a tribal family assistance plan, that have not operated such a plan as of the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002 that will have such plan approved, and that include in the plan submission provisions for tribal human services program infrastructure improvement (as so defined) and related management information systems training.

"(II) Second, for Indian tribes with an approved tribal family assistance plan that are not described in subclause (I) and that submit an addendum to such plan that includes pro-

visions for tribal human services program infrastructure improvement that includes implementing or improving management information systems of the tribe (including management information systems training), as such systems relate to the operation of the tribal family assistance plan.

"(III) Third, for Indian tribes that have applied for approval of a foster care and adoption assistance program under section 479B or that plan to enter into, or have in place, a tribal-State cooperative agreement under section 479B(c) and that include in the plan submission under section 471 (or in an addendum to such plan) provisions for tribal human services program infrastructure improvement (as so defined) and related management information systems training.

"(iii) OTHER REQUIREMENTS FOR AWARDING GRANTS.—In awarding grants under this subparagraph, the Secretary—

"(I) may not award an Indian tribe more than 1 grant under this subparagraph per fiscal year;

"(II) shall award grants in such a manner as to maximize the number of Indian tribes that receive grants under this subparagraph; and

"(III) shall consult with Indian tribes located throughout the United States.

"(iv) APPLICATION.—An Indian tribe desiring a grant under this subparagraph shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require.

"(v) DEFINITION OF HUMAN SERVICES PROGRAM INFRASTRUCTURE IMPROVEMENT.—In this subparagraph, the term 'human services program infrastructure improvement' includes (but is not limited to) improvement of management information systems, management information systems-related training, equipping offices, and renovating, but not constructing, buildings, as

described in an application for a grant under this subparagraph, and subject to approval by the Secretary.

"(B) TRIBAL DEVELOPMENT GRANTS.—

"(i) IN GENERAL.—Of the amount appropriated under subparagraph (D) for the period of fiscal years 2003 through 2006, $35,000,000 shall be used by the Secretary to award, through the Commissioner of the Administration for Native Americans, grants to nonprofit organizations, Indian tribes, and tribal organizations to enable such organizations and tribes to provide technical assistance to Indian tribes and tribal organizations in any or all of the following areas:

"(I) The development and improvement of uniform commercial codes.

"(II) The creation or expansion of small business or microenterprise programs.

"(III) The development and improvement of tort liability codes.

"(IV) The creation or expansion of tribal marketing efforts.

"(V) The creation or expansion of for-profit collaborative business networks.

"(VI) The development of innovative uses of telecommunications to assist with distance learning or telecommuting.

"(VII) The development of economic opportunities and job creation in areas of high joblessness in Alaska (as defined in section 408(a)(7)(D)(ii)).

"(ii) REQUIREMENTS.—

"(I) IN GENERAL.—At least an amount equal to 10 percent of the total amount of grants awarded under this subparagraph shall be awarded to carry out clause (i)(VII).

"(II) CONSULTATION.—In awarding grants under this subparagraph the Secretary shall consult with other Federal agencies with expertise in the areas described in clause (i).

"(iii) APPLICATION.—A nonprofit organization, Indian tribe, or tribal organization desiring a grant under this subparagraph shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(C) TECHNICAL ASSISTANCE.—

"(i) IN GENERAL.—Of the amount appropriated under subparagraph (D) for the period of fiscal years 2003 through 2006, $5,000,000 shall be used by the Secretary for making grants, or entering into contracts, to provide technical assistance to Indian tribes—

"(I) in applying for or carrying out a grant made under this paragraph;

"(II) in applying for or carrying out a tribal family assistance plan under this section; or

"(III) related to best practices and approaches for State and tribal coordination on the transfer of the ad-

ministration of social services programs to Indian tribes.

"(ii) RESERVATION OF FUNDS.—Not less than—

"(I) $2,500,000 of the amount described in clause (i) shall be used by the Secretary to support, through grants or contracts, peer-learning programs among tribal administrators; and

"(II) $1,000,000 of such amount shall be used by the Secretary for making grants to Indian tribes to conduct feasibility studies of the capacity of Indian tribes to operate tribal family assistance plans under this part.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated $75,000,000 for the period of fiscal years 2003 through 2006 to carry out this paragraph. Amounts appropriated under this subparagraph shall remain available until expended.".

(3) CONFORMING AMENDMENT.—Section 405(a) (42 U.S.C. 605(a)) is amended by striking "section 403" and inserting "sections 403 and 412(a)(2)(C)".

(c) ELIGIBILITY FOR CONTINGENCY FUND.—

(1) IN GENERAL.—Section 403(b)(1) (42 U.S.C. 603(b)(3)), as amended by section 102(a)(1), is amended—

(A) in subparagraph (A), by striking "subparagraph (C)" and inserting "subparagraphs (C) and (D)";

(B) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(C) by inserting after subparagraph (C), the following:

"(D) PAYMENTS TO INDIAN TRIBES.—

"(i) IN GENERAL.—Of the total amount appropriated pursuant to subparagraph (F), $25,000,000 of such amount shall be reserved for making payments to Indian tribes with approved tribal family assistance plans that are operating in situations of increased economic hardship.

"(ii) DETERMINATION OF CRITERIA FOR TRIBAL ACCESS.—

"(I) IN GENERAL.—Subject to subclause (II), the Secretary, in consultation with Indian tribes with approved tribal family assistance plans, shall determine the criteria for access by Indian tribes to the amount reserved under clause (i).

"(II) INCLUSION OF CERTAIN FACTORS.—Such criteria shall include factors related to increases in unemployment and loss of employers.

"(iii) APPLICATION OF REQUIREMENTS FOR PAYMENTS TO STATES.—The Secretary, in consultation with Indian tribes with approved tribal family assistance plans located throughout the United States, shall determine the extent to which requirements of States for payments from the contingency fund established under this subsection shall apply to Indian tribes receiving payments under this subparagraph.".

(2) CONFORMING AMENDMENTS.—Section 403(b)(1)(B) (42 U.S.C. 603(b)(1)(B)), as so amended, is further amended—

(A) in the matter preceding clause (i), by striking "subparagraph (D)(i)" and inserting "subparagraph (E)(i)";

(B) in clause (i), by striking "subparagraph (D)(ii)" and inserting "subparagraph (E)(ii)"; and

(C) in clause (ii), by striking "subparagraph (D)(iii)" and inserting "subparagraph (E)(iii)".

(d) TRIBAL JOB TRAINING PROGRAMS.—

(1) TRIBAL EMPLOYMENT SERVICES PROGRAMS.—

(A) IN GENERAL.—Section 412(a) (42 U.S.C. 612(a)), as amended by subsection (b)(2), is amended by adding at the end the following:

"(4) GRANTS FOR TRIBAL EMPLOYMENT SERVICES PROGRAMS.—

"(A) PURPOSE.—The purpose of this paragraph is to support comprehensive services to enable eligible beneficiaries to support themselves through employment without requiring cash benefits from public assistance programs for themselves or their families.

"(B) STATEMENT OF POLICY.—The programs funded under grants made under this

paragraph shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

"(C) DEFINITIONS.—In this paragraph:

"(i) ALASKA NATIVE ORGANIZATION.—The term 'Alaska Native organization' has the meaning given the term 'Indian tribe' with respect to the State of Alaska in section 419(4)(B).

"(ii) DEPARTMENT.—Unless otherwise specified, the term 'Department' means the Department of Labor.

"(iii) ELIGIBLE BENEFICIARY.— The term 'eligible beneficiary' means—

"(I) an individual who is an Indian or Alaska Native receiving or eligible to receive cash benefits for the individual or the individual's family under the State program funded under this part, a tribal family assistance program under this section, or the General Assistance program;

"(II) an individual who is an Indian or Alaska Native transitioning from receipt of cash benefits under any such programs to employment;

"(III) an individual who is an Indian or Alaska Native with a history of long-term dependence (as defined in clause (v)) on cash benefits under any such programs or under the aid for families with dependent children program under this part (as in effect before August 22, 1996);

"(IV) an individual who is an Indian or Alaska Native who is a noncustodial parent of a minor child receiving, eligible to receive, or with a history of receiving cash benefits under any such programs, or an individual who has an obligation to provide support for such children; or

"(V) an individual who is an Indian or Alaska Native and is a member of a family who is at risk of becoming dependent on cash benefits under any such programs or who has ex-

hausted eligibility for such benefits because of the application of time limits on benefits.

"(iv) GENERAL ASSISTANCE.—The term 'General Assistance' means the General Assistance program supported through the Bureau of Indian Affairs in the Department of the Interior.

"(v) LONG-TERM DEPENDENCE.—The term 'long-term dependence' means receipt of cash benefits under a program referred to in clause (iii)(III) for at least 24 months, which need not be consecutive.

"(vi) SECRETARY.—Unless otherwise specified, the term 'Secretary' means the Secretary of Labor.

"(D) AUTHORITY TO MAKE GRANTS.—

"(i) DIRECT SERVICES.—The Secretary shall make grants to Indian tribes, tribal organizations, and Alaska Native organizations on the basis of a formula determined in accordance with subparagraph (H)(ii) to carry out the activities described in subparagraph (E).

"(ii) PROGRAM SUPPORT.—The Secretary shall, through grants or contracts with entities, or interagency agreements, carry out the activities described in subparagraph (F).

"(iii) APPROPRIATION.—

"(I) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated $37,000,000 for each of fiscal years 2003 through 2007 to carry out this paragraph.

"(II) RESERVATION OF FUNDS FOR PROGRAM SUPPORT.—The Secretary may reserve an amount equal to not more than 1.5 percent of the amount appropriated under subclause (I) for a fiscal year to make grants or enter into contracts under clause (ii).

"(E) DIRECT SERVICE ACTIVITIES.—

"(i) IN GENERAL.—A recipient of a grant made under subparagraph (D)(i) shall use the funds provided under the grant to support any services which may be useful in preparing eligible beneficiaries to enter

or reenter the workforce, to retain employment or to advance to positions which may enable the eligible beneficiary and the beneficiary's family to become economically self-sufficient.

"(ii) SERVICES PERMITTED.—Services provided with funds made available under a grant made under subparagraph (D)(i) may include—

"(I) assessment;

"(II) education;

"(III) job readiness and placement;

"(IV) occupational training (including on-the-job training);

"(V) work experience;

"(VI) wage subsidies;

"(VII) job retention;

"(VIII) job creation specifically for eligible beneficiaries;

"(IX) case management;

"(X) counseling;

"(XI) supportive services, including (but not limited to) child care, transportation, mental health and sub-

stance abuse treatment, and prevention services important to employability; and

"(XII) counseling and other services to promote marriage, discourage teen pregnancies, assist in the formation and stabilization of 2-parent families, and address situations involving domestic violence.

