

107TH CONGRESS
2D SESSION

S. 2052

To amend part A of title IV of the Social Security Act to reauthorize and improve the temporary assistance to needy families program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 21, 2002

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

A BILL

To amend part A of title IV of the Social Security Act to reauthorize and improve the temporary assistance to needy families program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; AMEND-**
4 **MENTS TO SOCIAL SECURITY ACT.**

5 (a) **SHORT TITLE.**—This Act may be cited as the
6 “Personal Responsibility and Work Opportunity Reconcili-
7 ation Act Amendments of 2002”.

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

- Sec. 1. Short title; table of contents; amendments to Social Security Act.
- Sec. 2. Findings.

TITLE I—FUNDING

- Sec. 101. Reauthorization and annual adjustment of State family assistance grants.
- Sec. 102. Contingency fund.
- Sec. 103. Bonus for reduction of child poverty.
- Sec. 104. Reauthorization of other grants.
- Sec. 105. Restoration of funding for the Social Services Block Grant.
- Sec. 106. Repeal of Federal loans for State welfare programs.
- Sec. 107. GAO reports on TANF funding and expenditures.

TITLE II—SUPPORTING WORK

- Sec. 201. Making work pay.
- Sec. 202. Increase in guaranteed funding for child care.
- Sec. 203. Parents as scholars program.
- Sec. 204. Elimination of recipients completing secondary school from limit on number of TANF recipients participating in vocational educational training.
- Sec. 205. Vocational training and other preemployment activities.
- Sec. 206. State option to credit months engaged in work or parents as scholars program for purposes of 5-year assistance limit.
- Sec. 207. Innovative Business Link partnership for employers and nonprofit organizations.

TITLE III—SUPPORTING FAMILIES

- Sec. 301. Elimination of separate work participation rate for 2-parent families.
- Sec. 302. Ban on imposition of stricter eligibility criteria for 2-parent families.
- Sec. 303. Family formation fund.
- Sec. 304. Ensuring child well-being.
- Sec. 305. Funding for families assisted by a territory program.

TITLE IV—STATE FLEXIBILITY

- Sec. 401. Pathway to self-sufficiency grants to improve coordination of assistance for low-income families.
- Sec. 402. State option to offer wage subsidies.
- Sec. 403. Exclusion of victims of domestic violence from 20 percent limitation on hardship exception.
- Sec. 404. Clarification of authority of States to use TANF funds carried over from prior years to provide TANF benefits and services.
- Sec. 405. Continuation of prewelfare reform waivers.
- Sec. 406. State option to align foster care and adoption assistance eligibility with TANF eligibility.
- Sec. 407. Promoting work and responsibility among all families with children.
- Sec. 408. Authority to transfer TANF funds to carry out an access to jobs project or a reverse commute project.

TITLE V—HEALTHY CHILDREN

- Sec. 501. Revision and simplification of the transitional medical assistance program (TMA).

- Sec. 502. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 503. Second chance homes.

TITLE VI—PUBLIC ACCOUNTABILITY

- Sec. 601. Public availability of State program and financial data submissions.
- Sec. 602. Study and guidelines regarding compliance with nondiscrimination provisions.
- Sec. 603. Ensuring TANF funds are not used to displace public employees; application of workplace laws to welfare recipients.
- Sec. 604. Research and development.
- Sec. 605. GAO study on impact of ban on SSI benefits for legal immigrants.
- Sec. 606. Grants to improve States' policies and procedures for assisting individuals with barriers to work.
- Sec. 607. Ensuring a professional TANF program staff.

TITLE VII—EFFECTIVE DATE

- Sec. 701. Effective date.

1 (c) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-

2 cept as otherwise specifically provided, whenever in this

3 Act an amendment is expressed in terms of an amendment

4 to or repeal of a section or other provision, the reference

5 shall be considered to be made to that section or other

6 provision of the Social Security Act (42 U.S.C. 301 et

7 seq.).

8 **SEC. 2. FINDINGS.**

9 Congress makes the following findings:

10 (1) The Personal Responsibility and Work Op-

11 portunity Reconciliation Act of 1996 (Public Law

12 104–193; 110 Stat. 2105) was a fundamental

13 change to reform the Federal welfare system to shift

14 it from an entitlement program into a transition

15 program to help families move from welfare to work

16 and personal responsibility.

1 (2) Since enactment of the 1996 welfare reform
2 law, welfare cash assistance caseloads have dropped
3 dramatically, by nearly 50 percent, and approxi-
4 mately $\frac{2}{3}$ of welfare recipients who have left the
5 cash assistance rolls have left for work.

6 (3) Another sign of reform and progress is that
7 funding has shifted from providing monthly cash as-
8 sistance for parents to stay at home to over $\frac{1}{2}$ of
9 the funding targeted to pay for work supports, such
10 as child care, transportation, job placement, limited
11 job training, or other priorities.

12 (4) More investments in quality child care will
13 allow parents to enter and continue in the workforce
14 knowing that their children have access to safe,
15 meaningful child care, hopefully with emphasis on
16 child development and preparation to ensure that
17 each child gains the skills needed to enter school
18 ready to learn.

19 (5) While families are moving from welfare to
20 work, and employment rates are up, many families
21 struggle in low-wage jobs and have trouble getting
22 promised supports such as medicaid, child care, food
23 stamps, and other supports available under pro-
24 grams intended to help families.

1 (6) Child poverty rates are improving, but more
2 must be done to reduce poverty in the 2,000,000
3 families who are still struggling.

4 (7) Parents who remain on the welfare case-
5 loads face multiple barriers to employment and
6 therefore need a range of services to address their
7 needs and move from welfare to work.

8 (8) Children deserve to be raised in supportive
9 homes, preferably with 2 loving parents. It is crucial
10 to end policies that discriminate against serving 2-
11 parent families within the welfare system. It is also
12 important to support innovative programs to encour-
13 age full participation in child support and child
14 rearing by noncustodial parents.

15 (9) Welfare reform has been successful because
16 it has been a flexible partnership between the Fed-
17 eral Government and the States, and retaining the
18 partnership and flexibility will be important for the
19 future.

20 (10) The State agencies responsible for admin-
21 istering the temporary assistance to needy families
22 program have had to assume many new and more
23 complex responsibilities which necessitates improving
24 and upgrading the skills and ability of the workers

1 at those agencies to ensure high quality service deliv-
 2 ery and meet all program goals.

3 (11) Studies indicate disparate racial treatment
 4 in the implementation of the temporary assistance to
 5 needy families program with respect to determining
 6 eligibility for assistance under the program, dissemi-
 7 nating information, providing referral for services,
 8 and imposing sanctions for non-compliance with pro-
 9 gram requirements.

10 **TITLE I—FUNDING**

11 **SEC. 101. REAUTHORIZATION AND ANNUAL ADJUSTMENT** 12 **OF STATE FAMILY ASSISTANCE GRANTS.**

13 (a) IN GENERAL.—Section 403(a)(1) is amended (42
 14 U.S.C. 603(a)(1))—

15 (1) in subparagraph (A), by striking “1996”
 16 and all that follows through “2002” and inserting
 17 “2003 through 2007”;

18 (2) by redesignating subparagraph (E) as sub-
 19 paragraph (I);

20 (3) by redesignating subparagraphs (B)
 21 through (D) as subparagraphs (C) through (E), re-
 22 spectively;

23 (3) in subparagraph (C), as so redesignated—

24 (A) in the heading, by striking “STATE”
 25 and inserting “BASE STATE”; and

1 (B) by striking “As used in this part, the
 2 term ‘State family assistance grant’ means”
 3 and inserting “Subject to subparagraph (F), as
 4 used in this part, the term ‘base State family
 5 assistance grant’ means”;

6 (4) by inserting after subparagraph (A), the fol-
 7 lowing:

8 “(B) STATE FAMILY ASSISTANCE GRANT
 9 DEFINED.—As used in this part, the term
 10 ‘State family assistance grant’ means the sum
 11 of—

12 “(i) the base State family assistance
 13 grant; and

14 “(ii) the annual adjustment amount.”;

15 (5) by inserting after subparagraph (E), as re-
 16 designated by paragraph (3), the following:

17 “(F) UPDATE OF BASE FOR CERTAIN
 18 STATES.—

19 “(i) IN GENERAL.—With respect to a
 20 base State family assistance grant made
 21 for any of fiscal years 2003 through 2007,
 22 in the case of a State that meets the cri-
 23 teria described in clause (ii) or (iii), sub-
 24 ject to clause (v), the amount of the base
 25 State family assistance grant determined

1 under this paragraph for that State for
2 such a fiscal year shall be increased by the
3 applicable amount described in clause (iv)
4 for that fiscal year.

5 “(ii) RECEIPT OF SUPPLEMENTAL
6 GRANT FOR FISCAL YEAR 2002.—For pur-
7 poses of clause (i), the criteria described in
8 this clause is that a State received a sup-
9 plemental grant under paragraph (3) for
10 fiscal year 2002 (as in effect with respect
11 to such fiscal year).

12 “(iii) STATE BASIC TANF GRANT PER
13 POOR PERSON IS BELOW NATIONAL AVER-
14 AGE.—For purposes of clause (i), the cri-
15 teria described in this clause is that, with
16 respect to a State and a fiscal year, the
17 State basic TANF grant per poor person
18 for the immediately preceding fiscal year is
19 less than the national average State basic
20 TANF grant per poor person for such pre-
21 ceding fiscal year.

22 “(iv) APPLICABLE AMOUNT.—

23 “(I) ALL QUALIFYING STATES.—

24 For purposes of clause (i), the appli-
25 cable amount described in this clause

1 is the amount equal to 2.5 percent of
2 the sum of—

3 “(aa) the amount required
4 to be paid to the State under
5 former section 403 (as in effect
6 during fiscal year 1994); and

7 “(bb) the amount (if any)
8 paid to the State under para-
9 graph (3) for fiscal year 2002 (as
10 in effect with respect to such fis-
11 cal year).

12 “(II) ORIGINAL QUALIFYING
13 STATES.—In the case of a State that
14 meets the criteria described in clause
15 (ii), the amount determined under
16 subclause (I) for a fiscal year shall be
17 further increased by the amount de-
18 scribed in item (bb) of that subclause.

19 “(v) PRESERVATION OF UPDATE.—In
20 the case of a State that fails to meet the
21 criteria described in clause (iii) for a fiscal
22 year but that did satisfy such criteria for
23 a prior fiscal year, the amount of the base
24 State family assistance grant determined
25 under this paragraph for that State for

1 such a fiscal year shall be increased by the
2 amount determined for the State under
3 clause (iv)(I) for the most recent fiscal
4 year for which the State satisfied such cri-
5 teria.

6 “(vi) DEFINITIONS.—In this subpara-
7 graph:

8 “(I) STATE BASIC TANF GRANT
9 PER POOR PERSON.—The term ‘State
10 basic TANF grant per poor person’
11 means, with respect to a State and a
12 preceding fiscal year—

13 “(aa) the base State family
14 assistance grant for the State (as
15 defined under subparagraph (C)
16 and, if applicable, increased
17 under this subparagraph); di-
18 vided by

19 “(bb) the number of individ-
20 uals, according to the 2000 Cen-
21 sus Supplementary Survey, who
22 were residents of the State and
23 whose income does not exceed the
24 poverty line.

1 “(II) NATIONAL AVERAGE STATE
2 BASIC TANF GRANT PER POOR PER-
3 SON.—The term ‘national average
4 State basic TANF grant per poor per-
5 son’ means, with respect to a pre-
6 ceding fiscal year, an amount equal
7 to—

8 “(aa) the base State family
9 assistance grant (as defined
10 under subparagraph (C) and in-
11 creased under this subparagraph)
12 for all States for that fiscal year;
13 divided by

14 “(bb) the number of individ-
15 uals, according to the 2000 Cen-
16 sus Supplementary Survey, who
17 were residents of any State and
18 whose income does not exceed the
19 poverty line.

20 “(III) STATE.—The term ‘State’
21 means each of the 50 States and the
22 District of Columbia.

23 “(G) ANNUAL ADJUSTMENT AMOUNT.—
24 For purposes of subparagraph (B), the annual

1 adjustment amount with respect to a State is
2 the amount equal to the product of—

3 “(i) the difference between the
4 amount appropriated under subparagraph
5 (H) for grants under this paragraph for
6 the fiscal year and the Base family assist-
7 ance grant for the State; and

8 “(ii) the number of children in pov-
9 erty residing in the State divided by the
10 total number of children in poverty resid-
11 ing in all States.

12 “(H) ADDITIONAL DEFINITIONS.—In this
13 paragraph:

14 “(i) CHILDREN IN POVERTY.—

15 “(I) IN GENERAL.—The term
16 ‘children in poverty’ means, with re-
17 spect to a State and a fiscal year, the
18 number of children residing in the
19 State who have not attained age 18
20 and whose family income is less than
21 the poverty line.

22 “(II) DATA.—The Secretary shall
23 determine the number of children in
24 poverty in a State using the most re-

1 cent, accurate data available for the
2 State.

3 “(III) REGULATIONS.—The Sec-
4 retary shall promulgate for public
5 comment regulations that describe the
6 methodology and data that the Sec-
7 retary will use to determine the num-
8 ber of children in poverty in each
9 State.

10 “(ii) POVERTY LINE.—The term ‘pov-
11 erty line’ has the meaning given the term
12 in section 673(2) of the Omnibus Budget
13 Reconciliation Act of 1981, including any
14 revision required by such section applicable
15 to a family of the size involved.

16 “(iii) FAMILY INCOME.—The term
17 ‘family income’ means cash income but
18 does not include cash benefits from means-
19 tested public programs or child support ob-
20 ligations.”; and

21 (6) in subparagraph (I), as redesignated by
22 paragraph (2), by striking “appropriated for fiscal
23 years” and all that follows through the period and
24 inserting “appropriated for State family assistance
25 grants under this paragraph—

1 “(i) for fiscal year 2003,
2 \$17,011,416,235;
3 “(ii) for fiscal year 2004,
4 \$17,236,416,235;
5 “(iii) for fiscal year 2005,
6 \$17,461,416,235;
7 “(iv) for fiscal year 2006,
8 \$17,686,416,235; and
9 “(v) for fiscal year 2007,
10 \$17,911,416,235.”.

11 **SEC. 102. CONTINGENCY FUND.**

12 (a) CONTINGENCY FUNDING AVAILABLE TO NEEDY
13 STATES.—Section 403(b) (42 U.S.C. 603(b)) is
14 amended—

15 (1) by striking paragraphs (1) through (3) and
16 inserting the following:

17 “(1) CONTINGENCY FUND GRANTS.—

18 “(A) PAYMENTS.—Subject to subpara-
19 graph (C), each State shall receive a contin-
20 gency fund grant for each eligible month in
21 which the State is a needy State under para-
22 graph (3).

23 “(B) MONTHLY CONTINGENCY FUND
24 GRANT AMOUNT.—For each eligible month in
25 which a State is a needy State, the State shall

1 receive a contingency fund grant equal to the
2 higher of \$0 and the applicable percentage (as
3 defined in subparagraph (D)(i)) of the product
4 of—

5 “(i) the estimated cost of an addi-
6 tional recipient family (as defined in sub-
7 paragraph (D)(ii)); and

8 “(ii) the increase in the number of
9 families receiving assistance under the
10 State program funded under this part or a
11 program funded with qualified State ex-
12 penditures (as defined in subparagraph
13 (D)(iv)).

14 “(C) LIMITATION.—The total amount paid
15 to a single State under subparagraph (A) dur-
16 ing a fiscal year shall not exceed the amount
17 equal to 15 percent of the State family assist-
18 ance grant (as defined under subparagraph (B)
19 of subsection (a)(1) and increased under sub-
20 paragraph (E) of that subsection).

21 “(D) DEFINITIONS.—In this paragraph:

22 “(i) APPLICABLE PERCENTAGE.—The
23 term ‘applicable percentage’ means the
24 higher of—

25 “(I) 75 percent; and

1 “(II) the sum of the Federal
2 medical assistance percentage for the
3 State (as defined in section 1905(b))
4 plus 8 percentage points.

5 “(ii) ESTIMATED COST OF AN ADDI-
6 TIONAL RECIPIENT FAMILY.—The term
7 ‘estimated cost of an additional recipient
8 family’ means the amount equal to 120
9 percent of the basic assistance cost (as de-
10 fined under clause (iii)) for families receiv-
11 ing assistance under the State program
12 funded under this part or under a program
13 funded with qualified State expenditures
14 (as defined in section 409(a)(7)(B)(i)).

15 “(iii) BASIC ASSISTANCE COST.—

16 “(I) IN GENERAL.—The term
17 ‘basic assistance cost’ means the
18 amount equal to the maximum cash
19 assistance grant for a family con-
20 sisting of 3 individuals under the
21 State program funded under this part.

22 “(II) RULE FOR STATES WITH
23 MORE THAN 1 MAXIMUM LEVEL.—In
24 the case of a State that has more
25 than 1 maximum cash assistance

1 grant level for families consisting of 3
2 individuals, the basic assistance cost
3 shall be the amount equal to the max-
4 imum cash assistance grant level ap-
5 plicable to the largest number of fami-
6 lies consisting of 3 individuals receiv-
7 ing assistance under the State pro-
8 gram funded under this part or a
9 State program funded with qualified
10 State expenditures (as defined in sec-
11 tion 409(a)(7)(B)(i)).