"(iii) RETENTION OF ELIGIBILITY FOR OTHER SERVICES.—An eligible beneficiary who receives services through funds provided under a grant made under subparagraph (D)(i) shall not be precluded from receiving other services from any State, local, or tribal government agency, or any other entity.

"(iv) DISREGARD.—Income or services received by an eligible beneficiary under this paragraph shall be disregarded for purposes of determining eligibility for benefits under any means-tested program for which the eligibility requirements are established under Federal law.

"(F) PROGRAM SUPPORT ACTIVITIES.—

"(i) IN GENERAL.—In order to improve the effectiveness of services provided by Indian tribes, tribal organizations, and Alaska Native organizations under grants made under this paragraph, the Secretary shall support, through grants, contracts, or interagency agreements, activities that—

"(I) enhance the capacity of Indian tribes, tribal organizations, and Alaska Native organizations under this section to deliver the services authorized under subparagraph (E); and

"(II) test or demonstrate new or improved methods of providing such services.

"(ii) PREFERENCE.—In awarding grants or contracts under subparagraph (D)(ii) to carry out this subparagraph, the Secretary shall implement a preference policy consistent with the terms of section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b)).

"(G) ADDITIONAL REQUIREMENTS.—

"(i) DIRECT SERVICE ACTIVITIES.—

"(I) AUTHORITY TO CONSOLIDATE FUNDS.—An Indian tribe, tribal organization, or Alaska Native organization receiving a grant under subparagraph (D)(i) may consolidate funds received under the grant with assistance received from other programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.) or the provisions of the Tribal Self-Governance Act of 1994 (25 U.S.C. 458aa et seq.).

"(II) OPTION TO EXCLUDE PARTICIPANTS FROM DETERMINATION OF WORK PARTICIPATION RATES.—A State, Indian tribe, or tribal organization may exclude individuals participating in a direct services program funded under a grant made under subparagraph (D)(i) for a month from the calculation of the work participation rate for the State or tribe for such month.

"(ii) APPLICABLE RULES.—Any amount paid to an Indian tribe, tribal organization, or Alaska Native organization under this part that is used to carry out the activities described in subparagraph (E) or (F) shall not be subject to the requirements of this part, but shall be subject to the requirements specified in the regulations required under subparagraph (H)(iii), and the expenditure of any amount so used shall not be considered to be an expenditure under this part.

"(iii) AVAILABILITY OF FUNDS.—Funds provided to a recipient of a grant or contract under subparagraph (D)(ii) shall remain available for obligation for 2 succeeding fiscal years after the fiscal year in which the grant is made or the contract is entered into.

"(H) PROGRAM ADMINISTRATION.—

"(i) DESIGNATION OF OFFICE WITH PRIMARY RESPONSIBILITY.—The Secretary shall designate a single organizational unit within the Department that shall have as its primary responsibility the administra-

tion of the activities authorized under this paragraph and of any related Indian programs administered by the Department.

"(ii) CONSULTATION.—

"(I) IN GENERAL.—The Secretary shall consult with Indian tribes and tribal organizations eligible to administer activities authorized under this paragraph that are located throughout the United States on all aspects of the operation and administration of such activities, including the promulgation of regulations, the design of a formula for the allocation of funds among Indian tribes and tribal organizations, and the implementation of program support activities described in subparagraph (F).

"(II) ADVISORY COMMITTEE.—The Secretary may utilize a broadly based advisory committee whose members are nominated by Indian tribes and tribal organizations eligible to administer activities authorized under this paragraph as part of the consulta-

tion required under subclause (I), except that the consultation process shall not be limited to discussions with such committee.

"(iii) REGULATIONS.—The Secretary may issue regulations for the conduct of activities under this paragraph. All requirements imposed by such regulations, including reporting requirements, shall take into full consideration tribal circumstances and conditions.".

(B) TRANSITION FROM OTHER TANF INDIAN EMPLOYMENT PROGRAMS.—

(i) IN GENERAL.—Subject to clause (ii), the Secretary of Health and Human Services shall provide for an orderly close-out of activities under the work program authorized in section 412(a)(2) of the Social Security Act (42 U.S.C. 612(a)(2)) (commonly referred to as the "Native Employment Works program" or the "NEW" program) as such section is in effect on September 30, 2002.

(ii) REQUIREMENT.—In closing out the activities referred to in clause (i), the Sec-

retary of Health and Human Services shall provide that grantees under a program referred to in that subparagraph shall be permitted to provide services through June 30, 2003, and shall be permitted to spend funds on administrative activities related to the close-out of grants under programs for up to 6 months after that date.

(2) APPLICATION OF INDIAN EMPLOYMENT, TRAINING, AND RELATED SERVICES DEMONSTRATION ACT OF 1992.—Section 412(a) (42 U.S.C. 612(a)), as amended by paragraph (1)(A), is amended by adding at the end the following:

"(5) APPLICATION OF INDIAN EMPLOYMENT, TRAINING, AND RELATED SERVICES DEMONSTRATION ACT OF 1992.—Notwithstanding any other provision of law, if an Indian tribe elects to incorporate the services it provides under this part into a plan under section 6 of the Indian Employment, Training, and Related Services Demonstration Act of 1992 (25 U.S.C. 3405), the programs authorized to be conducted with grants made under this part shall be—

"(A) considered to be programs subject to section 5 of the Indian Employment, Training,

and Related Services Demonstration Act of 1992 (25 U.S.C. 3404); and

"(B) subject to the single plan and single budget requirements of section 6 of that Act (25 U.S.C. 3405) and the single report format required under section 11 of that Act (25 U.S.C. 3410).".

(e) TRIBAL FAMILY ASSISTANCE PLANS.—

(1) EQUITABLE ACCESS.—Section 412(b)(1) (42 U.S.C. 612(b)(1)) is amended—

(A) in subparagraph (E), by striking "and" at the end;

(B) in subparagraph (F), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(G) describes how the Indian tribe will ensure equitable access to benefits and services provided under the plan for each member of the population to be served by the plan.".

(2) CONSULTATION BETWEEN STATES AND INDIAN TRIBES OR OTHER INDIANS RESIDING ON A RESERVATION.—

(A) STATE PLAN REQUIREMENT.—Section 402(a)(5) (42 U.S.C. 602(a)(5)) is amended to read as follows:

"(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.—

"(A) IN GENERAL.—A certification by the chief executive officer of the State that, during the fiscal year, the State will—

"(i) subject to subparagraph (B), consult with Indian tribes located within the State regarding the State plan in an effort to ensure equitable access to benefits or services provided under the plan for any member of such a tribe who is not eligible for assistance under a tribal family assistance plan approved under section 412; and

"(ii) provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

"(B) EXCEPTION.—Clause (i) of subparagraph (A) shall not apply to the State of Alaska.".

(B) TRIBAL FAMILY ASSISTANCE PLAN REQUIREMENT.—Section 412(b)(1) (42 U.S.C. 612(b)(1)), as amended by paragraph (1), is amended—

(i) in subparagraph (F), by striking "and" at the end;

(ii) in subparagraph (G), by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(H) provides that the Indian tribe will consult with each State in which a service area of the plan is located on the operation of the plan and the provision of assistance or services to families under the plan.".

(f) AREAS WITH HIGH JOBLESSNESS.—

(1) TIME LIMIT FOR RECEIPT OF ASSISTANCE.—Section 408(a)(7)(D) (42 U.S.C. 608(a)(7)(D)) is amended—

(A) in the subparagraph heading, by striking "BY ADULT" and all that follows through "UNEMPLOYMENT" and inserting "IN AREAS OF INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH HIGH JOBLESSNESS"; and

(B) in clause (i)—

(i) by striking "In" and inserting "Subject to clauses (ii) and (iii), in"; and

(ii) by striking "50 percent" and all that follows through the period and inserting "20 percent of the adults who were living in Indian country were jobless.";

(C) by redesignating clause (ii) as clause (iv); and

(D) by inserting after clause (i), the following:

"(ii) ALASKAN NATIVE VILLAGE.—With respect to an Alaskan Native village, this subparagraph shall be applied—

"(I) in clause (i), by substituting '50 percent of the adults living in in the village were not employed' for '20 percent of the adults who were living in Indian country were jobless'; and

"(II) without regard to clause (iii).

"(iii) REQUIREMENT.—A month may only be disregarded under clause (i) with respect to an adult recipient described in that clause if the adult is in compliance with program requirements.".

(2) FLEXIBILITY TO DEFINE WORK ACTIVITIES.—Section 407(c)(2) (42 U.S.C. 607(c)(2)), as amended by section 202(h), is amended by adding at the end the following:

"(G) OPTIONAL MODIFICATION OF WORK REQUIREMENTS FOR RECIPIENTS RESIDING IN AREAS OF INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH HIGH JOBLESSNESS.—Notwithstanding paragraph (1), if a State has included in the State plan a description of the State's policies in areas of Indian country or an Alaskan Native village described in section 408(a)(7)(D), the State may define the activities described in subsection (d) that a recipient who resides in such an area and who is participating in activities in accordance with an individual responsibility plan under section 408(b) may engage in for purposes of satisfying work requirements under the State program and for purposes of determining monthly participation rates under subsection (b).".

(g) ADVISORY COMMITTEES.—

(1) ADVISORY COMMITTEE ON THE STATUS OF INDIANS WHO DO NOT RESIDE IN INDIAN COUNTRY.—

(A) IN GENERAL.—The Secretary of Health and Human Services shall convene an advisory committee on the status of Indians who do not reside in Indian country (as defined in section 1151 of title 18, United States Code).

(B) DUTIES.—The committee established under subparagraph (A) shall make recommendations regarding how to ensure that Indians who do not reside in Indian country (as so defined) receive appropriate assistance under the temporary assistance to needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other publicly funded assistance programs.

(C) MEMBERSHIP.—

(i) IN GENERAL.—The committee established under subparagraph (A) shall include representatives of—

(I) Federal, State, and tribal governments; and

(II) Indians who do not reside in Indian country (as so defined).

(ii) MAJORITY.—A majority of the members of such committee shall be rep-

resentatives of Indians who do not reside in Indian country (as so defined).