12 “(iv) INCREASE IN THE NUMBER OF
13 FAMILIES RECEIVING ASSISTANCE UNDER
14 THE STATE PROGRAM FUNDED UNDER
15 THIS PART OR A PROGRAM FUNDED WITH
16 QUALIFIED STATE EXPENDITURES.—The
17 term ‘increase in the number of families
18 receiving assistance under the State pro-
19 gram funded under this part or a program
20 funded with qualified State expenditures’
21 means the increase in—

22 “(I) the number of families re-
23 ceiving assistance under the State
24 program funded under this part and
25 under a program funded with quali-

1 fied State expenditures (as defined in
2 section 409(a)(7)(B)(i)) in the most
3 recent month for which data from the
4 State are available; as compared to

5 “(II) the lower of the average
6 monthly number of families receiving
7 such assistance in either of the 2 com-
8 pleted fiscal years immediately pre-
9 ceding the fiscal year in which the
10 State qualifies as a needy State.

11 “(E) APPROPRIATION.—Out of any money
12 in the Treasury of the United States not other-
13 wise appropriated, there are appropriated for
14 the period of fiscal years 2003 through 2007,
15 such sums as are necessary for making contin-
16 gency fund grants under this subsection in a
17 total amount not to exceed \$2,000,000,000.”;

18 (2) by redesignating paragraph (4) as para-
19 graph (2); and

20 (3) in paragraph (2), as so redesignated—

21 (A) by striking “(3)(A)” and inserting
22 “(1)”; and

23 (B) by striking “2-month” and inserting
24 “3-month”.

1 (b) MODIFICATION OF DEFINITION OF NEEDY
2 STATE.—Section 403(b) (42 U.S.C. 603(b)) is further
3 amended—

4 (1) by striking paragraphs (5) through (7);

5 (2) by redesignating paragraph (8) as para-
6 graph (5); and

7 (3) by inserting after paragraph (2) (as redesignig-
8 nated by subsection (a)(2)) the following:

9 “(3) INITIAL DETERMINATION OF WHETHER A
10 STATE QUALIFIES AS A NEEDY STATE.—

11 “(A) IN GENERAL.—For purposes of para-
12 graph (1), a State will be initially determined to
13 be a needy State for a month if the State satis-
14 fies any of the following:

15 “(i) The—

16 “(I) average rate of total unem-
17 ployment in the State for the period
18 consisting of the most recent 3
19 months for which data are available
20 has increased by the lesser of 1.5 per-
21 centage points or by 50 percent over
22 the corresponding 3-month period in
23 either of the 2 most recent preceding
24 fiscal years; or

1 “(II) average insured unemploy-
2 ment rate for the most recent 3
3 months for which data are available
4 has increased by 1 percentage point
5 over the corresponding 3-month pe-
6 riod in either of the 2 most recent
7 preceding fiscal years.

8 “(ii) As determined by the Secretary
9 of Agriculture, the monthly average num-
10 ber of households (as of the last day of
11 each month) that participated in the food
12 stamp program in the State in the then
13 most recently concluded 3-month period
14 for which data are available exceeds by at
15 least 10 percent the monthly average num-
16 ber of households (as of the last day of
17 each month) in the State that participated
18 in the food stamp program in the cor-
19 responding 3-month period in either of the
20 2 most recent preceding fiscal years.

21 “(iii) As determined by the Secretary,
22 the monthly average number of families
23 that received assistance under the State
24 program funded under this part or under
25 a program funded with qualified State ex-

1 penditures (as defined in section
2 409(a)(7)(B)(i)) in the most recently con-
3 cluded 3-month period for which data are
4 available from the State increased by at
5 least 10 percent over the number of such
6 families that received such benefits in the
7 corresponding 3-month period in either of
8 the 2 most recent preceding fiscal years,
9 provided that the Secretary makes a deter-
10 mination that the State's increased case-
11 load was due, in large measure, to eco-
12 nomic conditions rather than State policy
13 changes.

14 “(B) DURATION.—

15 “(i) IN GENERAL.—A State that
16 qualifies as a needy State—

17 “(I) under subparagraph (A)(i),
18 shall be considered a needy State until
19 either the State's (seasonally ad-
20 justed) total unemployment rate or
21 (seasonally adjusted) insured unem-
22 ployment rate, whichever rate was
23 used to meet the definition as a needy
24 State under that subparagraph for the
25 most recently concluded 3-month pe-

1 riod for which data are available, falls
2 below the level attained in the 3-
3 month period in which the State first
4 qualified as a needy State under that
5 subparagraph;

6 “(II) under subparagraph (A)(ii),
7 shall be considered a needy State until
8 the average monthly number of house-
9 holds participating in the food stamp
10 program for the most recently con-
11 cluded 3-month period for which data
12 are available nationally falls below the
13 food stamp base period level; and

14 “(III) under subparagraph
15 (A)(iii), shall be considered a needy
16 State until the number of families re-
17 ceiving assistance under the State
18 program funded under this part or
19 under a program funded with quali-
20 fied State expenditures (as defined in
21 section 409(a)(7)(B)(i)) for the most
22 recently concluded 3-month period for
23 which data are available falls below
24 the TANF base period level.

1 “(ii) SEASONAL VARIATIONS.—Not-
2 withstanding subclauses (II) and (III) of
3 clause (i), a State shall be considered a
4 needy State—

5 “(I) under subparagraph (A)(ii),
6 if with respect to the State, the
7 monthly average number of house-
8 holds participating in the food stamp
9 program for the most recent 3-month
10 period for which data are available na-
11 tionally falls below the food stamp
12 base period level and the Secretary
13 determines that this is due to ex-
14 pected seasonal variations in food
15 stamp receipt in the State; and

16 “(II) under subparagraph
17 (A)(iii), if, with respect to a State, the
18 monthly average number of families
19 receiving assistance under the State
20 program funded under this part or
21 under a program funded with quali-
22 fied State expenditures (as defined in
23 section 409(a)(7)(B)(i)) for the most
24 recently concluded 3-month period for
25 which data are available nationally

1 falls below the TANF base period
2 level and the Secretary determines
3 that this is due to expected seasonal
4 variations in assistance receipt in the
5 State.

6 “(iii) FOOD STAMP BASE PERIOD
7 LEVEL.—In this subparagraph, the term
8 ‘food stamp base period level’ means the
9 monthly average number of households
10 participating in the food stamp program
11 that corresponds to the most recent 3-
12 month period for which data are available
13 at the time when the State first was deter-
14 mined to be a needy State under this para-
15 graph.

16 “(iv) TANF BASE PERIOD LEVEL.—
17 In this subparagraph, the term ‘TANF
18 base period level’ means the monthly aver-
19 age number of families receiving assistance
20 under the State program funded under this
21 part or under a program funded with
22 qualified State expenditures (as defined in
23 section 409(a)(7)(B)(i)) that corresponds
24 to the most recent 3 months for which
25 data are available at the time when the

1 State first was determined to be a needy
2 State under this paragraph.

3 “(4) EXCEPTION.—

4 “(A) IN GENERAL.—Notwithstanding para-
5 graph (3), a State that has unobligated TANF
6 reserves from prior fiscal years that equal more
7 than 25 percent of the total amount of grants
8 received by the State under subsection (a)
9 (other than welfare-to-work grants made under
10 paragraph (5) of that subsection prior to fiscal
11 year 1999) but not yet obligated as of the end
12 of the preceding fiscal year shall not be a needy
13 State under this subsection.

14 “(B) DEFINITION OF UNOBLIGATED TANF
15 RESERVES.—In subparagraph (A), the term
16 ‘unobligated TANF reserves’ means the lessor
17 of—

18 “(i) the total amount of grants made
19 to the State (regardless of the fiscal year
20 in which such funds were awarded) under
21 subsection (a) (other than welfare-to-work
22 grants made under paragraph (5) of that
23 subsection prior to fiscal year 1999) but
24 not yet obligated as of the end of the pre-
25 ceding fiscal year; and

1 “(ii) the total amount of grants made
2 to the State under subsection (a) (other
3 than welfare-to-work grants made under
4 paragraph (5) of that subsection prior to
5 fiscal year 1999) but not yet obligated as
6 of the end of the preceding fiscal year, plus
7 the difference between—

8 “(I) the pro rata share of the fis-
9 cal year grants to be made under sub-
10 section (a) to the State (other than
11 such welfare-to-work grants); and

12 “(II) current year obligations of
13 the total amount of grants made to all
14 States under subsection (a) (regard-
15 less of the fiscal year in which such
16 funds were awarded) (other than such
17 welfare-to-work grants) through the
18 end of the most recent calendar quar-
19 ter.”.

20 (c) CLARIFICATION OF REPORTING REQUIRE-
21 MENTS.—Paragraph (5) of section 403(b) (42 U.S.C.
22 603(b)), as redesignated by subsection (b)(2), is amended
23 by striking “on the status of the Fund” and inserting “on
24 the States that qualified for contingency funds and the
25 amount of funding awarded under this subsection”.

1 **SEC. 103. BONUS FOR REDUCTION OF CHILD POVERTY.**

2 (a) CHILD POVERTY REDUCTION BONUS.—Section
3 403(a) (42 U.S.C. 603(a)) is amended by adding at the
4 end the following:

5 “(6) BONUS TO REWARD STATES THAT REDUCE
6 CHILD POVERTY.—

7 “(A) IN GENERAL.—Beginning with fiscal
8 year 2003, the Secretary shall make a grant
9 pursuant to this paragraph to each State for
10 each fiscal year for which the State is a quali-
11 fied child poverty reduction State.

12 “(B) AMOUNT OF GRANT.—

13 “(i) IN GENERAL.—Subject to this
14 subparagraph, the amount of the grant to
15 be made to a qualified child poverty reduc-
16 tion State for a fiscal year shall be an
17 amount equal to—

18 “(I) the number of children who
19 had not attained 18 years of age by
20 the end of the then most recently
21 completed calendar year and who re-
22 sided in the State as of the end of
23 such calendar year, divided by the
24 number of such children who resided
25 in the United States as of the end of
26 such calendar year; multiplied by

1 “(II) the amount appropriated
2 pursuant to subparagraph (G) for the
3 fiscal year.

4 “(ii) LIMITATIONS.—

5 “(I) MINIMUM GRANT.—The
6 amount of the grant to be made to a
7 qualified child poverty reduction State
8 for a fiscal year shall be not less than
9 \$500,000.

10 “(II) MAXIMUM GRANT.—The
11 amount of the grant to be made to a
12 qualified child poverty reduction State
13 for a fiscal year shall not exceed an
14 amount equal to 3 percent of the
15 State family assistance grant (as de-
16 fined in subparagraph (B) of para-
17 graph (1) and increased under sub-
18 paragraph (E) of that paragraph) for
19 the fiscal year.

20 “(iii) PRO RATA INCREASE.—If the
21 amount available for grants under this
22 paragraph for a fiscal year is greater than
23 the total amount of payments otherwise re-
24 quired to be made under this paragraph
25 for the fiscal year, then the amount other-

1 wise payable to any State for the fiscal
2 year under this paragraph shall, subject to
3 clause (ii)(II), be increased by such equal
4 percentage as may be necessary to ensure
5 that the total of the amounts payable for
6 the fiscal year under this paragraph equals
7 the amount available for the grants.

8 “(iv) PRO RATA REDUCTION.—If the
9 amount available for grants under this
10 paragraph for a fiscal year is less than the
11 total amount of payments otherwise re-
12 quired to be made under this paragraph
13 for the fiscal year, then the amount other-
14 wise payable to any State for the fiscal
15 year under this paragraph shall, subject to
16 clause (ii)(I), be reduced by such equal
17 percentage as may be necessary to ensure
18 that the total of the amounts payable for
19 the fiscal year under this paragraph equals
20 the amount available for the grants.

21 “(C) USE OF GRANT.—A State to which a
22 grant is made under this paragraph shall use
23 the grant for any purpose for which a grant
24 made under this part may be used.

25 “(D) DEFINITIONS.—In this paragraph:

1 “(i) QUALIFIED CHILD POVERTY RE-
2 DUCTION STATE.—The term ‘qualified
3 child poverty reduction State’ means, with
4 respect to a fiscal year, a State if—

5 “(I) the child poverty rate
6 achieved by the State for the then
7 most recently completed calendar year
8 for which such information is avail-
9 able is less than the lowest child pov-
10 erty rate achieved by the State during
11 the applicable period; and

12 “(II) the average depth of child
13 poverty in the State for the then most
14 recently completed calendar year for
15 which such information is available is
16 not greater than the average depth of
17 child poverty in the State for the cal-
18 endar year that precedes such then
19 most recently completed calendar
20 year.

21 “(ii) APPLICABLE PERIOD.—In clause
22 (i), the term ‘applicable period’ means,
23 with respect to a State and the calendar
24 year referred to in clause (i)(I), the period
25 that—

1 “(I) begins with the calendar
2 year that, as of October 1, 2002, pre-
3 cedes the then most recently com-
4 pleted calendar year for which such
5 information is available; and

6 “(II) ends with the calendar year
7 that precedes the calendar year re-
8 ferred to in clause (i)(I).

9 “(iii) CHILD POVERTY RATE.—The
10 term ‘child poverty rate’ means, with re-
11 spect to a State and a calendar year, the
12 percentage of children residing in the State
13 during the calendar year whose family in-
14 come for the calendar year is less than the
15 poverty line then applicable to the family.

16 “(iv) AVERAGE DEPTH OF CHILD POV-
17 ERTY.—The term ‘average depth of child
18 poverty’ means with respect to a State and
19 a calendar year, the average dollar amount
20 by which family income is exceeded by the
21 poverty line, among children in the State
22 whose family income for the calendar year
23 is less than the applicable poverty line.

24 “(v) POVERTY LINE.—The term ‘pov-
25 erty line’ has the meaning given the term

1 in section 673(2) of the Omnibus Budget
2 Reconciliation Act of 1981, including any
3 revision required by such section applicable
4 to a family of the size involved.

5 “(vi) FAMILY INCOME.—The term
6 ‘family income’ means cash income, child
7 support payments, Federal, State, or local
8 government cash payments, and benefits
9 under the Food Stamp Act of 1977 that
10 are received by any family member, and
11 family income shall be determined after
12 payment of all taxes and receipt of any tax
13 refund or rebate by any family member.

14 “(E) SECRETARY SHALL DETERMINE AP-
15 PROPRIATE DATA SOURCE FOR CALCULA-
16 TIONS.—

17 “(i) IN GENERAL.—The Secretary
18 shall determine the most reliable data
19 source to use for the estimates required
20 under this paragraph.

21 “(ii) DIFFERENT SOURCES PER-
22 MITTED.—The Secretary may employ dif-
23 ferent data sources or estimation proce-
24 dures for different States.

1 “(iii) REGULATIONS.—The Secretary
2 shall issue regulations indicating the data
3 and estimation procedures to be used in
4 this paragraph.

5 “(F) SECRETARY TO DEVELOP ADDI-
6 TIONAL EXPERIMENTAL CRITERIA TO BE USED
7 FOR FISCAL YEARS 2006 AND 2007.—

8 “(i) IN GENERAL.—The Secretary
9 shall develop experimental child poverty re-
10 duction bonus criteria to be used in addi-
11 tion to the criteria specified in subpara-
12 graph (D)(i) to determine which States are
13 qualified child poverty reduction States for
14 fiscal year 2006 or 2007. The Secretary—

15 “(I) shall develop such criteria so
16 that States that show improvement in
17 such criteria are eligible for a bonus
18 under this subparagraph for fiscal
19 year 2006 or 2007; and

20 “(II) may develop such criteria
21 so that States that meet 1 or more of
22 the criteria, regardless of past per-
23 formance, qualify for a bonus under
24 this paragraph for such a fiscal year.

1 “(ii) NO REQUIREMENT TO SATISFY
2 CRITERIA FOR PRECEDING FISCAL
3 YEARS.—A State does not have to satisfy
4 the criteria specified in subparagraph
5 (D)(i) in order to be a qualified child pov-
6 erty reduction State for fiscal year 2006 or
7 2007 so long as the State satisfies 1 or
8 more of the experimental criteria developed
9 under this subparagraph for such a fiscal
10 year.

11 “(iii) REQUIREMENTS.—

12 “(I) IN GENERAL.—The Sec-
13 retary shall design the experimental
14 criteria to be used under this subpara-
15 graph to measure the extent to which
16 efforts conducted with Federal funds
17 provided under this part or with non-
18 Federal funds counting toward the
19 State’s qualified State expenditures
20 under section 409(a)(7) are reducing
21 the extent and severity of poverty
22 among families with children or in-
23 creasing the ability of families with
24 children whose income is less than the
25 poverty line meet the basic needs of

1 such families such as food and hous-
2 ing.

3 “(II) CONSIDERATION OF SPE-
4 CIFIC CRITERIA.—In designing such
5 criteria the Secretary shall consider
6 criteria with respect to a specific
7 State that measure—

8 “(aa) the extent to which
9 child care subsidies are available
10 to families with children whose
11 income is below the poverty line
12 and the impact of such subsidies
13 on the ability of such families to
14 meet other basic needs such as
15 food and housing;

16 “(bb) State efforts in ensur-
17 ing that other federally funded
18 programs designed to assist low-
19 income families are accessible
20 and available to such families;
21 and

22 “(cc) the effectiveness of the
23 State’s child support enforcement
24 system and the affect of such

1 system on the extent and depth
2 of child poverty in the State.