(2) ADVISORY COMMITTEE ON FAITH-BASED INITIATIVES.—

(A) IN GENERAL.—The Secretary of Health and Human Services, through the Director of the Center for Faith-Based and Community Initiatives of the Department of Health and Human Services, shall convene an advisory committee of Indians who are expert in social services and the spiritual aspects of traditional Indian cultures.

(B) REPORT.—Not later than 18 months after the date of enactment of this Act, the advisory committee convened under subparagraph (A) shall issue a report that includes best practices with respect to the delivery of social services in relation to the spiritual aspects of traditional Indian cultures for State and tribal administrators of temporary assistance to needy families programs under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(h) GAO STUDY AND REPORT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the demographics of Indians who do not—

(A) reside in Indian country (as defined in section 1151 of title 18, United States Code);

(B) reside in Alaska; or

(C) receive assistance under a tribal family assistance plan under section 412 of the Social Security Act (42 U.S.C. 612).

(2) REQUIREMENT.—The study conducted under paragraph (1) shall include economic and health information regarding the Indians described in that paragraph, as well as information regarding the access of all Indians to benefits or services available under non-tribal publicly funded programs serving low-income families.

(2) REPORT.—Not later than June 30, 2003, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 602. AUTHORITY OF INDIAN TRIBES TO RECEIVE FEDERAL FUNDS FOR FOSTER CARE AND ADOPTION ASSISTANCE.

(a) CHILDREN PLACED IN TRIBAL CUSTODY ELIGIBLE FOR FOSTER CARE FUNDING.—Section 472(a)(2) of the Social Security Act (42 U.S.C. 672(a)(2)) is amended—

(1) by striking "or (B)" and inserting "(B)"; and

(2) by inserting before the semicolon the following: ", or (C) an Indian tribe or tribal organization (as defined in section 479B(e)) or an intertribal consortium if the Indian tribe, tribal organization, or consortium is not operating a program pursuant to section 479B and (i) has a cooperative agreement with a State pursuant to section 479B(c) or (ii) submits to the Secretary a description of the arrangements (jointly developed or developed in consultation with the State) made by the Indian tribe, tribal organization, or consortium for the payment of funds and the provision of the child welfare services and protections required by this title".

(b) PROGRAMS OPERATED BY INDIAN TRIBAL ORGANIZATIONS.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by adding at the end the following:

"SEC. 479B. PROGRAMS OPERATED BY INDIAN TRIBAL ORGANIZATIONS.

"(a) APPLICATION.—Except as provided in subsection (b), this part shall apply to an Indian tribe or tribal organization that elects to operate a program under this part in the same manner as this part applies to a State.

"(b) MODIFICATION OF PLAN REQUIREMENTS.—

"(1) SERVICE AREA; STANDARDS.—

"(A) IN GENERAL.—Subject to subparagraph (B), in the case of an Indian tribe or tribal organization submitting a plan for approval under section 471, the plan shall—

"(i) in lieu of the requirement of section 471(a)(3), identify the service area or areas and population to be served by the Indian tribe or tribal organization; and

"(ii) in lieu of the requirement of section 471(a)(10), provide for the approval of foster homes pursuant to tribal standards and in a manner that ensures the safety of, and accountability for, children placed in foster care.

"(B) SPECIAL RULE.—With respect to an Indian tribe located in the State of Alaska—

"(i) clause (ii) of subparagraph (A) shall not apply; and

"(ii) the requirement of section 471(a)(10) shall apply to a plan submitted by such tribe.

"(2) DETERMINATION OF FEDERAL SHARE.—

"(A) PER CAPITA INCOME.—

"(i) IN GENERAL.—For purposes of determining the Federal medical assistance

percentage applicable to an Indian tribe or tribal organization under paragraphs (1) and (2) of section 474(a), the calculation of an Indian tribe's or tribal organization's per capita income shall be based upon the service population of the Indian tribe or tribal organization as defined in its plan in accordance with paragraph (1)(A).

"(ii) CONSIDERATION OF OTHER INFORMATION.—An Indian tribe or tribal organization may submit to the Secretary such information as the Indian tribe or tribal organization considers relevant to the calculation of the per capita income of the Indian tribe or tribal organization, and the Secretary shall consider such information before making the calculation.

"(B) ADMINISTRATIVE EXPENDITURES.—The Secretary shall, by regulation, determine the proportions to be paid to Indian tribes and tribal organizations pursuant to section 474(a)(3), except that in no case shall an Indian tribe or tribal organization receive a lesser proportion than the corresponding amount specified for a State in that section.

"(C) SOURCES OF NON-FEDERAL SHARE.—An Indian tribe or tribal organization may use Federal or State funds to match payments for which the Indian tribe or tribal organization is eligible under section 474.

"(3) MODIFICATION OF OTHER REQUIREMENTS.—Upon the request of an Indian tribe, tribal organization, or a consortia of tribes or tribal organizations, the Secretary may modify any requirement under this part if, after consulting with the Indian tribe, tribal organization, or consortia of tribes or tribal organizations, the Secretary determines that modification of the requirement would advance the best interests and the safety of children served by the Indian tribe, tribal organization, or consortia of tribes or tribal organizations.

"(4) CONSORTIUM.—The participating Indian tribes or tribal organizations of an intertribal consortium may develop and submit a single plan under section 471 that meets the requirements of this section.

"(c) COOPERATIVE AGREEMENTS.—An Indian tribe, tribal organization, or intertribal consortium and a State may enter into a cooperative agreement for the administration or payment of funds pursuant to this part. In any

case where an Indian tribe, tribal organization, or intertribal consortium and a State enter into a cooperative agreement that incorporates any of the provisions of this section, those provisions shall be valid and enforceable. Any such cooperative agreement that is in effect as of the date of enactment of this section, shall remain in full force and effect subject to the right of either party to the agreement to revoke or modify the agreement pursuant to the terms of the agreement.

"(d) REGULATIONS.—Not later than 1 year after the date of enactment of this section, the Secretary shall, in full consultation with Indian tribes and tribal organizations, promulgate regulations to carry out this section.

"(e) DEFINITIONS OF INDIAN TRIBE; TRIBAL ORGANIZATIONS.—In this section, the terms 'Indian tribe' and 'tribal organization' have the meanings given those terms in subsections (e) and (l) of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b), respectively, except that, with respect to the State of Alaska, the term 'Indian tribe' has the meaning given that term in section 419(4)(B).".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2003, without regard to whether regulations to implement such amendments have been promulgated as of such date.

TITLE VII—INNOVATION, FLEXIBILITY, AND ACCOUNTABILITY

SEC. 701. DATA COLLECTION; PERFORMANCE MEASURES.

(a) DATA COLLECTION.—

(1) CONTENTS OF REPORT.— Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended—

(A) in clause (viii), by striking "and educational level"; and

(B) by adding at the end the following:

"(xviii) Whether an individual responsibility plan is established for each family in accordance with section 408(b).".

(2) REPORT ON INDIANS; PUBLIC AVAILABILITY OF STATE PROGRAM AND FINANCIAL DATA SUBMISSIONS.—Section 411(a) (42 U.S.C. 611(a)) is amended—

(A) by redesignating paragraph (7) as paragraph (9); and

(B) by inserting after paragraph (6), the following:

"(7) REPORT ON INDIANS SERVED BY THE STATE PROGRAM.—The report required by paragraph (1) for a fiscal quarter shall include information on the de-

mographics and caseload characteristics of Indians served by the State program during the quarter.

"(8) PUBLIC AVAILABILITY OF REPORT.—The State shall make publicly available at the time of submission of each report required under paragraph (1) for a fiscal quarter a copy of the report for that fiscal quarter, including by posting of the copy on the Internet website for the State agency administering the State program funded under this part.".

(3) ADDITIONAL INFORMATION IN ANNUAL REPORT TO CONGRESS.—Section 411(b) (42 U.S.C. 611(b)) is amended—

(A) in paragraph (3), by striking "and" at the end;

(B) in paragraph (4), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

"(5) information regarding any complaints received by the Federal Government or States concerning fair and equitable treatment related to civil rights or labor laws, including the number and status of such complaints, and in the case of States, that is State specific; and

"(6) State specific information on the demographics and caseload characteristics of Indians

served by each State program funded under this part.".

(b) PERFORMANCE MEASURES.—

(1) SUCCESS IN MOVING RECIPIENTS FROM WELFARE TO WORK.—Section 413(d) (42 U.S.C. 613(d)) is amended to read as follows:

"(d) ANNUAL PERFORMANCE MEASURES OF SUCCESS IN MOVING RECIPIENTS FROM WELFARE TO WORK.—Beginning on January 1, 2003, and annually thereafter, the Secretary shall issue the following data regarding the performance of each State program funded under this part for the 2 preceding fiscal years with respect to helping recipients of assistance under such State programs in becoming self-sufficient through earnings from employment:

"(1) Job entry and retention rates for such recipients and former recipients.

"(2) Quarterly earnings and earnings gain for such recipients and former recipients.".

(2) NATIONAL GOAL TO REDUCE TEEN PREGNANCY.—Section 413(e) (42 U.S.C. 613(e)) is amended to read as follows:

"(e) NATIONAL GOAL TO REDUCE TEEN PREGNANCY.—

"(1) ESTABLISHMENT OF NATIONAL GOAL.—There is hereby established a national goal of reducing teen pregnancy by ⅓ by December 31, 2007.

"(2) ANNUAL ASSESSMENT OF PROGRESS.—Beginning on January 1, 2003, and annually thereafter, the Secretary shall issue an annual assessment of the progress toward achieving the national goal established under paragraph (1), that includes State-level data on teen pregnancies and an assessment of the progress of each State in achieving such goal.".

SEC. 702. STATE PLAN.

Section 402 (42 U.S.C. 602) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking "27-month" and inserting "24-month";

(B) in paragraph (1)(A)—

(i) in the matter preceding clause (i), by striking "intends to" and inserting "shall";

(ii) in clause (i), by inserting "cash" before "assistance";

(iii) by striking clause (ii) and inserting the following:

"(ii) Require a parent or caretaker receiving assistance under the program to engage in work or work readiness activities designed to move families receiving assistance into self-sufficiency, consistent with section 407(e)(2). Such activities may be determined by the State, and shall include, as appropriate, efforts eliminating barriers to work such as physical or mental disabilities, substance abuse, adult illiteracy, domestic violence, and lack of affordable housing.";

(iv) in clause (iii), by inserting "and individual responsibility plans developed pursuant to section 408(b)" after "407";

(v) by striking clauses (v) and (vi);

(vi) by redesignating clause (iv) as clause (viii); and

(vii) by inserting after clause (iii), the following:

"(iv) Establish the process for providing recipients with individual responsibility plans consistent with section 408(b), including a description of the screening and assessment procedures the State employs.

"(v) Ensure that training and resources are made available to the State agency administering the program so that each family receiving assistance under the program receives the support for which the families are eligible, including training related to civil rights and anti-discrimination laws.

"(vi) Ensure the availability of a stable and professional workforce in the administration of the State program funded under this part.

"(vii) Ensure equitable access to benefits and services provided under the program for each member of an Indian tribe or tribal organization, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412.";

(C) in paragraph (1)(B)—

(i) by striking clause (i) and inserting the following:

"(i) With respect to each program that will be funded under this part, or with qualified State expenditures claimed by the

State to meet the requirements of section 409(a)(7), over the 24-month period for which the plan is being submitted—

"(I) the name of the program;

"(II) the goals of the program;

"(III) a description of the benefits and services provided in the program;

"(IV) a description of principal eligibility rules (financial and non-financial) and populations served under the program; and

"(V) if the program provides assistance—

"(aa) a description of applicable work-related requirements and the State's definition of each work activity in section 407(d);

"(bb) a description of time limit policies (if applicable), including the length of time allowed, the policies concerning exemptions and extensions, and the policies concerning aid after the time limit; and

"(cc) a description of sanction policies and procedures (if applicable), including the duration of the sanctions, policies concerning good cause for failure to comply, and procedures to assist families with barriers in complying with requirements.";

(ii) in clause (iii), by inserting ", and information regarding any complaints received by the State concerning fair and equitable treatment related to civil rights or labor laws and a description of the procedures used by the State to respond to such complaints" before the period; and

(iii) by adding at the end the following:

"(v) In the case of a State that provides sub-State areas with significant policy-making authority, the document shall include a summary of policies for each sub-State area with such authority."; and

(D) as amended by section 103(b), by adding at the end the following:

"(9) CERTIFICATION OF CONSULTATION ON PROVISION OF TRANSPORTATION AID.—In the case of a State that provides transportation aid under the State program, a certification by the chief executive officer of the State that State and local transportation agencies and planning bodies have been consulted in the development of the plan.

"(10) CERTIFICATION OF CONSULTATION ON PROVISION OF HOUSING AID.—In the case of a State that provides housing aid under the State program, a certification by the chief executive officer of the State that State housing agencies and authorities have been consulted in the development of the plan and that such consultations have addressed potential cooperation between agencies administering the State program funded under this part and housing agencies and groups in meeting the housing needs of families receiving assistance under the State program funded under this part and assisting such families in achieving self-sufficiency."; and

(2) by striking subsection (c) and inserting the following:

"(c) STANDARD FORMAT.—

"(1) STANDARD STATE PLAN FORMAT.—The Secretary shall, after notice and public comment, develop

a proposed Standard State Plan Form to be used by States to submit the plan required under this section. Such form shall be finalized by the Secretary for use by the State not later than February 1, 2003.

"(2) REQUIREMENT FOR COMPLETED PLAN USING STANDARD STATE PLAN FORMAT BY FISCAL YEAR 2004.—Notwithstanding any other provision of law, each State shall submit a complete State plan, using the Standard State Plan Form developed under paragraph (1), not later than October 1, 2003.

"(d) HOUSING DATA.—

"(1) IN GENERAL.—Effective October 1, 2003 (or as soon thereafter as is practicable), the Secretary and the Secretary of Housing and Urban Development jointly shall make available to each State State-level data from the 2000 decennial census concerning the housing problems of families receiving assistance under the State program funded under this part.

"(2) UPDATE.—The Secretary and the the Secretary of Housing and Urban Development biennially shall make available to each State updated data regarding such problems, to the extent such data is available.

"(e) PUBLIC AVAILABILITY.—

"(1) NOTICE AND COMMENT.—Prior to submitting a State plan or an amendment of such plan based on a change in policy to the Secretary under this section, the State shall—

"(A) make the proposed State plan or amendment available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate;

"(B) allow for a reasonable public comment period of not less than 45 days; and

"(C) make comments received concerning such plan or amendment or, at the discretion of the State, a summary of the comments received available to the public through such website and through other means as the State determines appropriate.

"(2) PUBLIC AVAILABILITY OF STATE PLAN.—A State shall ensure that the State plan, that is in effect for any fiscal year, is available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate.

"(f) NO CAUSE OF ACTION.—Nothing in this section shall be construed as establishing a cause of action against

a State based solely on a State's failure to submit a State plan or an amendment to such plan in accordance with the requirements of this section or on a State's failure to comply with the contents of the State plan.".

SEC. 703. RESEARCH.

(a) INDICATORS OF CHILD WELL-BEING.—Section 413 (42 U.S.C. 613), as amended by section 303, is amended by adding at the end the following:

"(l) INDICATORS OF CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary, through grants, contracts, or interagency agreements shall develop comprehensive indicators to assess child well-being in each State.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—The indicators developed under paragraph (1) shall include measures related to the following:

"(i) Education.

"(ii) Social and emotional development.

"(iii) Health and safety.

"(iv) Family well-being, such as family structure, income, employment, child care arrangements, and family relationships.

"(B) OTHER REQUIREMENTS.—The data collected with respect to the indicators developed under paragraph (1) shall be—

"(i) statistically representative at the State level;

"(ii) consistent across States;

"(iii) collected on an annual basis for at least the 5 years preceding the year of collection;

"(iv) expressed in terms of rates or percentages;

"(v) statistically representative at the national level;

"(vi) measured with reliability;

"(vii) current; and

"(viii) over-sampled, with respect to low-income children and families.

"(C) CONSULTATION.—In developing the indicators required under paragraph (1) and the means to collect the data required with respect to the indicators, the Secretary shall consult and collaborate with the Federal Interagency Forum on Child and Family Statistics.

"(3) ADVISORY PANEL.—

"(A) ESTABLISHMENT.—The Secretary shall establish an advisory panel to make recommendations regarding the appropriate measures and statistical tools necessary for making the assessment required under paragraph (1) based on the indicators developed under that paragraph and the data collected with respect to the indicators.

"(B) MEMBERSHIP.—

"(i) IN GENERAL.—The advisory panel established under subparagraph (A) shall consist of the following:

"(I) One member appointed by the Secretary of Health and Human Services.

"(II) One member appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

"(III) One member appointed by the Ranking Member of the Committee on Ways and Means of the House of Representatives.

"(IV) One member appointed by the Chairman of the Committee on Finance of the Senate.

"(V) One member appointed by the Ranking Member of the Committee on Finance of the Senate.

"(VI) One member appointed by the Chairman of the National Governors Association, or the Chairman's designee.

"(VII) One member appointed by the President of the National Conference of State Legislatures or the President's designee.

"(VIII) One member appointed by the Director of the National Academy of Sciences, or the Director's designee.

"(ii) DEADLINE.—The members of the advisory panel shall be appointed not later than 2 months after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002.

"(C) MEETINGS.—The advisory panel established under subparagraph (A) shall meet—

"(i) at least 3 times during the first year after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002; and

"(ii) annually thereafter for the 3 succeeding years.

"(4) FUNDING.—Of the amount appropriated under section 403(a)(1)(F) for each of fiscal years 2003 through 2007, $15,000,000 shall be reserved for the purpose of carrying out this subsection.".

(b) FUNDING OF STUDIES AND RESEARCH.—Section 413(h) (42 U.S.C. 613(h)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "Out of" and all that follows through "2002" and inserting "Of the amount appropriated under section 403(a)(1)(F) for each of fiscal years 2003 through 2007, $20,000,000 shall be reserved"; and

(B) by striking subparagraph (D) and inserting the following:

"(D) the cost of conducting the studies described in paragraphs (4) through (6).";

(2) in paragraph (2), by striking "year" and all that follows and inserting "year—

"(A) not less than 25 percent shall be allocated to carry out the purpose described in paragraph (1)(A);

"(B) not less than 25 percent shall be allocated to carry out the purpose described in paragraph (1)(B);

"(C) not less than 25 percent shall be allocated to carry out the purpose described in paragraph (1)(C); and

"(D) not less than 25 percent shall be allocated to carry out the purpose described in paragraph (1)(D)."; and

(3) by adding at the end the following:

"(4) LONGITUDINAL STUDIES OF APPLICANTS AND RECIPIENTS TO DETERMINE THE FACTORS THAT CONTRIBUTE TO POSITIVE EMPLOYMENT AND FAMILY OUTCOMES.—

"(A) IN GENERAL.—The Secretary, directly or through grants, contracts, or interagency agreements, shall conduct longitudinal studies in at least 5 and not more than 10 States (or sub-State areas, provided that none of such areas are located in the same State) of a representative sample of families that receive, and applicants for, assistance in a State program funded under

this part or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

"(B) GENERAL REQUIREMENTS.—The studies conducted under this paragraph shall follow families that leave assistance, those that receive assistance throughout the study period, and those diverted from assistance programs. The studies shall gather information on—

"(i) family and adult demographics (including race, ethnicity, household composition, marital status, primary language, barriers to employment, educational status of adults, prior work history, and prior history of welfare receipt);

"(ii) family income (including earnings, unemployment compensation, and child support);

"(iii) benefit receipt (including benefits under the food stamp program, the medicaid program under title XIX, the State children's health insurance program under title XXI, child care assistance, supplemental security income benefits under title

XVI, earned income tax credits, and housing assistance);

"(iv) reasons for leaving or returning to assistance programs;

"(v) work participation status and activities, including the scope and duration of work activities;

"(vi) sanction status (including reasons for sanction);

"(vii) time limit status (including months remaining on Federal and State time limits);

"(viii) recipient views on program participation; and

"(ix) other measures of family well-being over the period studied.

"(C) COMPARABILITY.—The Secretary shall ensure to the extent possible that the studies conducted under this paragraph produce comparable results and information.

"(D) GEOGRAPHIC DIVERSITY.—The studies conducted under this paragraph shall be conducted in States or sub-State areas that have significant areas of low population density and in

States or sub-State areas with areas of high population density.

"(E) REPORTS.—The Secretary shall publish—

"(i) not later than December 31, 2005, interim findings from at least 12 months of longitudinal data collected under studies conducted under this paragraph; and

"(ii) not later than December 31, 2006, findings from at least 24 months of longitudinal data collected under studies conducted under this paragraph.