3 “(III) CONSULTATION.—The
4 Secretary shall develop such criteria
5 in consultation with the Secretary of
6 Housing and Urban Development, the
7 Secretary of Agriculture, States, and
8 researchers in the area of child well-
9 being and poverty.

10 “(IV) REPORTS.—The Secretary
11 shall submit to Congress the following
12 reports:

13 “(aa) INTERIM REPORT.—
14 Not later than December 31,
15 2004, an interim report on the
16 Secretary’s progress in devel-
17 oping the experimental criteria
18 required under this subpara-
19 graph, including a description of
20 the criteria under consideration
21 and research initiated to test and
22 develop such criteria.

23 “(bb) PROPOSED MEASURE
24 REPORT.—Not later than Decem-
25 ber 31, 2005, a final report that

1 describes the experimental cri-
2 teria developed under this sub-
3 paragraph that the Secretary
4 proposes to use to award the fis-
5 cal years 2006 and 2007 child
6 poverty reduction bonuses under
7 this subparagraph.

8 “(V) REGULATIONS.—Not later
9 than January 31, 2005, the Secretary
10 shall promulgate regulations for pub-
11 lic comment on the experimental cri-
12 teria proposed to be used to award the
13 fiscal years 2006 and 2007 child pov-
14 erty reduction bonuses under this sub-
15 paragraph.

16 “(G) APPROPRIATIONS.—

17 “(i) IN GENERAL.—Out of any money
18 in the Treasury of the United States not
19 otherwise appropriated, there are appro-
20 priated for grants under this paragraph—

21 “(I) for fiscal year 2003,
22 \$25,000,000;

23 “(II) for each of fiscal years
24 2004 and 2005, \$50,000,000;

1 “(III) for fiscal year 2006,
2 \$75,000,000; and

3 “(IV) for fiscal year 2007,
4 \$100,000,000.

5 “(ii) DEVELOPMENT OF EXPERI-
6 MENTAL CRITERIA.—Out of any money in
7 the Treasury of the United States not oth-
8 erwise appropriated, there are appropriated
9 for the purpose of developing the experi-
10 mental criteria required under subpara-
11 graph (F), \$5,000,000 for each of fiscal
12 years 2003 and 2004.

13 “(iii) ALLOCATION OF FUNDS FOR
14 FISCAL YEARS 2006 AND 2007.—With re-
15 spect to each of fiscal years 2006 and
16 2007, not less than \$25,000,000 of the
17 amount appropriated under subclauses
18 (III) and (IV) of clause (i) for each such
19 fiscal year shall be used to award bonuses
20 under this paragraph on the basis of the
21 experimental criteria developed under sub-
22 paragraph (F).

23 “(iv) AVAILABILITY.—Amounts made
24 available under clause (i) shall remain
25 available until expended.”.

1 (b) INCLUSION OF MEASURABLE MILESTONES IN
2 CORRECTIVE ACTION PLAN.—Section 413(i)(3) (42
3 U.S.C. 613(i)(3)) is amended in the second sentence by
4 inserting “and identify the measurable milestones for as-
5 sessing the effectiveness of the plan” before the period.

6 **SEC. 104. REAUTHORIZATION OF OTHER GRANTS.**

7 (a) REAUTHORIZATION OF BONUS TO REWARD HIGH
8 PERFORMANCE STATES.—Section 403(a)(4) (42 U.S.C.
9 603(a)(4)) is amended—

10 (1) in subparagraph (E)(i), by striking “1999”
11 and all that follows through “2003” and inserting
12 “2004, 2005, 2006, 2007, or 2008”; and

13 (2) in subparagraph (F) by striking “1999
14 through 2003” and inserting “2004 through 2008”.

15 (b) REAUTHORIZATION OF GRANTS FOR INDIAN
16 TRIBES.—Paragraphs (1)(A) and (2)(A) of section 412(a)
17 (42 U.S.C. 612(a)) are each amended by striking “1997”
18 and all that follows through “2002” and inserting “2003
19 through 2007”.

20 (c) CONTINUATION OF PENALTIES FOR FAILURE OF
21 ANY STATE TO MAINTAIN CERTAIN LEVEL OF HISTORIC
22 EFFORT.—Section 409(a)(7) (42 U.S.C. 608(a)(7)) is
23 amended—

1 (1) in subparagraph (A), by striking “1998”
 2 and all that follows through “2003” and inserting
 3 “2003, 2004, 2005, 2006, or 2007”; and

4 (2) in subparagraph (B)(ii), by striking “1997
 5 through 2002” and inserting “2003 through 2007”.

6 **SEC 105. RESTORATION OF FUNDING FOR THE SOCIAL**
 7 **SERVICES BLOCK GRANT.**

8 (a) RESTORATION OF FUNDS FOR THE SOCIAL SERV-
 9 ICES BLOCK GRANT.—Section 2003(c) (42 U.S.C.
 10 1379b(c)) is amended—

11 (1) in paragraph (10), by striking “and”;

12 (2) in paragraph (11), by striking “and each
 13 fiscal year thereafter.” and inserting “; and”; and

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

15 “(12) \$2,800,000,000 for fiscal year 2003 and
 16 each fiscal year thereafter.”.

17 (b) RESTORATION OF AUTHORITY TO TRANSFER UP
 18 TO 10 PERCENT OF TANF FUNDS.—Section 404(d)(2)
 19 (42 U.S.C. 604(d)(2)) is amended to read as follows:

20 “(2) LIMITATION ON AMOUNT TRANSFERABLE
 21 TO TITLE XX PROGRAMS.—A State may use not
 22 more than 10 percent of the amount of any grant
 23 made to the State under section 403(a) for a fiscal
 24 year to carry out State programs pursuant to title
 25 XX.”.

1 (c) REQUIREMENT TO SUBMIT ANNUAL REPORT ON
2 STATE ACTIVITIES.—Section 2006(c) (42 U.S.C.
3 1397e(c)) is amended by adding at the end the following
4 new sentence: “Beginning with the reports prepared and
5 transmitted by a State under subsection (a) for fiscal year
6 2002, the Secretary shall compile the information con-
7 tained in the reports transmitted by the States under that
8 subsection and shall submit the compilation to Congress
9 on an annual basis.”.

10 **SEC. 106. REPEAL OF FEDERAL LOANS FOR STATE WEL-**
11 **FARE PROGRAMS.**

12 (a) IN GENERAL.—Section 406 (42 U.S.C. 606) is
13 repealed.

14 (b) APPLICATION TO OUTSTANDING LOANS.—With
15 respect to any loan made under section 406 of the Social
16 Security Act (42 U.S.C. 606) prior to the effective date
17 of the repeal of that section under subsection (a), notwith-
18 standing such repeal, the terms and conditions for such
19 loan shall continue until the date on which the loan would,
20 in the absence of such repeal, mature.

21 **SEC. 107. GAO REPORTS ON TANF FUNDING AND EXPENDI-**
22 **TURES.**

23 (a) REPORTS.—The Comptroller General of the
24 United States shall submit to the Chairman and Ranking
25 Member of the Committee on Ways and Means of the

1 House of Representatives and to the Chairman and Rank-
2 ing Member of the Committee on Finance of the Senate
3 a report on the matters described in subsection (b) on each
4 of the dates described in subsection (c).

5 (b) MATTERS DESCRIBED.—The matters described
6 in this subsection are the following:

7 (1) The amount of expenditures per State from
8 funds received under a grant made under section
9 403 of the Social Security Act (42 U.S.C. 603).

10 (2) The activities funded by the States with
11 such funds.

12 (3) The State-by-State variation on the matters
13 described in paragraphs (1) and (2).

14 (4) The Federal resources available to each
15 State for funding welfare-to-work activities, includ-
16 ing through funds made available under a grant
17 made under section 403 of the Social Security Act
18 (42 U.S.C. 603), funds considered to be qualified
19 State expenditures under section 409(a)(7) of such
20 Act (42 U.S.C. 609(a)(7)), funds made available to
21 the State under the Child Care and Development
22 Block Grant Act of 1990 (42 U.S.C. 9858 et seq.),
23 and funds made available to the State under the So-
24 cial Services Block Grant established under title XX
25 of the Social Security Act (42 U.S.C. 1397 et seq.).

1 (5) A comparison of the Federal resources
 2 available to the State to measure the effectiveness of
 3 the State’s temporary assistance to needy families
 4 program, such as the bonus to reward high perform-
 5 ance States established under section 403(a)(4) of
 6 the Social Security Act (42 U.S.C. 603(a)(4)), the
 7 child poverty reduction bonus established under sec-
 8 tion 403(a)(6) of such Act (as amended by section
 9 103), and studies conducted by the State or other
 10 entities regarding the economic self-sufficiency and
 11 well-being of individuals who have ceased to receive
 12 assistance under the State temporary assistance to
 13 needy families program (commonly referred to as
 14 “leaver studies”).

15 (c) DATES DESCRIBED.—The dates described in this
 16 subsection are the following:

17 (1) March 30, 2004.

18 (2) March 30, 2006.

19 **TITLE II—SUPPORTING WORK**

20 **SEC. 201. MAKING WORK PAY.**

21 (a) REPLACEMENT OF CASELOAD REDUCTION CRED-
 22 IT WITH EMPLOYMENT CREDIT.—

23 (1) EMPLOYMENT CREDIT TO REWARD STATES
 24 IN WHICH FAMILIES LEAVE WELFARE FOR WORK;

1 ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER
2 EARNINGS.—

3 (A) IN GENERAL.—Section 407(a) (42
4 U.S.C. 607(a)) is amended by adding at the
5 end the following:

6 “(3) EMPLOYMENT CREDIT.—

7 “(A) IN GENERAL.—The minimum partici-
8 pation rate otherwise applicable to a State
9 under this subsection for a fiscal year shall be
10 reduced by the number of percentage points in
11 the employment credit for the State for the fis-
12 cal year, as determined by the Secretary—

13 “(i) using information in the National
14 Directory of New Hires, or

15 “(ii) with respect to a recipient of as-
16 sistance under the State program funded
17 under this part who is placed with an em-
18 ployer whose hiring information is not re-
19 ported to the National Directory of New
20 Hires, using quarterly wage information
21 submitted by the State to the Secretary
22 not later than such date as the Secretary
23 shall prescribe in regulations.

24 “(B) CALCULATION OF CREDIT.—

1 “(i) IN GENERAL.—The employment
2 credit for a State for a fiscal year is an
3 amount equal to—

4 “(I) twice the average quarterly
5 number of families that ceased to re-
6 ceive cash payments under the State
7 program funded under this part dur-
8 ing the preceding fiscal year and that
9 were employed during the calendar
10 quarter immediately succeeding the
11 quarter in which the payments ceased,
12 plus, at State option, twice the num-
13 ber of families that received a non-re-
14 curring short-term benefit under the
15 State program funded under this part
16 during the preceding fiscal year and
17 that were employed in during the cal-
18 endar quarter immediately succeeding
19 the quarter in which the non-recur-
20 ring short-term benefit was so re-
21 ceived; divided by

22 “(II) the average monthly num-
23 ber of families that include an adult
24 who received cash payments under the
25 State program funded under this part

1 during the preceding fiscal year, plus,
2 if the State elected the option under
3 subclause (I), twice the number of
4 families that received a non-recurring
5 short-term benefit under the State
6 program funded under this part dur-
7 ing the preceding fiscal year.

8 “(ii) SPECIAL RULE FOR FORMER RE-
9 CIPIENTS WITH HIGHER EARNINGS.—In
10 calculating the employment credit for a
11 State for a fiscal year, a family that, dur-
12 ing the preceding fiscal year, earned at
13 least 33 percent of the average wage in the
14 State (determined on the basis of State
15 unemployment data) shall be considered to
16 be 1.5 families.

17 “(C) PUBLICATION OF AMOUNT OF CRED-
18 IT.—Not later than August 30 of each fiscal
19 year, the Secretary shall cause to be published
20 in the Federal Register the amount of the em-
21 ployment credit that will be used in determining
22 the minimum participation rate applicable to a
23 State under this subsection for the immediately
24 succeeding fiscal year.”.

1 (B) AUTHORITY OF SECRETARY TO USE
2 INFORMATION IN NATIONAL DIRECTORY OF
3 NEW HIRES.—Section 453(i) (42 U.S.C. 653(i))
4 is amended by adding at the end the following:

5 “(5) CALCULATION OF EMPLOYMENT CREDIT
6 FOR PURPOSES OF DETERMINING STATE WORK PAR-
7 TICIPATION RATES UNDER TANF.—The Secretary
8 may use the information in the National Directory
9 of New Hires for purposes of calculating State em-
10 ployment credits pursuant to section 407(a)(2).”.

11 (2) ELIMINATION OF CASELOAD REDUCTION
12 CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is
13 amended by striking paragraph (3) and redesign-
14 ating paragraphs (4) and (5) as paragraphs (3)
15 and (4), respectively.

16 (b) STATES TO RECEIVE PARTIAL CREDIT TOWARD
17 WORK PARTICIPATION RATE FOR RECIPIENTS ENGAGED
18 IN PART-TIME WORK.—Section 407(c)(1) (42 U.S.C.
19 607(c)(1)) (as amended by section 301(a)(3)(A)) is
20 amended by adding at the end the following: “For pur-
21 poses of subsection (b)(1)(B)(i), a family that does not
22 include a recipient who is participating in work activities
23 for an average of 30 hours per week during a month but
24 includes a recipient who is participating in such activities
25 during the month for an average of at least 50 percent

1 of the minimum average number of hours per week speci-
2 fied for the month in the table set forth in this subpara-
3 graph shall be counted as a percentage of a family that
4 includes an adult or minor child head of household who
5 is engaged in work for the month, which percentage shall
6 be the number of hours for which the recipient partici-
7 pated in such activities during the month divided by the
8 number of hours of such participation required of the re-
9 cipient under this section for the month.”.

10 (c) TANF RECIPIENTS WHO QUALIFY FOR SUPPLE-
11 MENTAL SECURITY INCOME BENEFITS REMOVED FROM
12 WORK PARTICIPATION RATE CALCULATION FOR ENTIRE
13 YEAR.—Section 407(b)(1)(B)(ii) (42 U.S.C.
14 607(b)(1)(B)(ii)) is amended—

15 (1) in subclause (I), by inserting “who has not
16 become eligible for supplemental security income
17 benefits under title XVI during the fiscal year” be-
18 fore the semicolon; and

19 (2) in subclause (II), by inserting “, and that
20 do not include an adult or minor child head of
21 household who has become eligible for supplemental
22 security income benefits under title XVI during the
23 fiscal year” before the period.

1 (d) STATE OPTION TO INCLUDE RECIPIENTS OF
2 SUBSTANTIAL CHILD CARE OR TRANSPORTATION ASSIST-
3 ANCE IN WORK PARTICIPATION RATE.—

4 (1) IN GENERAL.—Section 407(a)(1) (42
5 U.S.C. 607(a)(1)) is amended by inserting “(includ-
6 ing, at the option of the State, a family that includes
7 an adult who is receiving substantial child care or
8 transportation assistance, as defined by the Sec-
9 retary, in consultation with directors of State pro-
10 grams funded under this part, which definition shall
11 specify for each type of assistance a threshold which
12 is a dollar value or a length of time over which the
13 assistance is received, and take account of large one-
14 time transition payments, except any family taken
15 into account under paragraph (2)(B)(i)(I)” before
16 the colon.

17 (2) DATA COLLECTION AND REPORTING.—Sec-
18 tion 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is
19 amended in the matter preceding clause (i) by in-
20 serting “(including any family with respect to whom
21 the State has exercised its option under section
22 407(a)(1))” after “assistance”.

23 (e) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), the amendments made by this Act shall
3 take effect on October 1, 2003.

4 (2) STATE OPTION TO PHASE-IN REPLACEMENT
5 OF CASELOAD REDUCTION CREDIT WITH EMPLOY-
6 MENT CREDIT AND DELAY APPLICABILITY OF OTHER
7 PROVISIONS.—A State may elect to have the amend-
8 ments made by subsections (a)(2) and (b), (c), and
9 (d) not apply to the State program funded under
10 part A of title IV of the Social Security Act until
11 October 1, 2004, and if the State makes the elec-
12 tion, then, in determining the participation rate of
13 the State for purposes of sections 407 and 409(a)(3)
14 of the Social Security Act for fiscal year 2004, the
15 State shall be credited with $\frac{1}{2}$ of the reduction in
16 the rate that would otherwise result from applying
17 section 407(a)(2) of the Social Security Act (as
18 added by subsection (a)(1), and as so redesignated
19 by section 301(a)(1)(B)) to the State for fiscal year
20 2004 and $\frac{1}{2}$ of the reduction in the rate that would
21 otherwise result from applying section 407(b)(3) of
22 the Social Security Act to the State for fiscal year
23 2004.

1 **SEC. 202. INCREASE IN GUARANTEED FUNDING FOR CHILD**
2 **CARE.**

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

5 (1) by striking “and” at the end of subpara-
6 graph (E);

7 (2) by striking the period at the end of sub-
8 paragraph (F) and inserting “; and”; and

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

10 “(G) \$3,717,000,000 for each of fiscal
11 years 2003 through 2007.”