"(5) STUDY OF EFFECTS OF SANCTIONS.—

"(A) IN GENERAL.—The Secretary, directly or through grants, contracts, or interagency agreements, shall conduct a random assignment study comparing the effects of full-family sanctions, partial sanctions, and other policies for increasing engagement in work activities required under the State programs funded under this part.

"(B) REQUIRED INFORMATION.—The study conducted under this paragraph shall include information with respect to participants in the study on demographic characteristics, work par-

ticipation rates, employment and earnings, duration and amount of payments of assistance under the State program funded under this part, factors affecting program compliance, incidences of hardship, family income, and the well-being of children.

"(C) REPORT.—Not later than December 31, 2006, the Secretary shall submit to Congress the results of the study conducted under this paragraph.

"(6) STUDY OF TEEN PARENT RECIPIENTS.—

"(A) IN GENERAL.—The Secretary, directly or through grants, contracts, or interagency agreements, shall conduct a study of a representative sample of teen parents who are recipients of assistance under State programs funded under this part to determine—

"(i) whether Federal and State data on the number of such recipients is accurate, including an examination of the extent to which such recipients are members of a family that is not reflected in the data;

"(ii) what assessment procedures are utilized with such recipients and whether such procedures would detect a housing or

an educational barrier, such as a learning disability; and

"(iii) the services and eligibility requirements for such recipients.

"(B) REPORT.—Not later than December 31, 2006, the Secretary shall submit to Congress the results of the study conducted under this paragraph.".

(c) RESEARCH ON TRIBAL WELFARE PROGRAMS AND POVERTY AMONG INDIANS.—Section 413 (42 U.S.C. 613), as amended by subsection (a), is amended by adding at the end the following:

"(m) TRIBAL WELFARE PROGRAMS AND EFFORTS TO REDUCE POVERTY AMONG INDIANS.—

"(1) IN GENERAL.—The Secretary, directly or through grants, contracts, or interagency agreements, shall conduct research to improve the effectiveness of tribal family assistance programs conducted under section 412 and other tribal welfare programs and on efforts to reduce poverty among Indians.

"(2) PRIORITY FOR CERTAIN APPLICATIONS.—With respect to applications for grants under paragraph (1), the Secretary shall give priority to applications to conduct research in cooperation with tribal

governments or tribally controlled colleges or universities.

"(3) FUNDING.—Of the amount appropriated under section 403(a)(1)(F) for fiscal year 2003, $2,000,000 shall be reserved for the purpose of carrying out this subsection.".

SEC. 704. INNOVATIVE BUSINESS LINK PARTNERSHIP GRANTS FOR EMPLOYERS AND NONPROFIT ORGANIZATIONS.

Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended to read as follows:

"(4) INNOVATIVE BUSINESS LINK PARTNERSHIP GRANTS.—

"(A) IN GENERAL.—The Secretary and the Secretary of Labor (in this paragraph referred to as the "Secretaries") jointly shall award grants in accordance with this paragraph for projects proposed by eligible applicants based on the following:

"(i) The potential effectiveness of the proposed project in carrying out the activities described in subparagraph (E).

"(ii) Evidence of the ability of the eligible applicant to leverage private, State, and local resources.

"(iii) Evidence of the ability of the eligible applicant to coordinate with other organizations at the State and local level.

"(B) DEFINITION OF ELIGIBLE APPLICANT.—

"(i) IN GENERAL.—In this paragraph, the term 'eligible applicant' means a nonprofit organization, a local workforce investment board established under section 117 of the Workforce Investment Act of 1998 (29 U.S.C. 2832), a State, a political subdivision of a State, or an Indian tribe.

"(ii) GRANTS TO PROMOTE BUSINESS LINKAGES.—

"(I) ADDITIONAL ELIGIBLE APPLICANT.—Only for purposes of grants to carry out the activities described in subparagraph (E)(i), the term 'eligible applicant' includes an employer.

"(II) ADDITIONAL REQUIREMENT.—In order to qualify as an eligible applicant for purposes of subparagraph (E)(i), the applicant must provide evidence that the application has been developed by and will be imple-

mented by a local or regional consortium that includes, at minimum, employers or employer associations, and education and training providers, in consultation with local labor organizations and social service providers that work with low-income families or individuals with disabilities.

"(C) REQUIREMENTS.—

"(i) IN GENERAL.—In awarding grants under this paragraph, the Secretaries shall—

"(I) consider the needs of rural areas and cities with large concentrations of residents with an income that is less than 150 percent of the poverty line; and

"(II) ensure that—

"(aa) all of the funds made available under this paragraph (other than funds reserved for use by the Secretaries under subparagraph (J)) shall be used for activities described in subparagraph (E);

"(bb) not less than 40 percent of the funds made available under this paragraph (other than funds so reserved) shall be used for activities described in subparagraph (E)(i); and

"(cc) not less than 40 percent of the funds made available under this paragraph (other than funds so reserved) shall be used for the activities described in subparagraph (E)(ii).

"(ii) CONTINUATION OF AVAILABILITY.—If any portion of the funds required to be used for activities referred to in item (bb) or (cc) of clause (i)(II) are not awarded in a fiscal year, such portion shall continue to be available in the subsequent fiscal year for the same activity, in addition to other amounts that may be available for such activities for that subsequent fiscal year.

"(D) DETERMINATION OF GRANT AMOUNT.—

"(i) IN GENERAL.—Subject to clause (ii), in determining the amount of a grant to be awarded under this paragraph for a project proposed by an eligible applicant, the Secretaries shall provide the eligible applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account—

"(I) the number and characteristics of the individuals to be served by the project;

"(II) the level of unemployment in the area to be served by the project;

"(III) the job opportunities and job growth in such area;

"(IV) the poverty rate for such area; and

"(V) such other factors as the Secretary deems appropriate in such area.

"(ii) MAXIMUM AWARD FOR GRANTS TO PROMOTE BUSINESS LINKAGES OR PROVIDE TRANSITIONAL JOBS PROGRAMS.—

"(I) IN GENERAL.—In the case of a grant to carry out activities de-

scribed in clause (i) or (ii) of subparagraph (E), an eligible applicant awarded a grant under this paragraph may not receive more than $10,000,000 per fiscal year under the grant.

"(II) RULE OF CONSTRUCTION.—Nothing in subclause (I) shall be construed as precluding an otherwise eligible applicant from receiving separate grants to carry out activities described in clause (i) or (ii) of subparagraph (E).

"(iii) GRANT PERIOD.—The period in which a grant awarded under this paragraph may be used shall be specified for a period of not less than 36 months and not more than 60 months.

"(E) ALLOWABLE ACTIVITIES.—An eligible applicant awarded a grant under this paragraph shall use funds provided under the grant to do the following:

"(i) PROMOTE BUSINESS LINKAGES.—

"(I) IN GENERAL.—To promote business linkages in which funds shall

be used to fund new or expanded programs that are designed to—

"(aa) substantially increase the wages of eligible individuals (as defined in subparagraph (F)), whether employed or unemployed, who have limited English proficiency or other barriers to employment by creating or upgrading job and related skills in partnership with employers, especially by providing supports and services at or near work sites; and

"(bb) identify and strengthen career pathways by expanding and linking work and training opportunities for such individuals in collaboration with employers.

"(II) CONSIDERATION OF IN-KIND, IN-CASH RESOURCES.—In determining which programs to fund under this clause, an eligible applicant awarded a grant under this paragraph shall consider the ability of a consortium to provide funds in-kind or in-cash (in-

cluding employer-provided, paid release time) to help support the programs for which funding is sought.

"(III) PRIORITY.—In determining which programs to fund under this clause, an eligible applicant awarded a grant under this paragraph shall give priority to programs that include education or training for which participants receive credit toward a recognized credential, such as an occupational certificate or license.

"(IV) USE OF FUNDS.—

"(aa) IN GENERAL.—Funds provided to a program under this clause may be used for a comprehensive set of employment and training benefits and services, including job development, job matching, workplace supports and accommodations, curricula development, wage subsidies, retention services, and such other benefits or services as the program deems

necessary to achieve the overall objectives of this clause.

"(bb) PROVISION OF SERVICES.—So long as a program is principally designed to assist eligible individuals, (as defined in subparagraph (F)), funds may be provided to a program under this clause that also serves low-earning employees of 1 or more employers even if such individuals are not within the definition of eligible individual (as so defined).

"(ii) PROVIDE FOR TRANSITIONAL JOBS PROGRAMS.—

"(I) IN GENERAL.—To provide for wage-paying transitional jobs programs which combine time-limited employment in the public or nonprofit private sector that is subsidized with public funds with skill development and activities to remove barriers to employment, pursuant to an individualized plan (or, in the case of an eligible individual described in subpara-

graph (F)(i), an individual responsibility plan developed for an individual under section 408(b)). Such programs also shall provide job development and placement assistance to individual participants to help them move from subsidized employment in transitional jobs into unsubsidized employment, as well as retention services after the transition to unsubsidized employment.

"(II) ELIGIBLE PARTICIPANTS.—The Secretary shall ensure that individuals who participate in transitional jobs programs funded under a grant made under this paragraph shall be individuals who have been unemployed because of limited skills, experience, or other barriers to employment, and who are eligible individuals (as defined in subparagraph (F)), provided that so long as a program is designed to, and principally serves, eligible individuals (as so defined), a limited number of individuals who are unemployed because of limited skills, experience, or other

barriers to employment, and who have an income below 100 percent of the Federal poverty line but who do not satisfy the definition of eligible individual (as so defined) may be served in the program to the extent the Secretaries determine that the inclusion of such individuals in the program is appropriate.

"(III) USE OF FUNDS.—Funds provided to a program under this clause may only be used in accordance with the following:

"(aa) To create subsidized transitional jobs in which work shall be performed directly for the program operator or at other public and non profit organizations (in this subclause referred to as 'worksite employers') in the community, and in which 100 percent of the wages shall be subsidized, except as described in item (gg) regarding placements in the private, for profit sector.

"(bb) Participants shall be paid at the rate paid to unsubsidized employees of the worksite employer who perform comparable work at the worksite where the individual is placed. If no other employees perform the same or comparable work then wages shall be set, at a minimum, at 50 percent of the Lower Living Standard Income Level (commonly referred to as the 'LLSIL'), as determined under section 101(24) of the Workforce Investment Act of 1998 (29 U.S.C. 2801(24)), for a family of 3 based on 35 hours per week.