12 **SEC. 203. PARENTS AS SCHOLARS PROGRAM.**

13 (a) STATE OPTION TO ESTABLISH PARENTS AS
14 SCHOLARS PROGRAM.—Section 404 (42 U.S.C. 604) is
15 amended by adding at the end the following new sub-
16 section:

17 “(1) AUTHORITY TO ESTABLISH A PARENTS AS
18 SCHOLARS PROGRAM.—

19 “(1)

20 “(A) IN GENERAL.—A State to which a
21 grant is made under section 403 may use the
22 grant to establish a parents as scholars pro-
23 gram under which an eligible participant may
24 be provided support services described in para-
25 graph (4) based on the participant’s need in

1 order to complete the program, and the State
2 may elect—

3 “(i) in accordance with section
4 407(c)(2)(E), to include the participant in
5 the determination of the monthly work
6 participation rates under paragraph
7 (1)(B)(i) of section 407(b); and

8 “(ii) in accordance with section
9 408(a)(7)(H), to credit the participant for
10 any month in which the participant is en-
11 gaged in the program for purposes of de-
12 termining the number of months for which
13 an adult has received assistance under a
14 State or tribal program funded under this
15 part.

16 “(B) LIMITATION ON NUMBER OF ELIGI-
17 BLE PARTICIPANTS.—The number of eligible
18 participants that may participate in a parents
19 as scholars program established under this sub-
20 section may not exceed the amount equal to 5
21 percent of the total number of recipients of as-
22 sistance under the State program funded under
23 this part.

24 “(2) DEFINITION OF ELIGIBLE PARTICIPANT.—

1 “(A) IN GENERAL.—In this subsection, the
2 term ‘eligible participant’ means an individual
3 who receives assistance under the State pro-
4 gram funded under this part and satisfies the
5 following requirements:

6 “(i) The individual is enrolled as a
7 full-time student in a postsecondary 2- or
8 4-year degree program.

9 “(ii) The individual does not have a
10 marketable bachelor’s degree.

11 “(iii) The individual does not have the
12 skills necessary to earn at least 85 percent
13 of the median wage for the State or local-
14 ity in which the individual resides.

15 “(iv) The individual is—

16 “(I) pursuing a degree that will
17 improve the individual’s ability to sup-
18 port the individual’s family, consid-
19 ering the local labor market and em-
20 ployment opportunities; and

21 “(II) demonstrating an ability to
22 succeed in the educational program
23 that has been chosen.

24 “(v) The individual participates in a
25 combination of education, training, study

1 or worksite experience for an average of
2 not less than 20 hours per week (including
3 time spent studying at 150 percent of time
4 spent in class).

5 “(vi) After the first 24 months of par-
6 ticipation in the program, the individual—

7 “(I) works not less than 15 hours
8 per week (in addition to school and
9 study time); or

10 “(II) engages in a combination of
11 class hours, study hours (including
12 time spent studying at 150 percent of
13 time spent in class) and work for a
14 total of not less than 40 hours per
15 week.

16 “(vii) During the period the individual
17 participates in the program, the
18 individual—

19 “(I) maintains not less than a
20 2.0 grade point average;

21 “(II) attends classes as sched-
22 uled;

23 “(III) reports to the individual’s
24 caseworker for the program any

1 changes that might affect the individ-
2 ual's participation;

3 “(IV) provides the individual's
4 caseworker with a copy of any finan-
5 cial aid award letters; and

6 “(V) provides the individual's
7 caseworker with the individual's se-
8 mester grades as requested.

9 “(B) DEFINITION OF FULL-TIME STU-
10 DENT.—

11 “(i) IN GENERAL.—In subparagraph
12 (A)(i), the term ‘full-time student’ means
13 an individual is taking courses having the
14 number of hours needed under the require-
15 ments of the educational institution in
16 which the individual is enrolled, to com-
17 plete the requirements of a degree within
18 the usual timeframe of 2 or 4 years, as ap-
19 plicable.

20 “(ii) EXCEPTION.—The State may,
21 for good cause, modify the number of
22 hours required under clause (i) to allow
23 additional time, not to exceed 150 percent
24 of the usual timeframe required for com-
25 pletion of a 2- or 4-year degree, for an in-

1 dividual to complete a degree and be con-
2 sidered a full-time student under the pro-
3 gram established under this subsection.

4 “(3) MODIFICATION OF ELIGIBLE PARTICIPANT
5 REQUIREMENTS.—A State may, for good cause,
6 modify the requirements for an eligible participant
7 set forth in paragraph (2)(A).

8 “(4) SUPPORT SERVICES DESCRIBED.—For
9 purposes of paragraph (1), the support services de-
10 scribed in this paragraph include any or all of the
11 following during the period the eligible participant is
12 in the program established under this subsection:

13 “(A) Child care for children under age 13,
14 or children who are physically or mentally in-
15 capable of caring for themselves.

16 “(B) Transportation services including—

17 “(i) mileage at a set rate per mile or
18 reimbursement for public or private trans-
19 portation;

20 “(ii) payment for automotive repairs,
21 not to exceed \$500 per year on a vehicle
22 registered to the eligible participant; and

23 “(iii) reimbursement for vehicle liabil-
24 ity insurance, not to exceed \$300, for the
25 eligible participant’s vehicle.

1 “(C) Payment for books and supplies to
2 the extent that such items are not covered by
3 grants and loans, not to exceed \$750 per aca-
4 demic year.

5 “(D) Such other expenses, not to exceed
6 \$500, that the State determines are necessary
7 for the eligible participant to complete the pro-
8 gram established under this subsection and that
9 are not covered by any other available support
10 services program.”.

11 (b) STATE OPTION TO INCLUDE PARENTS AS
12 SCHOLARS PARTICIPANTS IN DETERMINATION OF WORK
13 PARTICIPATION REQUIREMENTS.—Section 407(c)(2) (42
14 U.S.C. 607(c)(2)) is amended by adding at the end the
15 following new subparagraph:

16 “(E) STATE OPTION TO INCLUDE PARENTS
17 AS SCHOLARS PARTICIPANTS AS ENGAGED IN
18 WORK.—In the case of a State that elects to es-
19 tablish a parents as scholars program under
20 section 404(l), the State may consider individ-
21 uals participating in that program as being en-
22 gaged in work for the month for purposes of de-
23 termining monthly participation rates under
24 subsection (b)(1)(B)(i).”.

1 (c) INCLUSION IN DEFINITION OF WORK ACTIV-
 2 ITY.—Section 407 of the Social Security Act (42 U.S.C.
 3 607) is amended—

4 (1) in subparagraphs (A) and (B) of subsection
 5 (c)(1), by striking “or (12)” each place it appears
 6 and inserting “(12), or (13)”; and

7 (2) in subsection (d)—

8 (A) in paragraph (11), by striking “and”
 9 at the end;

10 (B) in paragraph (12), by striking the pe-
 11 riod and inserting “; and”; and

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

13 “(13) postsecondary education, but only in the
 14 case of an individual participating in a parents as
 15 scholars program that meets the requirements of
 16 section 404(l).”.

17 **SEC. 204. ELIMINATION OF RECIPIENTS COMPLETING SEC-**
 18 **ONDARY SCHOOL FROM LIMIT ON NUMBER**
 19 **OF TANF RECIPIENTS PARTICIPATING IN VO-**
 20 **CATIONAL EDUCATIONAL TRAINING.**

21 (a) IN GENERAL.—Section 407(c)(2)(D) (42 U.S.C.
 22 607(c)(2)(D)) is amended by striking “, or (if the month
 23 is in fiscal year 2000 or thereafter) deemed to be engaged
 24 in work for the month by reason of subparagraph (C) of

1 this paragraph” and inserting “(determined without re-
2 gard to any individual described in subparagraph (C))”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 407(c)(2)(C)(ii) (42 U.S.C.
5 607(c)(2)(C)(ii) is amended by inserting “including
6 vocational educational training” after “employ-
7 ment”.

8 (2) Section 407(c)(2)(D) (42 U.S.C.
9 607(c)(2)(D)) is amended in the heading, by striking
10 “EDUCATIONAL ACTIVITIES” and inserting “VOCA-
11 TIONAL EDUCATIONAL ACTIVITIES”.

12 **SEC. 205. VOCATIONAL TRAINING AND OTHER PREEMPLOY-**
13 **MENT ACTIVITIES.**

14 (a) COUNTING OF UP TO 24 MONTHS OF VOCA-
15 TIONAL TRAINING AS WORK ACTIVITY.—Section
16 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by striking
17 “12” and inserting “24”.

18 (b) PARTICIPATION IN ENGLISH-AS-A-SECOND-LAN-
19 GUAGE PROGRAM ALLOWABLE AS A PREEMPLOYMENT
20 ACTIVITY.—Section 407 (42 U.S.C. 607), as amended by
21 section 203(c) and section 301(a), is amended—

22 (1) in subsection (c)(1), by striking “or (13)”
23 and inserting “(13), or (14)”; and

24 (2) in subsection (d)—

1 (A) by striking “and” at the end of para-
2 graph (12);

3 (B) by striking the period at the end of
4 paragraph (13) and inserting “; and”; and

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

6 “(14) participation in an English-as-a-second-
7 language program.”.

8 **SEC. 206. STATE OPTION TO CREDIT MONTHS ENGAGED IN**
9 **WORK OR PARENTS AS SCHOLARS PROGRAM**
10 **FOR PURPOSES OF 5-YEAR ASSISTANCE**
11 **LIMIT.**

12 Section 408(a)(7) (42 U.S.C. 608(a)(7)) is amended
13 by adding at the end the following new subparagraph:

14 “(H) STATE OPTION TO CREDIT MONTHS
15 ENGAGED IN WORK OR PARENTS AS SCHOLARS
16 PROGRAM.—In determining the number of
17 months for which an adult has received assist-
18 ance under a State or tribal program funded
19 under this part, the State or tribe may dis-
20 regard any month during which the adult is—

21 “(i) engaged in a work activity de-
22 fined in paragraph (1), (2), (3), (4), or (7)
23 of section 407(d) in accordance with the
24 requirements of section 407(c); or

1 “(ii) a participant in the parents as
2 scholars program established under section
3 404(l).”.

4 **SEC. 207. INNOVATIVE BUSINESS LINK PARTNERSHIP FOR**
5 **EMPLOYERS AND NONPROFIT ORGANIZA-**
6 **TIONS.**

7 (a) **AUTHORITY TO AWARD GRANTS.**—The Secretary
8 of Health and Human Services and the Secretary of Labor
9 (in this section referred to as the “Secretaries”) jointly
10 shall award grants in accordance with this section for
11 projects proposed by eligible applicants based on the fol-
12 lowing:

13 (1) The potential effectiveness of the proposed
14 project in carrying out the activities described in
15 subsection (e).

16 (2) Evidence of the ability of the eligible appli-
17 cant to leverage private, State, and local resources.

18 (3) Evidence of the ability of the eligible appli-
19 cant to coordinate with other organizations at the
20 State and local level.

21 (b) **DEFINITION OF ELIGIBLE APPLICANT.**—In this
22 section, the term “eligible applicant” means a nonprofit
23 organization, a local workforce investment board estab-
24 lished under section 117 of the Workforce Investment Act
25 of 1998 (29 U.S.C. 2832), or a political subdivision of a

1 State. In addition, in order to qualify as an eligible appli-
2 cant for purposes of subsection (e)(1), the applicant must
3 provide evidence that the application has been developed
4 by and will be implemented by a local or regional consor-
5 tium that includes, at minimum, employers or employer
6 associations, education and training providers, and social
7 service providers.

8 (c) REQUIREMENTS.—In awarding grants under this
9 section, the Secretaries shall—

10 (1) consider the needs of rural areas and cities
11 with large concentrations of residents with an in-
12 come that is less than the 150 percent of the poverty
13 line; and

14 (2) ensure that—

15 (A) all of the funds made available under
16 this section (other than funds reserved for use
17 by the Secretaries under subsection (j)) shall be
18 used for activities described in subsection (e);

19 (B) not less than 30 percent of the funds
20 made available under this section (other than
21 funds so reserved) shall be used for activities
22 described in subsection (e)(1); and

23 (C) not less than 30 percent of the funds
24 made available under this section (other than

1 funds so reserved) shall be used for the activi-
2 ties described in subsection (e)(2).

3 (d) DETERMINATION OF GRANT AMOUNT.—

4 (1) IN GENERAL.—Subject to paragraph (2), in
5 determining the amount of a grant to be awarded
6 under this section for a project proposed by an eligi-
7 ble applicant, the Secretaries shall provide the eligi-
8 ble applicant with an amount sufficient to ensure
9 that the project has a reasonable opportunity to be
10 successful, taking into account—

11 (A) the number and characteristics of the
12 individuals to be served by the project;

13 (B) the level of unemployment in such
14 area;

15 (C) the job opportunities and job growth in
16 such area;

17 (D) the poverty rate for such area; and

18 (E) such other factors as the Secretary
19 deems appropriate in the area to be served by
20 the project.

21 (2) AWARD CEILING.—A grant awarded to an
22 eligible applicant under this section may not exceed
23 \$10,000,000.

1 (e) ALLOWABLE ACTIVITIES.—An eligible applicant
2 awarded a grant under this section shall use funds pro-
3 vided under the grant to do the following:

4 (1) PROMOTE BUSINESS LINKAGES.—

5 (A) IN GENERAL.—To promote business
6 linkages in which funds shall be used to fund
7 new or expanded programs that are designed
8 to—

9 (i) substantially increase the wages of
10 low-income parents, noncustodial parents,
11 and other low-income individuals, whether
12 employed or unemployed, who have limited
13 English proficiency or other barriers to
14 employment by upgrading job and related
15 skills in partnership with employers, espe-
16 cially by providing services at or near work
17 sites; and

18 (ii) identify and strengthen career
19 pathways by expanding and linking work
20 and training opportunities for low-earning
21 workers in collaboration with employers.

22 (B) CONSIDERATION OF IN-KIND, IN-CASH
23 RESOURCES.—In determining which programs
24 to fund under this paragraph, an eligible appli-
25 cant awarded a grant under this section shall

1 consider the ability of a consortium to provide
2 funds in-kind or in-cash (including employer-
3 provided, paid release time) to help support the
4 programs for which funding is sought.

5 (C) PRIORITY.—In determining which pro-
6 grams to fund under this paragraph, an eligible
7 applicant awarded a grant under this section
8 shall give priority given to programs that in-
9 clude education or training for which partici-
10 pants receive credit toward a recognized creden-
11 tial.

12 (D) USE OF FUNDS.—

13 (i) IN GENERAL.—Funds provided to
14 a program under this paragraph may be
15 used for a comprehensive set of employ-
16 ment and training benefits and services,
17 including job development, job matching,
18 curricula development, wage subsidies, re-
19 tention services, and such others as the
20 program deems necessary to achieve the
21 overall objectives of this paragraph.

22 (ii) PROVISION OF SERVICES.—So
23 long as a program is principally designed
24 to assist eligible individuals, funds may be
25 provided to a program under this para-

1 graph that is designed to provide services
2 to categories of low-earning employees for
3 1 or more employers and such a program
4 may provide services to individuals who do
5 not meet the definition of low-income es-
6 tablished for the program.

7 (2) PROVIDE FOR TRANSITIONAL JOBS PRO-
8 GRAMS.—

9 (A) IN GENERAL.—To provide for transi-
10 tional jobs programs which combine time-lim-
11 ited employment in the public or nonprofit sec-
12 tor that is subsidized with public funds with
13 skill development and barriers to employment
14 removal activities, pursuant to an individualized
15 plan. Such programs also shall provide job de-
16 velopment and placement assistance to indi-
17 vidual participants to help them move from sub-
18 sidized employment in transitional jobs into un-
19 subsidized employment, as well as retention
20 services after the transition to unsubsidized em-
21 ployment.

22 (B) DEFINITION OF TRANSITIONAL JOBS
23 PROGRAM.—In this paragraph, the term “tran-
24 sitional jobs program” means a program that is
25 intended to serve current and former recipients

1 of assistance under a State or tribal program
2 funded under part A of title IV of the Social
3 Security Act (42 U.S.C. 601 et seq.) and other
4 low-income individuals who have been unable to
5 secure employment through job search or other
6 employment-related services because of limited
7 skills, experience, or other barriers to employ-
8 ment.

9 (f) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this
10 section, the term “eligible individual” means—

11 (A) an individual who is a parent who is
12 a recipient of assistance under a State or tribal
13 program funded under part A of title IV of the
14 Social Security Act (42 U.S.C. 601 et seq.);

15 (B) an individual who is a parent who has
16 ceased to receive assistance under such a State
17 or tribal program; or

18 (C) a noncustodial parent who is unem-
19 ployed, or having difficulty in paying child sup-
20 port obligations.

21 (g) APPLICATION.—Each eligible applicant desiring a
22 grant under this section shall submit an application to the
23 Secretaries at such time, in such manner, and accom-
24 panied by such information as the Secretaries may re-
25 quire.

1 (h) ASSESSMENTS AND REPORTS BY GRANTEES.—

2 (1) IN GENERAL.—An eligible applicant that re-
3 ceives a grant under this section shall assess and re-
4 port on the outcomes of programs funded under the
5 grant, including outcomes related to job placement,
6 1-year employment retention, wage at placement,
7 and earnings progression, as specified by the Secre-
8 taries.

9 (2) ASSISTANCE.—The Secretaries shall—

10 (A) assist grantees in conducting the as-
11 sessment required under paragraph (1) by mak-
12 ing available where practicable low-cost means
13 of tracking the labor market outcomes of par-
14 ticipants; and

15 (B) encourage States to also provide such
16 assistance.