"(cc) Transitional jobs shall be limited to not less than 6 months and not more than 24 months, however, nothing shall preclude a participant from moving into unsubsidized employment at a point prior to the maximum duration of the transitional job placement. Participants shall be

paid wages based on a workweek of not less than 30 hours per week or more than 40 hours per week, except that a parent of a child under the age of 6, a child who is disabled, or a child with other special needs, or an individual who for other reasons cannot successfully participate for 30 to 40 hours per week, may be allowed to participate for more limited hours, but not less than 20 hours per week. In any work week, 50 percent to 80 percent of hours shall be spent in the transitional job and 20 percent to 50 percent of hours shall be spent in education or training, or other services designed to reduce or eliminate any barriers.

"(dd) Program operators shall provide case management services and ensure access to appropriate education, training, and other services, including job

accommodation, work supports, and supported employment, as appropriate and consistent with an individual plan that is based on the individual's strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice and that is developed with each participant. The goal of each participant's plan shall focus on preparation for unsubsidized jobs in demand in the local economy which offer the potential for advancement and growth. Services shall also include job placement assistance and retention services, which may include coaching and work place supports, for 12 months after entry into unsubsidized placement. Participants shall also receive support services such as subsidized child care and transportation, on the same basis as those services are made available to re-

cipients of assistance under the State program funded under this part who are engaged in work-related activities.

"(ee) Providers shall work with individual recipients to determine eligibility for other employment-related supports which may include (but are not limited to) supported employment, other vocational rehabilitation services, and programs or services available under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.), or the ticket to work and self-sufficiency program established under section 1148, and, to the extent possible, shall provide transitional employment in collaboration with entities providing, or arranging for the provision of, such other supports.

"(ff) Not more than 20 percent of the placements for a grantee shall be with a private for-prof-

it company, except that such 20 percent limit may be waived by the Secretary for programs in rural areas when the grantee can demonstrate insufficient public and non-profit worksites. When a placement is made at a private for-profit company, the company shall pay 50 percent of program costs (including wages) for each participant, and the company shall agree, in writing, to hire each participant into an unsubsidized position at the completion of the agreed upon subsidized placement, or sooner, provided that the participant's job performance has been satisfactory. Not more than 5 percent of the workforce of a private for-profit company may be composed of transitional jobs participants.

"(IV) DEFINITION OF TRANSITIONAL JOBS PROGRAM.—In this clause, the term 'transitional jobs pro-

gram' means a program that is intended to serve current and former recipients of assistance under a State or tribal program funded under this part and other low-income individuals who have been unable to secure employment through job search or other employment-related services because of limited skills, experience, or other barriers to employment.

"(iii) CAPITALIZATION.—To develop capitalization procedures for the delivery of self-sustainable social services.

"(iv) ADMINISTRATIVE EXPENDITURES.—Not more than 5 percent of the funds awarded to an eligible applicant under this paragraph may be used for administrative expenditures incurred in carrying out the activities described in clause (i), (ii), or (iii) or for expenditures related to carrying out the assessments and reports required under subparagraph (H).

"(F) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this paragraph, the term 'eligible individual' means—

"(i) an individual who is a parent who is a recipient of assistance under a State or tribal program funded under this part;

"(ii) an individual who is a parent who has ceased to receive assistance under such a State or tribal program;

"(iii) an individual who is at risk of receiving assistance under a State or tribal program funded under this part;

"(iv) an individual with a disability; or

"(v) a noncustodial parent who is unemployed, or is having difficulty in paying child support obligations, including such a parent who is a former criminal offender.

"(G) APPLICATION.—Each eligible applicant desiring a grant under this paragraph shall submit an application to the Secretaries at such time, in such manner, and accompanied by such information as the Secretaries may require.

"(H) ASSESSMENTS AND REPORTS BY GRANTEES.—

"(i) IN GENERAL.—An eligible applicant that receives a grant under this para-

graph shall assess and report on the outcomes of programs funded under the grant, including the identity of each program operator, demographic information about each participant, including education level, literacy level, prior work experience and identified barriers to employment, the nature of education, training, or other services received by the participant, the reason for the participant's leaving the program, and outcomes related to the placement of the participant in an unsubsidized job, including 1-year employment retention, wage at placement, benefits, and earnings progression, as specified by the Secretaries.

"(ii) ASSISTANCE.—The Secretaries shall—

"(I) assist grantees in conducting the assessment required under clause (i) by making available where practicable low-cost means of tracking the labor market outcomes of participants; and

"(II) encourage States to provide such assistance.

"(I) APPLICATION TO REQUIREMENTS OF THE STATE PROGRAM.—

"(i) WORK PARTICIPATION REQUIREMENTS.—With respect to any month in which a recipient of assistance under a State or tribal program funded under this part who satisfactorily participates in a business linkage or transitional jobs program described in subparagraph (E) that is paid for with funds made available under a grant made under this paragraph, such participation shall be considered to satisfy the work participation requirements of section 407 and be included for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) of that section.

"(ii) PARTICIPATION NOT CONSIDERED ASSISTANCE.—A benefit or service provided with funds made available under a grant made under this paragraph shall not be considered assistance for any purpose under a State or tribal program funded under this part.

"(J) ASSESSMENTS BY THE SECRETARIES.—

"(i) RESERVATION OF FUNDS.—Of the amount appropriated under subparagraph (L) for each of fiscal years 2003 and 2004, $3,000,000 of such amount for each such fiscal year is reserved for use by the Secretaries to prepare an interim and final report summarizing and synthesizing outcomes and lessons learned from the programs funded through grants awarded under this paragraph.

"(ii) INTERIM AND FINAL ASSESSMENTS.—With respect to the reports prepared under clause (i), the Secretaries shall submit—

"(I) the interim report not later than 4 years after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002; and

"(II) the final report not later than 6 years after such date of enactment.

"(K) EVALUATIONS.—

"(i) RESERVATION OF FUNDS.—Of the amount appropriated under subparagraph

(L) for a fiscal year, an amount equal to 1.5 percent of such amount for each such fiscal year shall be reserved for use by the Secretaries to conduct evaluations in accordance with the requirements of clause (ii).

"(ii) REQUIREMENTS.—The Secretaries—

"(I) shall develop a plan to evaluate the extent to which programs funded under grants made under this paragraph have been effective in promoting sustained, unsubsidized employment for each group of eligible participants, and in improving the skills and wages of participants in comparison to the participants' skills and wages prior to participation in the programs;

"(II) may evaluate the use of such a grant by a grantee, as the Secretaries deem appropriate, in accordance with an agreement entered into with the grantee after good-faith negotiations; and

"(III) shall include, as appropriate, the following outcome measures in the evaluation plan developed under subclause (I):

"(aa) Placements in unsubsidized employment.

"(bb) Retention in unsubsidized employment 6 months and 12 months after initial placement.

"(cc) Earnings of individuals at the time of placement in unsubsidized employment.

"(dd) Earnings of individuals 12 months after placement in unsubsidized employment.

"(ee) The extent to which unsubsidized job placements include access to affordable employer-sponsored health insurance and paid leave benefits.

"(ff) Comparison of pre- and post-program wage rates of participants.

"(gg) Comparison of pre- and post-program skill levels of participants.

"(hh) Wage growth and employment retention in relation to occupations and industries at initial placement in unsubsidized employment and over the first 12 months after initial placement.

"(ii) Recipient of cash assistance under the State program funded under this part.

"(jj) Average expenditures per participant.

"(iii) REPORTS TO CONGRESS.—The Secretaries shall submit to Congress the following reports on the evaluations of programs funded under grants made under this paragraph:

"(I) INTERIM REPORT.—An interim report not later than 4 years after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002.

"(II) FINAL REPORT.—A final report not later than 6 years after such date of enactment.

"(L) APPROPRIATION.—

"(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for grants under this section, $200,000,000 for each of fiscal years 2003 through 2007.

"(ii) AVAILABILITY.—Amounts appropriated under clause (i) for a fiscal year shall remain available for obligation for 5 fiscal years after the fiscal year in which the amount is appropriated.".

SEC. 705. GRANTS TO IMPROVE ACCESS TO TRANSPORTATION.

(a) IN GENERAL.—Section 403(a) (42 U.S.C. 603(a)), as amended by section 304, is further amended by adding at the end the following:

"(8) GRANT TO IMPROVE ACCESS TO TRANSPORTATION.—

"(A) PURPOSES.—The purposes of this paragraph are to—

"(i) assist low-income families with children obtain dependable, affordable automobiles to improve their employment opportunities and access to training; and

"(ii) provide incentives to States, Indian tribes, local governments, and nonprofit entities to develop and administer programs that provide assistance with automobile ownership for low-income families.

"(B) DEFINITIONS.—In this paragraph:

"(i) LOCALITY.—The term 'locality' means a municipality that does not administer a State program funded under this part.

"(ii) LOW-INCOME FAMILY WITH CHILDREN.—The term 'low-income family with children' means a household that is eligible for benefits or services funded under the State program funded under this part or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

"(iii) NONPROFIT ENTITY.—The term 'nonprofit entity' means a school, local agency, organization, or institution owned

and operated by 1 or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(C) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to States, Indian tribes, counties, localities, and nonprofit entities to promote improving access to dependable, affordable automobiles by low-income families with children.

"(D) GRANT APPROVAL CRITERIA.—The Secretary shall establish criteria for approval of an application for a grant under this paragraph that include consideration of—

"(i) the extent to which the proposal, if funded, is likely to improve access to training and employment opportunities and child care services by low-income families with children by means of car ownership;

"(ii) the level of innovation in the applicant's grant proposal; and

"(iii) any partnerships between the public and private sector in the applicant's grant proposal.

"(E) USE OF FUNDS.—

"(i) IN GENERAL.—A grant awarded under this paragraph shall be used to administer programs that assist low-income families with children with dependable automobile ownership, and maintenance of, or insurance for, the purchased automobile.

"(ii) SUPPLEMENT NOT SUPPLANT.—Funds provided to a State, Indian tribe, county, or locality under a grant awarded under this paragraph shall be used to supplement and not supplant other State, county, or local public funds expended for car ownership programs.

"(F) APPLICATION.—Each applicant desiring a grant under this paragraph shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

"(G) REVERSION OF FUNDS.—Any funds not expended by a grantee within 3 years after the date the grant is awarded under this paragraph shall be available for redistribution among other grantees in such manner and amount as the Secretary may determine, unless the Sec-

retary extends by regulation the time period to expend such funds.