17 (i) APPLICATION TO REQUIREMENTS OF THE STATE
18 TANF PROGRAM.—

19 (1) WORK PARTICIPATION REQUIREMENTS.—

20 With respect to any month in which a recipient of
21 assistance under a State or tribal program funded
22 under part A of title IV of the Social Security Act
23 (42 U.S.C. 601 et seq.) who satisfactorily partici-
24 pates in a business linkage or transitional jobs pro-
25 gram described in subsection (e) that is paid for

1 with funds made available under a grant made
2 under this section, such participation shall be con-
3 sidered to satisfy the work participation require-
4 ments of section 407 of the Social Security Act (42
5 U.S.C. 607)) and included for purposes of deter-
6 mining monthly participation rates under subsection
7 (b)(1)(B)(i) of such section.

8 (2) PARTICIPATION NOT CONSIDERED ASSIST-
9 ANCE.—A benefit or service provided with funds
10 made available under a grant made under this sec-
11 tion shall not be considered assistance for any pur-
12 pose under a State or tribal program funded under
13 part A of title IV of the Social Security Act (42
14 U.S.C. 601 et seq.).

15 (j) ASSESSMENTS BY THE SECRETARIES.—

16 (1) RESERVATION OF FUNDS.—Of the amount
17 appropriated under subsection (k), \$3,000,000 is re-
18 served for use by the Secretaries to prepare an in-
19 terim and final report summarizing and synthesizing
20 outcomes and lessons learned from the programs
21 funded through grants awarded under this section.

22 (2) INTERIM AND FINAL ASSESSMENTS.—With
23 respect to the reports prepared under paragraph (1),
24 the Secretaries shall submit—

1 (A) the interim report not later than 4
2 years after the date of enactment of this Act;
3 and

4 (B) the final report not later than 6 years
5 after such date of enactment.

6 (k) APPROPRIATION.—Out of any money in the
7 Treasury of the United States not otherwise appropriated,
8 there are appropriated for grants under this section,
9 \$200,000,000 for the period of fiscal years 2003 through
10 2007.

11 **TITLE III—SUPPORTING**
12 **FAMILIES**

13 **SEC. 301. ELIMINATION OF SEPARATE WORK PARTICIPA-**
14 **TION RATE FOR 2-PARENT FAMILIES.**

15 (a) IN GENERAL.—Section 407 (42 U.S.C. 607) is
16 amended—

17 (1) in subsection (a)—

18 (A) in paragraph (1), by striking “ALL
19 FAMILIES” and inserting “IN GENERAL”; and

20 (B) by striking paragraph (2) and redesignating
21 paragraph (3) (as added by section
22 201(a)(1)) as paragraph (2);

23 (2) in subsection (b)—

24 (A) by striking paragraph (2);

1 (B) in paragraph (3) (as redesignated by
2 section 201(a)(2)), by striking “paragraphs
3 (1)(B) and (2)(B)” and inserting “paragraph
4 (1)(B)”;

5 (C) in paragraph (4) (as so redesignated),
6 by striking “rates” and inserting “rate”; and

7 (D) by redesignating such paragraphs (3)
8 and (4) as paragraphs (2) and (3), respectively;
9 and
10 (3) in subsection (c)—

11 (A) in paragraph (1)—

12 (i) by striking “GENERAL RULES.—”
13 and all that follows through “For pur-
14 poses” in subparagraph (A) and inserting
15 “GENERAL RULE.—For purposes”; and

16 (ii) by striking subparagraph (B); and
17 (B) in paragraph (2)(D)—

18 (i) by striking “paragraphs (1)(B)(i)
19 and (2)(B) of subsection (b)” and insert-
20 ing “subsection (b)(1)(B)(i)”; and

21 (ii) by striking “and in 2-parent fami-
22 lies, respectively,”.

23 (b) CONFORMING AMENDMENT REMOVING DIS-
24 INCENTIVE TO ASSIST 2-PARENT FAMILIES.—Section
25 409(a)(3)(A) (42 U.S.C. 609(a)(3)(A)) is amended by in-

1 serring “(determined, in the case of a fiscal year prior to
 2 fiscal year 2003, without regard to the minimum partici-
 3 pation rate required for that fiscal year under section
 4 407(a)(2) (as in effect with respect to such fiscal year)”
 5 after “section 407(a) for the fiscal year”.

6 **SEC. 302. BAN ON IMPOSITION OF STRICTER ELIGIBILITY**
 7 **CRITERIA FOR 2-PARENT FAMILIES.**

8 (a) PROHIBITION.—Section 408(a) (42 U.S.C.
 9 608(a)) is amended by adding at the end the following:

10 “(12) BAN ON IMPOSITION OF STRICTER ELIGI-
 11 BILITY CRITERIA FOR 2-PARENT FAMILIES.—In de-
 12 termining the eligibility of a 2-parent family for any
 13 benefit or service funded under this part or funded
 14 with non-Federal funds counting toward the State’s
 15 qualified State expenditures under section 409(a)(7),
 16 the State shall not impose a requirement that does
 17 not apply in determining the eligibility of a 1-parent
 18 family for such assistance.”.

19 (b) PENALTY.—Section 409(a) (42 U.S.C. 609(a)) is
 20 amended by adding at the end the following:

21 “(15) PENALTY FOR IMPOSITION OF STRICTER
 22 ELIGIBILITY CRITERIA FOR 2-PARENT FAMILIES.—

23 “(A) IN GENERAL.—If the Secretary deter-
 24 mines that a State to which a grant is made
 25 under section 403 for a fiscal year has violated

1 section 408(a)(12) during the fiscal year, the
2 Secretary shall reduce the grant payable to the
3 State under section 403(a)(1) for the imme-
4 diately succeeding fiscal year by an amount up
5 to 5 percent of the State family assistance
6 grant.

7 “(B) PENALTY BASED ON SEVERITY OF
8 FAILURE.—The Secretary shall impose reduc-
9 tions under subparagraph (A) with respect to a
10 fiscal year based on the degree of noncompli-
11 ance.”.

12 (c) ASSURANCE OF EQUAL TREATMENT.—Section
13 402(a) (42 U.S.C. 602(a)) is amended by adding at the
14 end the following:

15 “(8) ASSURANCE OF EQUAL TREATMENT OF 2-
16 PARENT FAMILIES.—Not later than 180 days after
17 the completion of the examination required under
18 section 302(b)(1) of the Personal Responsibility and
19 Work Opportunity Reconciliation Act Amendments
20 of 2002, the chief executive officer of the State shall
21 submit to the Secretary an assurance that in con-
22 ducting the State program funded under this part,
23 the State does not have rules or procedures that dis-
24 criminate against 2-parent families.”.

1 **SEC. 303. FAMILY FORMATION FUND.**

2 Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended
3 to read as follows:

4 “(2) FAMILY FORMATION FUND.—

5 “(A) IN GENERAL.—The Secretary shall
6 provide grants to States and localities for re-
7 search, technical assistance, replication, and ad-
8 aptation of rigorously evaluated programs, and
9 to conduct demonstration projects which are
10 evaluated by independent entities in accordance
11 with evaluation criteria established by the Sec-
12 retary, in the following areas:

13 “(i) Encouraging the formation and
14 maintenance of 2-parent families and
15 healthy marriages and reducing nonmarital
16 births.

17 “(ii) Reducing first and subsequent
18 teenage pregnancies.

19 “(iii) Increasing the ability of non-
20 custodial parents to financially support
21 and be involved with their children.

22 “(B) ALLOCATION OF FUNDS.—

23 “(i) IN GENERAL.—In making grants
24 under this paragraph, the Secretary shall
25 ensure that not less than 30 percent of the
26 funds made available pursuant to this

1 paragraph for a fiscal year are used in
2 each of the areas described in a clause of
3 subparagraph (A).

4 “(ii) RESERVATION.—The Secretary
5 may reserve up to 5 percent of the funds
6 made available pursuant to this paragraph
7 for a fiscal year to provide technical assist-
8 ance and to conduct research through the
9 Office of the Secretary.

10 “(C) GRANTEE REQUIREMENTS.—A recipi-
11 ent of a grant under this paragraph shall—

12 “(i) consult with domestic violence ex-
13 perts and child advocates to ensure that
14 programs funded under grants made under
15 this paragraph do not result in an increase
16 in family violence; and

17 “(ii) offer marriage-related services
18 only to individuals who voluntarily elect to
19 receive such services.

20 “(D) GRANTS CRITERIA.—

21 “(i) IN GENERAL.—The Secretary
22 shall promulgate for public comment cri-
23 teria for selecting proposals for grants
24 under this paragraph. Such criteria shall
25 include, at a minimum, that the Secretary

1 shall select proposals that satisfy the re-
2 quirements of subparagraph (C) and iden-
3 tify the potential harm a demonstration
4 project might have on subject families such
5 as loss of income.

6 “(ii) PRIORITY FOR CERTAIN PRO-
7 POSALS.—Within the allocation made
8 available to carry out subparagraph (A)(ii),
9 the Secretary shall give priority to pro-
10 posals that seek to replicate or adapt teen
11 pregnancy prevention programs that have
12 been rigorously evaluated and shown to be
13 successful.

14 “(E) APPROPRIATION.—Out of any money
15 in the Treasury of the United States not other-
16 wise appropriated, there are appropriated for
17 each of fiscal years 2003 through 2007
18 \$100,000,000 for grants under this para-
19 graph.”.

20 **SEC. 304. ENSURING CHILD WELL-BEING.**

21 (a) STATE CHILD WELL-BEING ASSESSMENT AS
22 PART OF INDIVIDUAL RESPONSIBILITY PLAN.—Section
23 408(b)(2)(A) (42 U.S.C. 608(b)(2)(A)) is amended—

24 (1) by redesignating clauses (iv) and (v) as
25 clauses (v) and (vi), respectively;

1 (2) by inserting after clause (iii), the following:

2 “(iv) sets forth a child well-being plan
3 for each child in the family as part of the
4 individual’s responsibility as well as work,
5 and offers, at a minimum, information
6 concerning programs designed to promote
7 each child’s well-being, including health
8 benefits coverage under titles XIX and
9 XXI, benefits under the food stamp pro-
10 gram and other nutrition programs, child
11 care, child support enforcement, and other
12 assistance or benefits that may be available
13 for the child;” and

14 (3) in clause (v) (as redesignated by paragraph
15 (1))—

16 (A) by striking “and describe” and insert-
17 ing “describes”; and

18 (B) by inserting “, and provides informa-
19 tion concerning ways to access services identi-
20 fied as important to the well-being of each child
21 in the family” before the semicolon.

22 (b) PROMULGATION OF BEST PRACTICE STAND-
23 ARDS.—Not later than December 31, 2003, the Secretary
24 of Health and Human Services shall promulgate best prac-
25 tice standards regarding the most appropriate procedures

1 for imposing sanctions against a family receiving assist-
2 ance under the temporary assistance to needy families pro-
3 gram funded under part A of title IV of the Social Secu-
4 rity Act (42 U.S.C. 601 et seq.) for the family's (or any
5 family member's) failure to comply with a requirement im-
6 posed under that program.

7 (c) REQUIREMENT TO DEVELOP PLAN; TECHNICAL
8 AMENDMENTS.—

9 (1) DEVELOPMENT OF PLAN.—Each State con-
10 ducting a State program funded under part A of
11 title IV of the Social Security Act (42 U.S.C. 601
12 et seq.) shall develop a child well-being assessment
13 for use in completing the child well-being plans re-
14 quired under section 408(b)(2)(A)(iv) of the Social
15 Security Act (42 U.S.C. 608(b)(2)(A)(vi)) (as added
16 by subsection (a)).

17 (2) TECHNICAL AMENDMENTS.—Section
18 408(b)(2) (42 U.S.C. 608(b)(2)) is amended—

19 (A) in subparagraph (A), in the matter
20 preceding clause (i)—

21 (i) by striking “subsection (a)” and
22 inserting “paragraph (1)”; and

23 (ii) by striking “may develop” and in-
24 serting “shall develop”; and

1 (B) in subparagraph (B), in the matter
2 preceding clause (i), by striking “paragraph
3 (1)” and inserting “subparagraph (A)”.

4 (d) DEADLINE FOR IMPLEMENTATION.—A State
5 shall not be regarded as failing to comply with the require-
6 ment of section 408(b)(2)(A)(iv) of the Social Security Act
7 (42 U.S.C. 608(b)(2)(A)(iv)) (as added by subsection (a))
8 before the date that is 1 year after the effective date of
9 this Act with respect to the State, as determined under
10 section 701.

11 **SEC. 305. FUNDING FOR FAMILIES ASSISTED BY A TERRI-**
12 **TORY PROGRAM.**

13 (a) INCREASE IN MANDATORY CEILING AMOUNT.—
14 Section 1108(c)(4) (42 U.S.C. 1308(c)(4)) is amended—

15 (1) in subparagraph (A), by striking
16 “\$107,255,000” and inserting “\$109,936,375”;

17 (2) in subparagraph (B), by striking
18 “\$4,686,000” and inserting “\$4,803,150”;

19 (3) in subparagraph (C), by striking
20 “\$3,554,000” and inserting “\$3,642,850”; and

21 (4) in subparagraph (D), by striking
22 “\$1,000,000” and inserting “\$1,250,000”.

23 (b) APPROPRIATION.—Section 1108(b)(2) (42 U.S.C.
24 1308(b)(2)) is amended by striking “fiscal years 1997

1 through 2002” and inserting “each of fiscal years 2003
2 through 2007”.

3 **TITLE IV—STATE FLEXIBILITY**

4 **SEC. 401. PATHWAY TO SELF-SUFFICIENCY GRANTS TO IM-** 5 **PROVE COORDINATION OF ASSISTANCE FOR** 6 **LOW-INCOME FAMILIES.**

7 (a) DEFINITIONS.—In this section:

8 (1) ELIGIBLE APPLICANT.—The term “eligible
9 applicant” means a State or local government agen-
10 cy or a nonprofit entity.

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

13 (3) STATE.—The term “State” means each of
14 the 50 States of the United States, the District of
15 Columbia, the Commonwealth of Puerto Rico, Amer-
16 ican Samoa, Guam, and the United States Virgin Is-
17 lands.

18 (4) SUPPORT PROGRAM FOR LOW-INCOME FAMI-
19 LIES.—The term “support program for low-income
20 families” means a program designed to provide low-
21 income families and noncustodial parents who need
22 help with obtaining employment and fulfilling child
23 support obligations to children receiving assistance
24 under the temporary assistance to needy families
25 program established under part A of title IV of the

1 Social Security Act (42 U.S.C. 601 et seq.) with as-
2 sistance or benefits to enable the family or noncusto-
3 dial parent to become self-sufficient and includes—

4 (A) the temporary assistance to needy fam-
5 ilies program established under part A of title
6 IV of the Social Security Act (42 U.S.C. 601 et
7 seq.);

8 (B) the food stamp program established
9 under the Food Stamp Act of 1977 (7 U.S.C.
10 2011 et seq.);

11 (C) the medicaid program funded under
12 title XIX of the Social Security Act (42 U.S.C.
13 1396 et seq.);

14 (D) the State children’s health insurance
15 program (SCHIP) funded under title XXI of
16 the Social Security Act (42 U.S.C. 1397aa et
17 seq.);

18 (E) the child care program funded under
19 the Child Care Development Block Grant Act of
20 1990 (42 U.S.C. 9858 et seq.);

21 (F) the child support program funded
22 under part D of title IV of the Social Security
23 Act (42 U.S.C. 651 et seq.);

1 (G) the earned income tax credit under
2 section 32 of the Internal Revenue Code of
3 1986;

4 (H) the low-income home energy assistance
5 program (LIHEAP) established under the Low-
6 Income Home Energy Assistance Act of 1981
7 (42 U.S.C. 8621 et seq.);

8 (I) the special supplemental nutrition pro-
9 gram for women, infants, and children (WIC)
10 established under section 17 of the Child Nutri-
11 tion Act of 1966 (42 U.S.C. 1786);

12 (J) programs under the Workforce Invest-
13 ment Act of 1998 (29 U.S.C. 2801 et seq.);

14 (K) programs supporting low-income hous-
15 ing assistance programs; and

16 (L) any other Federal, State, or locally
17 funded program designed to provide family and
18 work support to low-income families.

19 (b) AUTHORITY TO AWARD GRANTS.—

20 (1) IN GENERAL.—The Secretary may award
21 grants to eligible applicants to—

22 (A) improve the coordination of support
23 programs for low-income families and noncusto-
24 dial parents described in subsection (a)(4); and

1 (B) conduct outreach to such families and
2 noncustodial parents to promote enrollment in
3 such programs.

4 (2) PREFERENCE.—In awarding grants under
5 this section, the Secretary shall give preference to el-
6 igible applicants that include in the application sub-
7 mitted under subsection (c) documentation dem-
8 onstrating that the eligible applicant will collaborate
9 with other Federal, State, or local agencies or non-
10 profit entities in carrying out activities under the
11 grant.

12 (c) APPLICATION.—Each eligible applicant desiring a
13 grant under this section shall submit an application to the
14 Secretary at such time, in such manner, and accompanied
15 by such information as the Secretary may require.

16 (d) ANNUAL REPORTS.—

17 (1) IN GENERAL.—The Secretary shall submit
18 an interim and final report to Congress describing
19 the uses of grant funds awarded under this section.