"(H) LIMITATION ON ADMINISTRATIVE COSTS OF THE SECRETARY.—Not more than an amount equal to 5 percent of the funds appropriated to make grants under this paragraph for a fiscal year shall be expended for administrative costs of the Secretary in carrying out this paragraph.

"(I) EVALUATION.—The Secretary shall, by grant, contract, or interagency agreement, conduct an evaluation of the programs administered with grants awarded under this paragraph.

"(J) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants under this paragraph, $15,000,000 for each of fiscal years 2003 through 2007.".

(b) IMPROVING USE OF TANF FUNDS FOR CAR OWNERSHIP MATCHING FUNDS.—Section 404(h)(2)(B) of the Social Security Act (42 U.S.C. 608(h)(2)(B)) is amended by adding at the end the following:

"(iv) AUTOMOBILE PURCHASE OR MAINTENANCE.—At the option of the State,

costs with respect to the purchase or maintenance of an automobile.".

SEC. 706. AT-HOME INFANT CARE.

Section 413 (42 U.S.C. 613), as amended by section 703(c), is amended by adding at the end the following:

"(n) DEMONSTRATION PROJECTS FOR AT HOME INFANT CARE.—

"(1) AUTHORITY TO AWARD GRANTS.—

"(A) IN GENERAL.—The Secretary shall award grants to not less than 5 and not more than 10 States to enable such States to carry out demonstration projects to provide at-home infant care benefits to eligible low-income families.

"(B) INDIAN TRIBES.—An Indian tribe may submit an application for a grant under this subsection. If awarded a grant, the Indian tribe shall conduct a demonstration project to provide at-home infant care benefits to eligible low-income families in the same manner, and to the same extent as a State, except that the Secretary may modify the requirements of this subsection as appropriate with respect to the Indian tribe. For purposes of subparagraph (A), any grant awarded to an Indian tribe shall not count toward the number of grants awarded to States.

"(2) FAMILY ELIGIBILITY.—

"(A) IN GENERAL.—To be eligible to participate in a program of at-home infant care under a demonstration project established under paragraph (1), a family shall—

"(i) have an income that does not exceed the limits specified in section 658P(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(3)(B));

"(ii) include a child under the age of 2;

"(iii) include a parent (as defined in section 658P(8) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(8))), who meets the State's requirements for having had a recent work history prior to application for at-home infant care benefits; and

"(iv) meet such other eligibility requirements as the State may establish.

"(B) 2-PARENT FAMILIES.—A State selected to participate in a demonstration project of at-home infant care under this section shall permit 2-parent families to participate in the project

but may not limit participation in the project to such families.

"(3) AMOUNT OF ASSISTANCE.—The amount of at-home infant care benefits provided to an eligible family under this subsection for a month of benefit receipt shall not exceed the payment rate applicable to eligible child care providers for infant care under the State's payment rate schedule, according to the provisions of section 658E(c)(4)(A) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(4)(A)).

"(4) SUBMISSION OF APPLICATIONS.—An eligible low-income parent may submit an application for at-home infant care benefits under a demonstration project established under this subsection at any time prior to the date on which the child attains age 2.

"(5) REQUIRED CERTIFICATIONS.—A State selected to participate in a demonstration project of at-home infant care under this section shall provide certifications to the Secretary that—

"(A) during the period of the demonstration project, the State shall not reduce expenditures for child care services below the levels in effect in the fiscal year preceding the fiscal year in which the State begins to participate in the project;

"(B) the State, in operating the demonstration project, shall not give priority or preference to parents seeking to participate in the program of At-Home Infant Care over other eligible parents on a waiting list for child care assistance in the State;

"(C) the State shall—

"(i) provide parents applying to receive at-home infant care benefits with information on the range of options for child care available to the parents;

"(ii) ensure that approved applicants for at-home infant care are permitted to choose between receipt of at-home infant care benefits and receipt of a certificate that may be used with an eligible child care provider for child care needed for employment; and

"(iii) provide that a family receiving an at-home infant care benefit may exchange the benefit for a child care voucher for employment at any time during the family's participation in the program;

"(D) the State shall develop or update and implement a plan to improve the quality of in-

fant care, and shall use up to 10 percent of the funds received under the demonstration project for efforts to improve the quality of infant care in the State;

"(E) the State shall ensure that voluntary employment services are offered to program participants after the completion of participation in the program to assist the participants in returning to unsubsidized employment; and

"(F) the State shall cooperate with information collection and evaluation activity conducted by the Secretary.

"(6) TANF ASSISTANCE.—The receipt of an at-home infant care benefit funded under this subsection shall not be considered assistance under the State program funded under this part for any purpose.

"(7) BENEFIT NOT TREATED AS INCOME.—Notwithstanding any other provision of law, the value of an at-home infant care benefit funded under this subsection shall not be treated as income for purposes of any Federal or federally-assisted program that bases eligibility, or the amount of benefits or services provided, on need.

"(8) APPLICATION FOR PARTICIPATION AND SELECTION OF STATES.—

"(A) APPLICATIONS.—Not later than 90 days after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002, the Secretary shall publish a notice of opportunity to participate, specifying the contents of an application for participation in the At-Home Infant Care demonstration project funded under this subsection. The notice shall include a timeframe for States to submit an application to participate, and shall provide that all such applications are to be submitted not later than 270 days after such date of enactment.

"(B) SELECTION.—

"(i) IN GENERAL.—The Secretary shall review the applications and select the participating States not later than 1 year after such date of enactment.

"(ii) CRITERIA.—In selecting States to participate in the demonstration project funded under this subsection, the Secretary shall—

"(I) seek to ensure geographic diversity; and

"(II) give priority to States—

"(aa) whose applications demonstrate a strong commitment to improving the quality of infant care and the choice available to parents of infants;

"(bb) with experience relevant to the operation of at-home infant care programs; and

"(cc) in which there are demonstrable shortages of infant care.

"(9) EVALUATION AND REPORT TO CONGRESS.—

"(A) IN GENERAL.—The Secretary shall conduct an evaluation of the demonstration projects conducted under this subsection and submit a report to Congress on such evaluation not later than 4 years after the date of enactment of the Work, Opportunity, and Responsibility for Kids Act of 2002.

"(B) REQUIREMENTS.—The evaluation required under this paragraph shall expressly address the following:

"(i) Implementation experiences of the States participating in the project in developing and operating programs of at-home

infant care, including design issues and issues in coordinating at-home infant care benefits with benefits provided or funded under the Child Care and Development Block Grant in the State.

"(ii) The characteristics of families seeking to participate and participating in the programs of at-home infant care funded under this subsection.

"(iii) The length of participation by families in such programs and the reasons for the families ceasing to participate in the programs.

"(iv) The prior and subsequent employment of participating families and the effect of program participation on subsequent employment participation of the families.

"(v) The costs and benefits of the programs of at-home infant care.

"(vi) The effectiveness of State or tribal efforts to improve the quality of infant care during the period in which the demonstration project is conducted in the State.

"(C) RESERVATION OF FUNDS.—Of the amount appropriated under paragraph (10) for a fiscal year, $750,000 shall be reserved with respect to each such fiscal year for purposes of conducting the evaluation required under this paragraph.

"(10) APPROPRIATIONS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated to carry out this subsection, $30,000,000 for each of fiscal years 2003 through 2007.".

SEC. 707. GRANTS TO CONDUCT DEMONSTRATION PROJECTS ON HOUSING WITH SERVICES FOR FAMILIES WITH MULTIPLE BARRIERS TO WORK.

Section 413 (42 U.S.C. 603(a)), as amended by section 706, is further amended by adding at the end the following:

"(o) INTERAGENCY DEMONSTRATION ON HOUSING WITH SERVICES.—

"(1) IN GENERAL.—The Secretary and the Secretary of Housing and Urban Development (in this subsection referred to as the 'Secretaries') jointly shall award grants for the conduct and evaluation of demonstrations of different models to provide housing with services to promote the employment of individ-

uals who have multiple barriers to work, including lack of adequate housing, and who are—

"(A) parents or caretaker relatives who are eligible for a benefit or service under the State program funded under this part; or

"(B) non-custodial parents of children who are eligible for a benefit or service under such State program.

"(2) REQUIREMENTS.—

"(A) ELIGIBLE RECIPIENTS.—Grants shall be awarded under this subsection on a competitive basis to States and organizations which have exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, including community and faith-based organizations.

"(B) LOCATION.—In awarding such grants, the Secretaries shall ensure that demonstrations are conducted in metropolitan and nonmetropolitan areas.

"(C) USE OF FUNDS.—

"(i) IN GENERAL.—Funds provided under a grant awarded under this subsection shall be used for the cost of implementation and evaluation of the demonstrations conducted with such funds.

"(ii) LIMITATION ON BENEFITS OR SERVICES TO NONCUSTODIAL PARENTS.—Not more than 10 percent of the total amount of grant funds awarded to a State or organization under this subsection may be used to provide benefits or services to noncustodial parents.

"(D) NOT CONSIDERED ASSISTANCE.—A benefit or service provided with funds made available under a grant awarded under this subsection shall not for any purpose, be considered assistance under the State program funded under this part.

"(E) DURATION; AVAILABILITY OF FUNDS.—Funds provided under a grant awarded under this subsection shall remain available for a period of 3 years after the date on which the grant is made.

"(3) EVALUATION.—Not later than December 31, 2006, the Secretaries shall publish an evaluation of the demonstrations conducted under grants made under this subsection.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make grants

under this subsection, $50,000,000 for fiscal year 2004.".

SEC. 708. TRANSITIONAL COMPLIANCE FOR TEEN PARENTS.

(a) IN GENERAL.—Section 408(a)(5) (42 U.S.C. 608(a)(5)) is amended—

(1) in subparagraph (A)(i), by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)"; and

(2) by adding at the end the following:

"(C) AUTHORITY TO PROVIDE TEMPORARY ASSISTANCE.—A State may use any part of a grant made under section 403 to provide assistance to an individual described in clause (ii) of subparagraph (A) who would otherwise be prohibited from receiving such assistance under clause (i) of that subparagraph, subparagraph (B), or under section 408(a)(4) for not more than 60 days in order to assist the individual in meeting the requirement of clause (i) of subparagraph (A), subparagraph (B), or under section 408(a)(4) for receipt of such assistance.".

(b) INCLUSION OF TRANSITIONAL LIVING YOUTH PROJECTS AS A FORM OF ADULT-SUPERVISED SETTING.—Section 408(a)(5)(A) (42 U.S.C. 608(a)(5)(A)), as amended by subsection (a), is further amended—

(1) by striking "do not reside in a" and inserting "do not reside—

"(I) in a";

(2) by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(II) in a transitional living youth project funded under a grant made under section 321 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–1).".

SEC. 709. TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS; STATE OPT-OUT.

Section 408 (42 U.S.C. 608) is amended by adding at the end the following:

"(h) MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS UNLESS STATE OPT-OUT.—For purposes of section 121(b) of the Workforce Investment Act of 1998, a State program funded under this part shall be considered a program referred to in paragraph (1)(B) of such section, unless, after the date of enactment of this subsection, the Governor of the State notifies the Secretary of Health and Human Services and the Secretary

of Labor in writing of the decision of the Governor not to make the State program a mandatory partner.".

SEC. 710. ADVANCED PLANNING DOCUMENT PROCESS FOR INFORMATION MANAGEMENT SYSTEMS PROCUREMENT APPROVAL.

Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services, the Secretary of Agriculture, the Secretary of Labor, the Secretary of Education, the Director of the Office of Management and Budget, and the chief administering officer of any other Federal agency with responsibility for administering a federally funded social services program, in consultation with representatives of the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures, jointly shall review and submit to Congress a report containing recommendations for improving the Federal laws (including regulations and guidelines) applicable to the approval of human service information systems. The report shall—

(1) review the advanced planning document process for information management systems procurement approval, in connection with the information management systems required for States to efficiently and effectively operate the social services programs;

(2) consider the merits of developing a single Federal approval process for multiprogram information system procurement and administration;

(3) include recommendations for improving the current Federal cost allocation requirements; and

(4) consider the merits of allowing State procurement standards that meet or exceed Federal standards to be sufficient for purposes of Federal approval.

SEC. 711. WAIVERS.

(a) CONTINUATION OF PREWELFARE REFORM WAIVERS.—Section 415 (42 U.S.C. 615) is amended by adding at the end the following new subsection:

"(e) CONTINUATION OF WAIVERS APPROVED OR SUBMITTED BEFORE DATE OF ENACTMENT OF WELFARE REFORM.—

"(1) IN GENERAL.—Notwithstanding subsection (a) but subject to paragraph (2), with respect to any State that is operating under a waiver described in that subsection which would otherwise expire on a date that occurs during the period that begins on October 1, 2002, and ends on September 30, 2007, the State may elect to continue to operate under that waiver, on the same terms and conditions as applied to the waiver on the day before such date, through September 30, 2007.

"(2) NO EFFECT ON APPLICATION OF UNIVERSAL ENGAGEMENT AND INDIVIDUAL RESPONSIBILITY PLAN REQUIREMENTS.—Notwithstanding paragraph (1), the continuation of a waiver under paragraph (1) shall not affect the applicability of section 408(b) (as amended by the Work, Opportunity, and Responsibility for Kids Act of 2002) to the State.".

(b) APPROVAL OF WAIVERS TO DUPLICATE INNOVATIVE PROGRAMS.—Section 415 (42 U.S.C. 615), as amended by subsection (a), is further amended by adding at the end the following:

"(f) REQUIREMENT TO APPROVE WAIVERS TO DUPLICATE INNOVATIVE PROGRAMS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, if a State submits an application for a waiver of 1 or more requirements of this part that contains terms that are similar or identical to the terms of a waiver eligible to be continued under subsection (e), and the application satisfies the requirements of paragraph (2), the Secretary—

"(A) shall approve the application for a period of at least 2 years, but not more than 4 years, unless the Secretary determines that approval would be inconsistent with the purposes of this part set forth in section 401;

"(B) at the end of the waiver period, shall review documentation of the effectiveness of the waiver provided by the State; and

"(C) if such documentation adequately demonstrates that the program as implemented under the waiver has been effective, may renew the waiver for such period as the Secretary determines appropriate, but not later than September 30, 2007.

"(2) APPLICATION REQUIREMENTS.—An application for a waiver described in paragraph (1) shall—

"(A) describe relevant State caseload characteristics and labor market conditions;

"(B) specify how the waiver is likely to result in improved employment outcomes, improved child well-being, or both;

"(C) describe the State's proposed approach for evaluation of the program under the waiver; and

"(D) include an agreement to conduct an independent evaluation of the waiver and to submit the results of the evaluation to the Secretary.".

(c) CONFORMING AMENDMENT.—Section 415(b)(1) (42 U.S.C. 615(b)(1)) is amended by inserting ", extended

under subsection (e), or approved under subsection (f)" after "(a)".

SEC. 712. ANTIDISCRIMINATION.

(a) NONDISPLACEMENT IN WORK ACTIVITIES.—Section 407(f) (42 U.S.C. 607(f)) is amended to read as follows:

"(f) NONDISPLACEMENT.—

"(1) IN GENERAL.—An adult in a family receiving assistance under a State program funded under this part, in order to engage in a work activity, shall not displace any employee or position (including partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits), fill any unfilled vacancy, or perform work when any individual is on layoff from the same or substantially equivalent job.

"(2) PROHIBITIONS.—A work activity engaged in under a program operated with funds provided under this part shall not impair any existing contract for services, be inconsistent with any existing law, regulation, or collective bargaining agreement, or infringe upon the recall rights or promotional opportunities of any worker.

"(3) NO SUPPLANTING OF OTHER HIRES.—A work activity engaged in under a program operated with funds provided under this part shall be in addi-

tion to any activity that otherwise would be available and shall not supplant the hiring of an employed worker not funded under such program.

"(4) ENFORCING ANTIDISPLACEMENT PROTECTIONS.—

"(A) IN GENERAL.—The State shall establish and maintain an impartial grievance procedure, which shall include the opportunity for a hearing, to resolve any complaints alleging violations of the requirements of paragraphs (1), (2), or (3) within 60 days of receipt of the complaint and, if a decision is adverse to the party who filed such grievance or no decision has been reached, provide for the completion of an arbitration procedure within 75 days of receipt of the complaint or the adverse decision or conclusion of the 60-day period, whichever is earlier.

"(B) REMEDIES.—Remedies for a violation of the requirements of paragraph (1), (2), or (3) shall include termination or suspension of payments, prohibition of the placement of the participant, reinstatement of an employee, and other relief to make an aggrieved employee whole.

"(C) LIMITATION ON PLACEMENT.—If a grievance is filed regarding a proposed place-

ment of a participant, such placement shall not be made unless such placement is consistent with the resolution of the grievance pursuant to this paragraph.

"(D) NONPREEMPTION OF STATE LAW.—The provisions of this paragraph shall not be construed to preempt any provision of State law that affords greater protections to employees or to other participants engaged in work activities under a program funded under this part than is afforded by the provisions of this paragraph.

"(E) NON-EXCLUSIVE PROCEDURES.—The grievance procedures specified in this paragraph are not exclusive, and an aggrieved employee or participant in a program funded under a grant made under this part may pursue other remedies or procedures available under applicable contracts, collective bargaining agreements, or Federal, State, or local laws.

(b) APPLICATION OF WORKPLACE LAWS TO TANF RECIPIENTS.—Section 408 (42 U.S.C. 608), as amended by section 709, is further amended by adding at the end the following:

"(i) APPLICATION OF WORKPLACE LAWS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, workplace laws, including (but not limited to) the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.), the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), and title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.) shall apply to an individual who is a recipient of assistance under the State program funded under this part in the same manner as such laws apply to other workers. The fact that such an individual is participating in, or seeking to participate in work activities under the State program funded under this part in satisfaction of the work activity requirements of the program, shall not deprive the individual of the protection of any Federal, State, or local workplace law.".

(c) NEUTRALITY.—Section 408(i) of the Social Security Act (42 U.S.C. 608(h)), as added by subsection (b), is amended by adding at the end the following:

"(2) NEUTRALITY.—No funds provided under this part shall be used to assist, promote, or deter organizing for the purpose of collective bargaining.".

(d) STUDY REGARDING COMPLIANCE WITH NONDISCRIMINATION PROVISIONS.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study to determine—

(A) the extent to which States have complied with the requirement of section 408(d) of the Social Security Act (42 U.S.C. 608(d)) that the provisions of law referred to in that section apply to any program or activity which receives funds provided under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and

(B) recommendations for improving such compliance.

(2) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit a report to Congress on the study conducted under paragraph (1).

(e) BAN ON IMPOSITION OF STRICTER ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

(1) PROHIBITION.—Section 408(a) (42 U.S.C. 608(a)) is amended by adding at the end the following:

"(12) BAN ON IMPOSITION OF STRICTER ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—In deter-

mining the eligibility of a 2-parent family for any benefit or service funded under this part or funded with non-Federal funds counting toward the State's qualified State expenditures under section 409(a)(7), the State shall not impose a requirement that does not apply in determining the eligibility of a 1-parent family for such assistance.".

(2) PENALTY.—Section 409(a) (42 U.S.C. 609(a)), as amended by section 109, is amended by inserting after paragraph (5), the following:

"(6) PENALTY FOR IMPOSITION OF STRICTER ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

"(A) IN GENERAL.—If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 408(a)(12) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount up to 5 percent of the State family assistance grant.

"(B) PENALTY BASED ON SEVERITY OF FAILURE.—The Secretary shall impose reductions under subparagraph (A) with respect to a fiscal year based on the degree of noncompliance.".

(3) ASSURANCE OF EQUAL TREATMENT.—Section 402(a) (42 U.S.C. 602(a)), as amended by section 702(3), is amended by adding at the end the following:

"(11) CERTIFICATION OF EQUAL TREATMENT OF 2-PARENT FAMILIES.—The chief executive officer of the State shall submit to the Secretary a certification that in conducting the State program funded under this part, the State does not have rules or procedures that discriminate against 2-parent families.".

TITLE VIII—OTHER PROVISIONS

SEC. 801. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 of the Social Security Act (42 U.S.C. 1383b) is amended by adding at the end the following:

"(e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

"(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

"(i) at least 25 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2003; and

"(ii) at least 50 percent of all such determinations that are made in fiscal year 2004 or thereafter.

"(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.".

SEC. 802. CUSTOMS USER FEES.

Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended by striking "September 30, 2003" and inserting "February 28, 2005".

TITLE IX—EFFECTIVE DATE

SEC. 901. EFFECTIVE DATE.

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

(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of

the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

Calendar No. 518

107TH CONGRESS
2D SESSION

H. R. 4737

[Report No. 107–221]

AN ACT

To reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes.

JULY 25, 2002

Reported with an amendment