20 (2) DATES FOR SUBMISSION.—With respect to
21 the reports required under paragraph (1), the Sec-
22 retary shall submit—

23 (A) the interim report, not later than De-
24 cember 31, 2005; and

1 (B) the final report, not later than Decem-
2 ber 31, 2008.

3 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$150,000,000 for the period of fiscal years 2003 through
6 2007.

7 **SEC. 402. STATE OPTION TO OFFER WAGE SUBSIDIES.**

8 (a) CLARIFICATION OF AUTHORITY TO USE GRANT
9 FUNDS.—Section 404 (42 U.S.C. 604), as amended by
10 section 203, is further amended by adding at the end the
11 following:

12 “(m) AUTHORITY TO PROVIDE WAGE SUBSIDIES.—
13 A State to which a grant is made under section 403 may
14 use the grant to provide wage subsidies or other benefits
15 or services to a family that includes an individual who
16 has—

17 “(1) participated in a work activity described in
18 paragraph (1), (2), (3), (4), or (5) of section 407(d)
19 for at least 30 hours per week;

20 “(2) received at least such amount of income
21 from the work activity as the State may establish;
22 and

23 “(3) complied with all work requirements appli-
24 cable to the individual under the State program
25 funded under this part.”.

1 (b) EFFECT OF WAGE SUBSIDIES ON 5-YEAR
 2 LIMIT.—Section 408(a)(7) (42 U.S.C. 608(a)(7)), as
 3 amended by section 206, is amended by adding at the end
 4 the following:

5 “(I) LIMITATION ON MEANING OF ‘ASSIST-
 6 ANCE’ FOR FAMILIES WITH INCOME FROM EM-
 7 PLOYMENT.—For purposes of this paragraph,
 8 at State option, a wage subsidy or other benefit
 9 or service provided to a family under section
 10 404(m) during a month under the State pro-
 11 gram funded under this part shall not be con-
 12 sidered assistance under the State program.”.

13 **SEC. 403. EXCLUSION OF VICTIMS OF DOMESTIC VIOLENCE**
 14 **FROM 20 PERCENT LIMITATION ON HARD-**
 15 **SHIP EXCEPTION.**

16 Section 408(a)(7)(C) (42 U.S.C. 608(a)(7)(C)) is
 17 amended—

18 (1) in clause (i), by striking “by reason of” and
 19 all that follows through the period and inserting “by
 20 reason of—

21 “(I) hardship; or

22 “(II) if the family includes an in-
 23 dividual who has been battered or
 24 subjected to extreme cruelty.”;

1 (2) in clause (ii), by striking “clause (i)” and
2 inserting “clause (i)(I)”; and

3 (3) in clause (iii), by striking “clause (i)” and
4 inserting “clause (i)(II)”.

5 **SEC. 404. CLARIFICATION OF AUTHORITY OF STATES TO**
6 **USE TANF FUNDS CARRIED OVER FROM**
7 **PRIOR YEARS TO PROVIDE TANF BENEFITS**
8 **AND SERVICES.**

9 Section 404(e) (42 U.S.C. 604(e)) is amended—

10 (1) in the subsection heading, by striking “AS-
11 SISTANCE” and inserting “BENEFITS OR SERVICES”;

12 and

13 (2) by striking “assistance” and inserting “any
14 benefit or service that may be provided”.

15 **SEC. 405. CONTINUATION OF PREWELFARE REFORM WAIV-**
16 **ERS.**

17 Section 415 (42 U.S.C. 615) is amended by adding
18 at the end the following new subsection:

19 “(e) CONTINUATION OF WAIVERS APPROVED BE-
20 FORE DATE OF ENACTMENT OF WELFARE REFORM.—

21 Notwithstanding paragraphs (1)(A) and (2)(A) of sub-
22 section (a), with respect to any State that is operating
23 under a waiver described in that subsection which would
24 otherwise expire on a date that occurs during the period
25 that begins on October 1, 2002, and ends on September

1 30, 2006, the State may elect to continue to operate under
 2 that waiver, on the same terms and conditions as applied
 3 to the waiver on the day before such date, through Sep-
 4 tember 30, 2006.”.

5 **SEC. 406. STATE OPTION TO ALIGN FOSTER CARE AND**
 6 **ADOPTION ASSISTANCE ELIGIBILITY WITH**
 7 **TANF ELIGIBILITY.**

8 (a) FOSTER CARE.—Section 472 (42 U.S.C. 672) is
 9 amended by adding at the end the following:

10 “(i)(1) Notwithstanding any other provision of this
 11 part, subject to paragraph (2), for purposes of deter-
 12 mining whether a child is eligible for foster care mainte-
 13 nance payments under this part, a child shall be treated
 14 as a child who would have received aid under the State
 15 plan approved under section 402 (as in effect on July 16,
 16 1996) only if the child meets the income and resource
 17 standards and methodologies for determining eligibility in
 18 effect under such plan (as so in effect).

19 “(2) For purposes of applying this subsection, a State
 20 may increase the income and resource standards and
 21 methodologies referred to in paragraph (1) up to the level
 22 of the income and resource standards and methodologies
 23 under the State plan under part A (as in effect as of the
 24 date of determining such eligibility).”.

1 (b) ADOPTION ASSISTANCE.—Section 473 (42 U.S.C.
2 673) is amended by adding at the end the following:

3 “(d)(1) Notwithstanding any other provision of this
4 part, subject to paragraph (2), for purposes of deter-
5 mining whether a child is eligible for adoption assistance
6 under this part, a child shall be treated as a child who
7 would have received aid under the State plan approved
8 under section 402 (as in effect on July 16, 1996) only
9 if the child meets the income and resource standards and
10 methodologies for determining eligibility in effect under
11 such plan (as so in effect).

12 “(2) For purposes of applying this subsection, a State
13 may increase the income and resource standards and
14 methodologies referred to in paragraph (1) up to the level
15 of the income and resource standards and methodologies
16 under the State plan under part A (as in effect as of the
17 date of determining such eligibility).”.

18 **SEC. 407. PROMOTING WORK AND RESPONSIBILITY AMONG**

19 **ALL FAMILIES WITH CHILDREN.**

20 (a) ELIGIBILITY FOR TANF FOR LEGAL IMMI-
21 GRANTS.—

22 (1) EXCEPTION TO 5-YEAR BAR.—Section
23 403(c)(2) of the Personal Responsibility and Work
24 Opportunity Reconciliation Act of 1996 (8 U.S.C.

1 1613(e)(2)) is amended by adding at the end the fol-
2 lowing:

3 “(L) Assistance or benefits under a State
4 program funded under part A of title IV of the
5 Social Security Act (42 U.S.C. 601 et seq.).”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 402(b) of the Personal Re-
8 sponsibility and Work Opportunity Reconcili-
9 ation Act of 1996 (8 U.S.C. 1612(b)) is
10 amended—

11 (i) in paragraph (2)—

12 (I) in subparagraph (A)(i), by
13 striking “(3)(C)” and inserting
14 “(3)(B)”;

15 (II) in subparagraph (A)(ii), by
16 striking “subparagraph (C)” and in-
17 serting “subparagraph (B)”;

18 (III) in subparagraph (E), by
19 striking “MEDICAID EXCEPTION” and
20 all that follows through “program),
21 section” and inserting “EXCEPTION
22 FOR CERTAIN INDIANS.—Section”;
23 and

24 (ii) in paragraph (3), by striking sub-
25 paragraph (A) and redesignating subpara-

1 graphs (B) and (C) as subparagraphs (A)
2 and (B), respectively.

3 (B) Section 408(e) (42 U.S.C. 608(e)) is
4 amended to read as follows:

5 “(e) APPLICATION TO QUALIFIED ALIENS.—Except
6 as provided in subsection (f), a qualified alien (as defined
7 in subsections (b) and (c) of section 431 of the Personal
8 Responsibility and Work Opportunity Reconciliation Act
9 of 1996 (8 U.S.C. 1641) shall be eligible for any benefit
10 or service under the State program funded under this part
11 or with qualified State expenditures (as defined in section
12 409(a)(7)(B)(i)) in the same manner as a citizen is eligible
13 for such benefit or service under such program.”.

14 (b) FEDERAL CONTRIBUTION OF SPONSOR’S INCOME
15 AND RESOURCES TO ALIENS.—

16 (1) IN GENERAL.—Section 408(f) (42 U.S.C.
17 608(f)) is amended—

18 (A) in the heading, by striking “NON-
19 213A” and inserting “SPONSORED”;

20 (B) by striking the first sentence and in-
21 serting “The following rules shall apply in de-
22 termining whether an alien sponsored under
23 section 213A of the Immigration and Nation-
24 ality Act (and, at the option of the State, a
25 non-213A alien) is eligible for cash assistance

1 under the State program funded under this
2 part, or in determining the amount of such as-
3 sistance to be provided to a sponsored alien.”;

4 (C) in paragraph (1)—

5 (i) in the first sentence, by striking
6 “non-213A” and inserting “sponsored”;

7 (ii) in subparagraph (B), by inserting
8 “(or, a greater amount as determined by
9 the State)” before the period; and

10 (iii) in subparagraph (C), by striking
11 “NON-213A” and inserting “SPONSORED”;

12 (D) by striking paragraph (5) and insert-
13 ing the following:

14 “(5) EXCEPTIONS.—This subsection shall not
15 apply to an alien who is—

16 “(A) a minor child if the sponsor of the
17 alien or any spouse of the sponsor is a parent
18 of the alien; or

19 “(B) described in subsection (e) or (f) of
20 section 421 of the Personal Responsibility and
21 Work Opportunity Reconciliation Act of 1996
22 (8 U.S.C. 1631).”; and

23 (E) by adding at the end the following:

24 “(7) INAPPLICABILITY TO FAMILY MEMBERS
25 WHO ARE NOT SPONSORED ALIENS.—Income and re-

1 sources of a sponsor which are deemed under this
2 subsection to be the income and resources of any
3 alien individual in a family shall not be considered
4 in determining the need of other family members ex-
5 cept to the extent such income or resources are actu-
6 ally available to such other family members.

7 “(8) RULE OF CONSTRUCTION.—For purposes
8 of section 421 of the Personal Responsibility and
9 Work Opportunity Reconciliation Act of 1996 (8
10 U.S.C. 1631), the State program funded under this
11 part is not a Federal means-tested public benefits
12 program.”.

13 (2) CONFORMING AMENDMENTS.—Section
14 423(d) of the Personal Responsibility and Work Op-
15 portunity Reconciliation Act of 1996 (8 U.S.C.
16 1183a note) is amended by adding at the end the
17 following:

18 “(12) Assistance or benefits under part A of
19 title IV of the Social Security Act except for cash as-
20 sistance provided to a sponsored alien who is subject
21 to deeming pursuant to section 408(f) of that Act.”.

22 (c) STATE AUTHORITY TO PROVIDE STATE AND
23 LOCAL PUBLIC BENEFITS FOR CERTAIN ALIENS.—Sec-
24 tion 411(d) of the Personal Responsibility and Work Op-

1 opportunity Reconciliation Act of 1996 (8 U.S.C. 1621(d))
 2 is amended—

3 (1) in the heading, by inserting “AND OTHER”
 4 before “ALIENS”; and

5 (2) by inserting “or who otherwise is not a
 6 qualified alien (as defined in section 431(b))” after
 7 “United States”.

8 **SEC. 408. AUTHORITY TO TRANSFER TANF FUNDS TO**
 9 **CARRY OUT AN ACCESS TO JOBS PROJECT**
 10 **OR A REVERSE COMMUTE PROJECT.**

11 Section 404(d)(1) (42 U.S.C. 604(d)(1)) is amended
 12 by adding at the end the following:

13 “(C) An access to jobs project or a reverse
 14 commute project under a grant made under sec-
 15 tion 3037 of the Transportation Equity Act for
 16 the 21st Century (49 U.S.C. 5309 note).”.

17 **TITLE V—HEALTHY CHILDREN**

18 **SEC. 501. REVISION AND SIMPLIFICATION OF THE TRANSI-**
 19 **TIONAL MEDICAL ASSISTANCE PROGRAM**
 20 **(TMA).**

21 (a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12
 22 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO
 23 AN ADDITIONAL YEAR.—

24 (1) OPTION OF CONTINUOUS ELIGIBILITY FOR
 25 12 MONTHS BY MAKING REPORTING REQUIREMENTS

1 OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r–
2 6(b)) is amended—

3 (A) in paragraph (1), by inserting “, at the
4 option of a State,” after “and which”;

5 (B) in paragraph (2)(A), by inserting
6 “Subject to subparagraph (C)—” after “(A)
7 NOTICES.—”;

8 (C) in paragraph (2)(B), by inserting
9 “Subject to subparagraph (C)—” after “(B)
10 REPORTING REQUIREMENTS.—”;

11 (D) by adding at the end the following new
12 subparagraph:

13 “(C) STATE OPTION TO WAIVE NOTICE
14 AND REPORTING REQUIREMENTS.—A State
15 may waive some or all of the reporting require-
16 ments under clauses (i) and (ii) of subpara-
17 graph (B). Insofar as it waives such a reporting
18 requirement, the State need not provide for a
19 notice under subparagraph (A) relating to such
20 requirement.”; and

21 (E) in paragraph (3)(A)(iii), by inserting
22 “the State has not waived under paragraph
23 (2)(C) the reporting requirement with respect
24 to such month under paragraph (2)(B) and if”
25 after “6-month period if”.

1 (2) STATE OPTION TO EXTEND ELIGIBILITY
2 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
3 TIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r-
4 6) is further amended—

5 (A) by redesignating subsections (c)
6 through (f) as subsections (d) through (g), re-
7 spectively; and

8 (B) by inserting after subsection (b) the
9 following new subsection:

10 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
11 TIONAL ELIGIBILITY.—

12 “(1) IN GENERAL.—Notwithstanding any other
13 provision of this title, each State plan approved
14 under this title may provide, at the option of the
15 State, that the State shall offer to each family which
16 received assistance during the entire 6-month period
17 under subsection (b) and which meets the applicable
18 requirement of paragraph (2), in the last month of
19 the period the option of extending coverage under
20 this subsection for the succeeding period not to ex-
21 ceed 12 months.

22 “(2) INCOME RESTRICTION.—The option under
23 paragraph (1) shall not be made available to a fam-
24 ily for a succeeding period unless the State deter-
25 mines that the family’s average gross monthly earn-

1 ings (less such costs for such child care as is nec-
2 essary for the employment of the caretaker relative)
3 as of the end of the 6-month period under sub-
4 section (b) does not exceed 185 percent of the offi-
5 cial poverty line (as defined by the Office of Man-
6 agement and Budget, and revised annually in ac-
7 cordance with section 673(2) of the Omnibus Budget
8 Reconciliation Act of 1981) applicable to a family of
9 the size involved.

10 “(3) APPLICATION OF EXTENSION RULES.—

11 The provisions of paragraphs (2), (3), (4), and (5)
12 of subsection (b) shall apply to the extension pro-
13 vided under this subsection in the same manner as
14 they apply to the extension provided under sub-
15 section (b)(1), except that for purposes of this
16 subsection—

17 “(A) any reference to a 6-month period
18 under subsection (b)(1) is deemed a reference
19 to the extension period provided under para-
20 graph (1) and any deadlines for any notices or
21 reporting and the premium payment periods
22 shall be modified to correspond to the appro-
23 priate calendar quarters of coverage provided
24 under this subsection; and

1 “(B) any reference to a provision of sub-
 2 section (a) or (b) is deemed a reference to the
 3 corresponding provision of subsection (b) or of
 4 this subsection, respectively.”.

5 (b) STATE OPTION TO WAIVE RECEIPT OF MED-
 6 ICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR
 7 TMA.—Section 1925(a)(1) (42 U.S.C. 1396r-6(a)(1)) is
 8 amended by adding at the end the following: “A State
 9 may, at its option, also apply the previous sentence in the
 10 case of a family that was receiving such aid for fewer than
 11 3 months, or that had applied for and was eligible for such
 12 aid for fewer than 3 months, during the 6 immediately
 13 preceding months described in such sentence.”.

14 (c) 5-YEAR EXTENSION OF SUNSET FOR TMA.—

15 (1) IN GENERAL.—Subsection (g) of section
 16 1925 (42 U.S.C. 1396r-6), as redesignated under
 17 subsection (a)(2)(A), is further redesignated as sub-
 18 section (i) and is amended by striking “2002” and
 19 inserting “2007”.

20 (2) CONFORMING AMENDMENT.—Section
 21 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is
 22 amended by striking “2002” and inserting “2007”.

23 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
 24 TION RATES UNDER TMA.—Section 1925 (42 U.S.C.

1 1396r-6), as amended by subsections (a)(2)(A) and (c),
2 is amended by inserting after subsection (f) the following:

3 “(g) ADDITIONAL PROVISIONS.—

4 “(1) COLLECTION AND REPORTING OF PARTICI-
5 PATION INFORMATION.—Each State shall—

6 “(A) collect and submit to the Secretary,
7 in a format specified by the Secretary, informa-
8 tion on average monthly enrollment and average
9 monthly participation rates for adults and chil-
10 dren under this section; and

11 “(B) make such information publicly avail-
12 able.

13 Such information shall be submitted under subpara-
14 graph (A) at the same time and frequency in which
15 other enrollment information under this title is sub-
16 mitted to the Secretary. Using such information, the
17 Secretary shall submit to Congress annual reports
18 concerning such rates.”.

19 (e) COORDINATION OF WORK.—Section 1925(g) (42
20 U.S.C. 1396r-6(g)), as added by subsection (d), is amend-
21 ed by adding at the end the following new paragraph:

22 “(2) COORDINATION WITH ADMINISTRATION
23 FOR CHILDREN AND FAMILIES.—The Administrator
24 of the Centers for Medicare & Medicaid Services, in
25 carrying out this section, shall work with the Assist-

1 ant Secretary for the Administration for Children
2 and Families to develop guidance or other technical
3 assistance for States regarding best practices in
4 guaranteeing access to transitional medical assist-
5 ance under this section.”.

6 (f) ELIMINATION OF TMA REQUIREMENT FOR
7 STATES THAT EXTEND COVERAGE TO CHILDREN AND
8 PARENTS THROUGH 185 PERCENT OF POVERTY.—

9 (1) IN GENERAL.—Section 1925 (42 U.S.C.
10 1396r-6) is further amended by inserting after sub-
11 section (g), as added by subsection (d), the fol-
12 lowing:

13 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
14 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
15 185 PERCENT OF POVERTY.—A State may (but is not re-
16 quired to) meet the requirements of subsections (a) and
17 (b) if it provides for medical assistance under this title
18 (whether under section 1931, through a waiver under sec-
19 tion 1115, or otherwise) to families (including both chil-
20 dren and caretaker relatives) the average gross monthly
21 earning of which (less such costs for such child care as
22 is necessary for the employment of a caretaker relative)
23 is at or below a level that is at least 185 percent of the
24 official poverty line (as defined by the Office of Manage-
25 ment and Budget, and revised annually in accordance with

1 section 673(2) of the Omnibus Budget Reconciliation Act
2 of 1981) applicable to a family of the size involved.”.

3 (2) CONFORMING AMENDMENTS.—Section 1925
4 (42 U.S.C. 1396r–6) is further amended, in sub-
5 sections (a)(1) and (b)(1), by inserting “, but sub-
6 ject to subsection (h),” after “Notwithstanding any
7 other provision of this title,” each place it appears.

8 (g) REQUIREMENT OF NOTICE FOR ALL FAMILIES
9 LOSING TANF.—Subsection (a)(2) of section 1925 (42
10 U.S.C. 1396r–6) is amended by adding after and below
11 subparagraph (B), the following:

12 “Each State shall provide, to families whose aid
13 under part A or E of title IV has terminated but
14 whose eligibility for medical assistance under this
15 title continues, written notice of their ongoing eligi-
16 bility for such medical assistance. If a State makes
17 a determination that any member of a family whose
18 aid under part A or E of title IV is being terminated
19 is also no longer eligible for medical assistance under
20 this title, the notice of such determination shall be
21 supplemented by a one-page notification form de-
22 scribing the different ways in which individuals and
23 families may qualify for such medical assistance and
24 explaining that individuals and families do not have
25 to be receiving aid under part A or E of title IV in

1 order to qualify for such medical assistance. Such
2 notice shall further be supplemented by information
3 on how to apply for child health assistance under the
4 State children's health insurance program under
5 title XXI and how to apply for medical assistance
6 under this title.”.

7 (h) EXTENDING USE OF OUTSTATIONED WORKERS
8 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
9 ASSISTANCE.—Section 1902(a)(55) (42 U.S.C.
10 1396a(a)(55)) is amended by inserting “and under section
11 1931” after “(a)(10)(A)(ii)(IX)”.

12 (i) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in this
14 subsection, the amendments made by this section
15 shall apply to calendar quarters beginning on or
16 after October 1, 2002, without regard to whether or
17 not final regulations to carry out such amendments
18 have been promulgated by such date.

19 (2) NOTICE.—The amendment made by sub-
20 section (g) shall take effect 6 months after the date
21 of enactment of this Act.

22 (3) DELAY PERMITTED FOR STATE PLAN
23 AMENDMENT.—In the case of a State plan for med-
24 ical assistance under title XIX of the Social Security
25 Act which the Secretary of Health and Human Serv-

1 ices determines requires State legislation (other than
 2 legislation appropriating funds) in order for the plan
 3 to meet the additional requirements imposed by the
 4 amendments made by this section, the State plan
 5 shall not be regarded as failing to comply with the
 6 requirements of such title solely on the basis of its
 7 failure to meet these additional requirements before
 8 the first day of the first calendar quarter beginning
 9 after the close of the first regular session of the
 10 State legislature that begins after the date of enact-
 11 ment of this Act. For purposes of the previous sen-
 12 tence, in the case of a State that has a 2-year legis-
 13 lative session, each year of such session shall be
 14 deemed to be a separate regular session of the State
 15 legislature.

16 **SEC. 502. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
 17 **UNDER THE MEDICAID PROGRAM AND TITLE**
 18 **XXI.**

19 (a) **MEDICAID PROGRAM.**—Section 1903(v) (42
 20 U.S.C. 1396b(v)) is amended—

21 (1) in paragraph (1), by striking “paragraph
 22 (2)” and inserting “paragraphs (2) and (4)”; and

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

24 “(4)(A) A State may elect (in a plan amendment
 25 under this title) to provide medical assistance under this

1 title (including under a waiver authorized by the Sec-
2 retary), notwithstanding sections 401(a), 402(b), 403, and
3 421 of the Personal Responsibility and Work Opportunity
4 Reconciliation Act of 1996, for aliens who are lawfully re-
5 siding in the United States (including battered aliens de-
6 scribed in section 431(c) of such Act) and who are other-
7 wise eligible for such assistance, within any of the fol-
8 lowing eligibility categories:

9 “(i) PREGNANT WOMEN.—Women during preg-
10 nancy (and during the 60-day period beginning on
11 the last day of the pregnancy).

12 “(ii) CHILDREN.—Children (as defined under
13 such plan), including optional targeted low-income
14 children described in section 1905(u)(2)(B).

15 “(B) Notwithstanding section 421 of the Personal
16 Responsibility and Work Opportunity Reconciliation Act
17 of 1996, in the case of a State that has elected to provide
18 medical assistance to a category of aliens under subpara-
19 graph (A), no debt shall accrue under an affidavit of sup-
20 port against any sponsor of such an alien on the basis
21 of provision of assistance to such category and the cost
22 of such assistance shall not be considered as an unreim-
23 bursed cost.”.

1 (b) TITLE XXI.—Section 2107(e)(1) (42 U.S.C.
2 1397gg(e)(1)) is amended by adding at the end the fol-
3 lowing:

4 “(E) Section 1903(v)(4) (relating to op-
5 tional coverage of categories of lawful resident
6 alien pregnant women and children), but only
7 with respect to an eligibility category under this
8 title, if the same eligibility category has been
9 elected under such section for purposes of title
10 XIX.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section take effect on October 1, 2002, and apply to
13 medical assistance and child health assistance furnished
14 on or after such date, whether or not regulations imple-
15 menting such amendments have been issued.

16 **SEC. 503. SECOND CHANCE HOMES.**

17 (a) AUTHORITY TO AWARD GRANTS.—

18 (1) IN GENERAL.—The Secretary of Health and
19 Human Services (referred to in this section as the
20 “Secretary”) is authorized to award grants to eligi-
21 ble entities to enable such eligible entities to carry
22 out the activities described in subsection (d).

23 (2) PROCESS.—The Secretary shall award
24 grants under this section on a competitive basis,

1 after reviewing all applications submitted under sub-
2 section (c).

3 (b) ELIGIBLE ENTITIES.—

4 (1) IN GENERAL.—To be eligible to receive a
5 grant under this section an entity shall be—

6 (A) a State;

7 (B) a unit of local government;

8 (C) an Indian tribe; or

9 (D) a public or private nonprofit agency,
10 organization, or institution, or other nonprofit
11 entity, including a nonprofit urban Indian orga-
12 nization or an Indian group or community that
13 is not an Indian tribe.

14 (2) DEFINITIONS.—In this section—

15 (A) INDIAN TRIBE.—The term “Indian
16 tribe” has the meaning given such term in sec-
17 tion 4 of the Indian Self-Determination and
18 Education Assistance Act (25 U.S.C. 450b).

19 (B) STATE.—The term “State” means
20 each of the 50 States, the District of Columbia,
21 the Commonwealth of Puerto Rico, Guam,
22 American Samoa, the United States Virgin Is-
23 lands, and the Commonwealth of the Northern
24 Mariana Islands.

25 (c) APPLICATION.—

1 (1) IN GENERAL.—An eligible entity that de-
2 sires a grant under this section shall submit an ap-
3 plication to the Secretary at such time, in such man-
4 ner, and containing such information as the Sec-
5 retary shall reasonably require.

6 (2) PRIORITY.—In awarding grants under this
7 section, the Secretary shall give priority to an eligi-
8 ble entity that submits an application—

9 (A) proposing to establish a new second
10 chance home, especially in a rural area or tribal
11 community;

12 (B) proposing to collaborate with a non-
13 profit entity in establishing, expanding, or en-
14 hancing a second chance home; or

15 (C) demonstrating that the eligible entity
16 will use funds under a State temporary assist-
17 ance for needy families program under part A
18 of title IV of the Social Security Act (42 U.S.C.
19 601 et seq.) to support a portion of the oper-
20 ating costs of the applicable second chance
21 home.

22 (d) USE OF FUNDS.—

23 (1) IN GENERAL.—An eligible entity that re-
24 ceives a grant under this section shall use such

1 grant funds to establish, expand, or enhance a sec-
2 ond chance home.

3 (2) SECOND CHANCE HOME.—In this section,
4 the term “second chance home” means a commu-
5 nity-based, adult-supervised group home that pro-
6 vides young mothers and their children with a sup-
7 portive and supervised living arrangement in which
8 such mothers are required to learn parenting skills,
9 including child development, family budgeting,
10 health and nutrition, and other skills to promote
11 their long-term economic independence and the well-
12 being of their children.

13 (3) REQUIREMENT.—A second chance home
14 that receives grant funds under this section shall
15 provide services to mothers who are not more than
16 23 years of age and their children.

17 (e) MATCHING FUNDS.—The Secretary shall not
18 award a grant to an eligible entity under this section un-
19 less the eligible entity agrees that, with respect to the costs
20 to be incurred in carrying out the activities for which the
21 grant was awarded, the eligible entity will make available
22 non-Federal contributions in an amount equal to not less
23 than 20 percent of the Federal funds provided under the
24 grant. Such contributions may be provided in cash or in
25 kind, fairly valued, including plant, equipment, or services.

1 (f) DURATION.—Grants under this section shall be
2 awarded for a period of 5 years.

3 (g) CONTRACT FOR EVALUATION.—

4 (1) IN GENERAL.—The Secretary shall enter
5 into a contract with a public or private entity for the
6 evaluation of the second chance homes that are sup-
7 ported by grant funds under this section.

8 (2) INFORMATION.—The evaluation shall in-
9 clude the collection of information about the relevant
10 characteristics of individuals who benefit from sec-
11 ond chance homes such as those that are supported
12 by grant funds under this section and what services
13 provided by such second chance homes are most ben-
14 efiticial to such individuals.

15 (3) REPORT.—

16 (A) IN GENERAL.—The entity conducting
17 the evaluation under this subsection shall sub-
18 mit to Congress an interim report and a final
19 report in accordance with subparagraph (B)
20 containing the results of the evaluation.

21 (B) DATE.—

22 (i) INTERIM REPORT.—The interim
23 report shall be submitted not later than 2
24 years after the date on which the entity en-
25 ters into a contract.

1 (ii) FINAL REPORT.—The final report
2 shall be submitted not later than 5 years
3 after the date on which the entity enters
4 into a contract.

5 (h) TECHNICAL ASSISTANCE.—

6 (1) IN GENERAL.—From amounts appropriated
7 under subsection (i)(1), the Secretary may use an
8 amount not to exceed \$500,000 to enter into a con-
9 tract, with a public or private entity, for the provi-
10 sion of technical assistance to eligible entities receiv-
11 ing grant funds under this section.

12 (2) CONFERENCES.—The technical assistance
13 provided under this section may include conferences
14 for the purpose of disseminating information con-
15 cerning best practices for second chance homes.

16 (i) AUTHORIZATION OF APPROPRIATIONS.—

17 (1) IN GENERAL.—There is authorized to be
18 appropriated to carry out this Act, other than sub-
19 section (g), \$32,000,000 for fiscal year 2003.

20 (2) EVALUATION.—There is authorized to be
21 appropriated to carry out subsection (g), \$1,000,000
22 for fiscal year 2003.

23 (3) AVAILABILITY.—Any amounts authorized
24 under the authority of paragraphs (1) and (2) shall
25 remain available until expended.

1 **TITLE VI—PUBLIC**
2 **ACCOUNTABILITY**

3 **SEC. 601. PUBLIC AVAILABILITY OF STATE PROGRAM AND**
4 **FINANCIAL DATA SUBMISSIONS.**

5 Section 411(a) (42 U.S.C. 611(a)) is amended by
6 adding at the end the following new paragraph:

7 “(8) PUBLIC AVAILABILITY OF REPORT.—The
8 State shall make publicly available at the time of
9 submission of each report required under paragraph
10 (1) for a fiscal quarter a copy of the report for that
11 fiscal quarter, including by posting of the copy on
12 the Internet website for the State agency admin-
13 istering the State program funded under this part.”.

14 **SEC. 602. STUDY AND GUIDELINES REGARDING COMPLI-**
15 **ANCE WITH NONDISCRIMINATION PROVI-**
16 **SIONS.**

17 (a) GAO STUDY.—

18 (1) IN GENERAL.—The Comptroller General of
19 the United States shall conduct a study to
20 determine—

21 (A) the extent to which States have com-
22 plied with the requirement of section 408(d) of
23 the Social Security Act (42 U.S.C. 608(d)) that
24 the provisions of law referred to in that section
25 apply to any program or activity which receives

1 funds provided under part A of title IV of the
2 Social Security Act (42 U.S.C. 601 et seq.);
3 and

4 (B) recommendations for improving such
5 compliance.

6 (2) REPORT.—Not later than 1 year after the
7 date of enactment of this Act, the Comptroller Gen-
8 eral shall submit a report to Congress on the study
9 conducted under paragraph (1).

10 (b) BEST PRACTICES GUIDELINES.—Not later than
11 1 year after the date of enactment of this Act, the Sec-
12 retary of Health and Human Services shall issue a best
13 practices guide to States that contains methods and proce-
14 dures for ensuring compliance with section 408(d) of such
15 Act (42 U.S.C. 608(d)).

16 **SEC. 603. ENSURING TANF FUNDS ARE NOT USED TO DIS-**
17 **PLACE PUBLIC EMPLOYEES; APPLICATION**
18 **OF WORKPLACE LAWS TO WELFARE RECIPI-**
19 **ENTS.**

20 (a) WELFARE-TO-WORK WORKER PROTECTIONS.—

21 (1) IN GENERAL.—Section 403(a)(5)(I) (42
22 U.S.C. 603(a)(5)(I)) is amended—

23 (A) by striking clauses (i) and (iv);

24 (B) by redesignating clauses (v) and (vi)

25 as clauses (iv) and (v), respectively; and

1 (C) by inserting before clause (ii), the fol-
2 lowing:

3 “(i) NONDISPLACEMENT.—

4 “(I) IN GENERAL.—An adult in a
5 family receiving assistance under a
6 State program funded under this part,
7 in order to engage in a work activity,
8 shall not displace any employee or po-
9 sition (including partial displacement,
10 such as a reduction in the hours of
11 nonovertime work, wages, or employ-
12 ment benefits) or fill any unfilled va-
13 cancy.

14 “(II) PROHIBITIONS.—A work
15 activity engaged in under a program
16 operated with funds provided under
17 this paragraph shall not impair any
18 existing contract for services, be in-
19 consistent with any existing law, regu-
20 lation, or collective bargaining agree-
21 ment, or infringe upon the recall
22 rights or promotional opportunities of
23 any worker.

24 “(III) NO SUPPLANTING OF
25 OTHER HIRES.—A work activity en-

1 gaged in under a program operated
2 with funds provided under this para-
3 graph shall be in addition to any ac-
4 tivity that otherwise would be avail-
5 able and shall not supplant the hiring
6 of an employed worker not funded
7 under such program.

8 “(IV) ENFORCING
9 ANTIDISPLACEMENT PROTECTIONS.—

10 “(aa) IN GENERAL.—The
11 State shall establish and main-
12 tain an impartial grievance pro-
13 cedure to resolve any complaints
14 alleging violations of the require-
15 ments of subclause (I), (II), or
16 (III) within 60 days of receipt of
17 the complaint and, if a decision is
18 adverse to the party who filed
19 such grievance or no decision has
20 been reached, provide for the
21 completion of an arbitration pro-
22 cedure within 75 days of receipt
23 of the complaint or the adverse
24 decision or conclusion of the 60-
25 day period, whichever is earlier.

1 “(bb) APPEALS.—Appeals
2 may be made to the Secretary
3 who shall make a decision within
4 75 days.

5 “(cc) REMEDIES.—Remedies
6 for a violation of the require-
7 ments of subclause (I), (II), or
8 (III) shall include termination or
9 suspension of payments, prohibi-
10 tion of the placement of the par-
11 ticipant, reinstatement of an em-
12 ployee, and other relief to make
13 an aggrieved employee whole.

14 “(dd) LIMITATION ON
15 PLACEMENT.—If a grievance is
16 filed regarding a proposed place-
17 ment of a participant, such place-
18 ment shall not be made unless
19 such placement is consistent with
20 the resolution of the grievance
21 pursuant to this subclause.”.

22 (2) STATE PLAN REQUIREMENT.—Section
23 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended
24 by adding at the end the following:

1 “(vii) In the case of a State that re-
2 ceives a welfare-to-work grant under sec-
3 tion 403(a)(5), ensure compliance with the
4 nondisplacement requirements of subpara-
5 graph (I)(i) of that section.”.

6 (b) APPLICATION OF WORKPLACE LAWS TO WEL-
7 FARE RECIPIENTS.—Notwithstanding any other provision
8 of law, workplace laws, including the Fair Labor Stand-
9 ards Act of 1938 (29 U.S.C. 201 et seq.), the Occupa-
10 tional Safety and Health Act of 1970 (29 U.S.C. 651 et
11 seq.), title VII of the Civil Rights Act of 1964 (42 U.S.C.
12 2000e et seq.), and the Americans with Disabilities Act
13 of 1990 (42 U.S.C. 12101 et seq.), shall apply to an indi-
14 vidual who is a recipient of assistance under the temporary
15 assistance to needy families program funded under part
16 A of title IV of the Social Security Act (42 U.S.C. 601
17 et seq.) in the same manner as such laws apply to other
18 workers. The fact that an individual who is a recipient
19 of assistance under the temporary assistance to needy
20 families program is participating in, or seeking to partici-
21 pate in work activities under that program in satisfaction
22 of the work activity requirements of the program, shall
23 not deprive the individual of the protection of any Federal,
24 State, or local workplace law.

1 **SEC. 604. RESEARCH AND DEVELOPMENT.**

2 (a) LONGITUDINAL STUDIES OF TANF RECIPI-
3 ENTS.—Section 413 (42 U.S.C. 613) is amended by strik-
4 ing subsections (d) and (e) and inserting the following:

5 “(d) LONGITUDINAL STUDIES OF TANF APPLI-
6 CANTS AND RECIPIENTS TO DETERMINE THE FACTORS
7 THAT CONTRIBUTE TO POSITIVE EMPLOYMENT AND
8 FAMILY OUTCOMES.—

9 “(1) IN GENERAL.—The Secretary, directly or
10 through grants, contracts, or interagency agree-
11 ments, shall conduct longitudinal studies in 10
12 States of a representative sample of families that re-
13 ceive, and applicants for, assistance in a State pro-
14 gram funded under this part or under a program
15 funded with qualified State expenditures (as defined
16 in section 409(a)(7)(B)(i)).

17 “(2) REQUIREMENTS.—The studies conducted
18 under this subsection shall follow families that leave
19 assistance, those that receive assistance throughout
20 the study period, and those diverted from assistance
21 programs. The studies shall gather information on—

22 “(A) family and adult demographics (in-
23 cluding race, ethnicity, primary language, bar-
24 riers to employment, educational status of
25 adults, prior work history, and prior history of
26 welfare receipt);

1 “(B) family income (including earnings,
2 unemployment compensation, and child sup-
3 port);

4 “(C) benefit receipt (including benefits
5 under the food stamp program, the medicaid
6 program, the State children’s health insurance
7 program, earned income tax credits, and hous-
8 ing assistance);

9 “(D) reasons for leaving or returning to
10 assistance programs;

11 “(E) work participation status and activi-
12 ties, including the scope and duration of work
13 activities;

14 “(F) sanction status (including reasons for
15 sanction);

16 “(G) time limit status (including months
17 remaining on Federal and State time limits);

18 “(H) recipient views on program participa-
19 tion; and

20 “(I) other measures of family well-being
21 over a 5-year period.

22 “(3) COMPARABILITY.—The Secretary shall to
23 the extent possible ensure that the studies produce
24 comparable results and information.

25 “(4) REPORTS.—The Secretary shall publish—

1 “(A) not later than December 31, 2005,
2 interim findings from at least 12 months of lon-
3 gitudinal data; and

4 “(B) not later than December 31, 2007,
5 findings from at least 36 months of longitudinal
6 data.

7 “(e) LONGITUDINAL STUDIES OF EMPLOYMENT AND
8 EARNINGS OF TANF LEAVERS.—

9 “(1) IN GENERAL.—The Secretary, directly or
10 through grants, contracts, or interagency agree-
11 ments shall conduct a study in each eligible State of
12 a statistically relevant cohort of individuals who
13 leave the State program funded under this part dur-
14 ing fiscal year 2003 and individuals who leave the
15 program during fiscal year 2005, which uses State
16 unemployment insurance data to track the employ-
17 ment and earnings status of the individuals during
18 the 3-year period beginning at the time the individ-
19 uals leave the program.

20 “(2) REPORTS.—The Secretary shall annually
21 publish the findings of the studies conducted pursu-
22 ant to paragraph (1) and shall annually publish the
23 earnings data used in making determinations under
24 section 407(b).”.

1 (b) EXTENSION OF FUNDING OF STUDIES AND DEM-
2 ONSTRATIONS.—Section 413(h) (42 U.S.C. 613(h)) is
3 amended to read as follows:

4 “(h) FUNDING OF STUDIES AND DEMONSTRA-
5 TIONS.—Out of any money in the Treasury of the United
6 States not otherwise appropriated, there are appropriated
7 \$15,000,000 for each fiscal year beginning with 1997 for
8 the purpose of paying—

9 “(1) the cost of conducting the research de-
10 scribed in subsection (a);

11 “(2) the cost of developing and evaluating inno-
12 vative approaches for reducing welfare dependency
13 and increasing the well-being of minor children
14 under subsection (b);

15 “(3) the cost of conducting studies described in
16 subsections (d) and (e);

17 “(4) the Federal share of any State-initiated
18 study approved under subsection (f); and

19 “(5) an amount determined by the Secretary to
20 be necessary to operate and evaluate demonstration
21 projects, relating to this part, that are in effect or
22 approved under section 1115 as of August 22, 1996,
23 and are continued after such date.”.

24 (c) INCLUSION OF DISABILITY STATUS IN INFORMA-
25 TION STATES REPORT ABOUT TANF FAMILIES.—Section

1 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended by
2 adding at the end the following:

3 “(xviii) Whether the head of the fam-
4 ily has a physical or mental impairment.”.

5 (d) ANNUAL REPORT TO CONGRESS TO INCLUDE
6 GREATER DETAIL ABOUT STATE PROGRAMS FUNDED
7 UNDER TANF.—Section 411(b)(3) (42 U.S.C. 611(b)(3))
8 is amended to read as follows:

9 “(3) the characteristics of each State program
10 funded under this part, including, with respect to
11 each program funded with amounts provided under
12 this part or with amounts the expenditure of which
13 is counted as a qualified State expenditure for pur-
14 poses of section 409(a)(7)—

15 “(A) the name of the program;

16 “(B) whether the program is authorized at
17 a sub-State level (such as at the county level);

18 “(C) the purpose of the program;

19 “(D) the main activities of the program;

20 “(E) the total amount received by the pro-
21 gram from amounts provided under this part;

22 “(F) the total of the amounts received by
23 the program that are amounts the expenditure
24 of which are counted as qualified State expendi-
25 tures for purposes of section 409(a)(7);

1 “(G) the total funding level of the pro-
2 gram;

3 “(H) the total number of individuals
4 served by the program, and the number of such
5 individuals served specifically with funds pro-
6 vided under this part or with amounts the ex-
7 penditure of which are counted as qualified
8 State expenditures for purposes of section
9 409(a)(7); and

10 “(I) the eligibility criteria for participation
11 in the program;”.

12 (e) ENHANCEMENT OF UNDERSTANDING OF THE
13 REASONS INDIVIDUALS LEAVE STATE TANF PRO-
14 GRAMS.—

15 (1) CASE CLOSURE REASONS.—

16 (A) IN GENERAL.—Section 411(a)(1) (42
17 U.S.C. 611(a)(1)) is amended by adding at the
18 end the following:

19 “(C) DEVELOPMENT OF COMPREHENSIVE
20 LIST OF CASE CLOSURE REASONS.—The Sec-
21 retary shall develop, in consultation with States
22 and policy experts, a comprehensive list of rea-
23 sons why individuals leave State programs
24 funded under this part. The list shall be aimed
25 at substantially reducing the number of case

1 closures under the programs for which a reason
2 is not known.”.

3 (B) PUBLIC COMMENT.—Not later than
4 December 31, 2004, the Secretary of Health
5 and Human Services shall publish for public
6 comment regulations that list the new case clo-
7 sure reasons to be used in accordance with sec-
8 tion 411(a)(1)(A)(xvi)(VI) of the Social Secu-
9 rity Act (42 U.S.C. 611(a)(1)(A)(xvi)(VI) (as
10 amended by paragraph (2)).

11 (2) INCLUSION IN QUARTERLY STATE RE-
12 PORTS.—Section 411(a)(1)(A)(xvi) (42 U.S.C.
13 611(a)(1)(A)(xvi)) is amended—

14 (A) in subclause (IV), by striking “or” at
15 the end;

16 (B) in subclause (V), by striking the period
17 at the end and inserting “; or”; and

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

19 “(VI) a reason specified in the
20 list developed under subparagraph
21 (C).”.

22 (f) STANDARDIZED STATE PLANS.—Section 402 (42
23 U.S.C. 602) is amended by adding at the end the fol-
24 lowing:

1 “(d) STANDARDIZED FORMAT.—Not later than Feb-
2 ruary 1, 2003, the Secretary, after consulting with the
3 States, shall promulgate regulations for public comment
4 that establish a standardized format which States shall
5 use to submit plans under subsection (a) for fiscal year
6 2004 and thereafter.”.

7 (g) ANNUAL STUDY AND REPORT ON TERRITORY
8 PROGRAMS EXPENDITURES AND ECONOMIC CONDI-
9 TIONS.—

10 (1) ANNUAL EXPENDITURE REPORTS.—Begin-
11 ning with fiscal year 2003, the Secretary of Health
12 and Human Services annually shall collect and re-
13 port to Congress expenditure data with respect to a
14 fiscal year for Puerto Rico, the Virgin Islands,
15 Guam, and American Samoa concerning temporary
16 assistance to needy programs funded under part A
17 of title IV of the Social Security Act (42 U.S.C. 601
18 et seq.) that are conducted by such territories and
19 any related programs conducted by such territories
20 that are designed to provide assistance to needy
21 families.

22 (2) ANNUAL REPORT ON ECONOMIC CONDI-
23 TIONS.—Beginning with fiscal year 2003, the Direc-
24 tor of the Bureau of the Census shall submit to Con-
25 gress annual reports on the economic conditions in

1 Puerto Rico, the Virgin Islands, Guam, and Amer-
2 ican Samoa. Each report shall include information
3 concerning the impact of the economic conditions de-
4 scribed in the report on recipients and former recipi-
5 ents of assistance under temporary assistance to
6 needy programs funded under part A of title IV of
7 the Social Security Act (42 U.S.C. 601 et seq.) that
8 are conducted by such territories.

9 **SEC. 605. GAO STUDY ON IMPACT OF BAN ON SSI BENEFITS**
10 **FOR LEGAL IMMIGRANTS.**

11 (a) STUDY.—The Comptroller General of the United
12 States shall conduct a study to determine the impact of
13 the prohibition under section 402 of the Personal Respon-
14 sibility and Work Opportunity Reconciliation Act of 1996
15 (8 U.S.C. 1612) with respect to the eligibility of qualified
16 aliens (as defined in section 431 of such Act (8 U.S.C.
17 1641)) for benefits under the supplemental security in-
18 come program under title XVI of the Social Security Act
19 (42 U.S.C. 1381 et seq.), including supplementary pay-
20 ments pursuant to an agreement for Federal administra-
21 tion under section 1616(a) of such Act (42 U.S.C. 1382e)
22 and payments pursuant to an agreement entered into
23 under section 212(b) of Public Law 93–66.

24 (b) REPORT.—Not later than 1 year after the date
25 of enactment of this Act, the Comptroller General shall

1 submit a report to Congress on the study conducted under
 2 subsection (a) that includes such recommendations for leg-
 3 islative action as the Comptroller General determines ap-
 4 propriate.

5 **SEC. 606. GRANTS TO IMPROVE STATES' POLICIES AND**
 6 **PROCEDURES FOR ASSISTING INDIVIDUALS**
 7 **WITH BARRIERS TO WORK.**

8 Section 403(a) (42 U.S.C. 603(a)), as amended by
 9 section 103, is amended by adding at the end the fol-
 10 lowing:

11 “(7) GRANTS TO IMPROVE STATES’ POLICIES
 12 AND PROCEDURE FOR ASSISTING INDIVIDUALS WITH
 13 BARRIERS TO WORK.—

14 “(A) AUTHORITY TO MAKE GRANTS.—

15 “(i) IN GENERAL.—The Secretary
 16 shall make grants to each State for the pe-
 17 riod of fiscal years 2003 through 2006 and
 18 to be used in accordance with the require-
 19 ments of this paragraph.

20 “(ii) AMOUNT OF GRANT.—

21 “(I) IN GENERAL.—Subject to
 22 subclause (II) and clauses (iii) and
 23 (iv), the Secretary shall have discre-
 24 tion to set the amount of each State’s
 25 grant under this paragraph.

1 “(II) MINIMUM AND MAXIMUM
2 GRANTS.—No grant made under this
3 paragraph shall be less than \$750,000
4 or more than \$3,000,000.

5 “(iii) LIMITATION.—The total amount
6 of grants provided to States under this
7 paragraph for the period of fiscal years
8 2003 through 2006 shall not exceed
9 \$75,000,000.

10 “(iv) CRITERIA FOR DETERMINING
11 AMOUNT OF GRANT.—In determining the
12 amount of a State’s grant under this para-
13 graph, the Secretary shall take into ac-
14 count the size of the population of the
15 State and the extent to which the advisory
16 review panel established with funds made
17 available under the grant will need to re-
18 view diverse policies among counties or
19 other sub-State entities within the State
20 that have authority to design and imple-
21 ment programs under the State TANF
22 program.

23 “(B) ESTABLISHMENT OF ADVISORY RE-
24 VIEW PANEL.—Each State shall use the funds
25 provided under a grant made under subpara-

1 graph (A) to establish an advisory review panel
2 to improve the State's policies and procedures
3 for assisting individuals under the State TANF
4 program who have barriers to work.

5 “(C) MEMBERSHIP.—

6 “(i) IN GENERAL.—A advisory review
7 panel established under this paragraph
8 shall consist of the following:

9 “(I) Representatives of the State
10 agency responsible for administering
11 the State TANF program.

12 “(II) Representatives from other
13 States agencies with expertise in pro-
14 viding services to individuals with dis-
15 abilities or other barriers to work,
16 such as vocational rehabilitation serv-
17 ices.

18 “(III) Parents with barriers to
19 work who are recipients of cash assist-
20 ance or support services under the
21 State TANF program.

22 “(IV) Individuals or representa-
23 tives of entities with expertise in de-
24 signing and implementing policies and

1 programs to successfully serve individ-
2 uals with barriers to work.

3 “(ii) CHAIR.—

4 “(I) IN GENERAL.—Subject to
5 subclause (II), the Chair of the panel
6 shall be appointed by the chief execu-
7 tive officer of the State.

8 “(II) LIMITATION.—The Chair
9 shall not be a State employee.

10 “(iii) COORDINATION WITH EXISTING
11 PANELS.—A State should coordinate the
12 establishment of an advisory review panel
13 under this paragraph with other advisory
14 panels established as of October 1, 2002,
15 that serve recipients of assistance under
16 the State TANF program.

17 “(D) DUTIES.—

18 “(i) IN GENERAL.—In seeking to im-
19 prove a State’s policies and procedures for
20 assisting individuals with barriers to work,
21 an advisory review panel established under
22 this paragraph shall hold meetings, hire
23 support staff, enter into contracts for inde-
24 pendent evaluations, and submit the re-
25 ports required under subparagraph (E).

1 “(ii) SITE VISITS; PUBLIC HEAR-
2 INGS.—To the extent it determines appro-
3 priate, an advisory review panel established
4 under this paragraph may—

5 “(I) conduct site visits to State
6 or local agencies responsible for ad-
7 ministering the State TANF program;
8 and

9 “(II) hold public hearings.

10 “(iii) RULE OF CONSTRUCTION.—
11 Nothing in this paragraph shall be con-
12 strued as authorizing an advisory review
13 panel established under this paragraph to
14 resolve complaints filed by individuals or
15 entities related to possible violations of
16 laws protecting civil rights.

17 “(E) REPORTS.—An advisory review panel
18 established under this paragraph shall submit
19 to the Secretary on the dates described below
20 the following reports:

21 “(i) On December 31, 2003, a report
22 identifying areas in the State where im-
23 provement is needed with respect to assist-
24 ing individuals with barriers to work and

1 steps the State is taking or plans to take
2 to make those improvements.

3 “(ii) On December 31, 2004, a
4 progress report on how the improvements
5 identified in the report described in clause
6 (i) are being made and regarding whether
7 additional improvements are needed, and if
8 so, the plans to make those improvements.

9 “(iii) On December 31, 2005, a final
10 report describing how the State’s programs
11 funded with funds made available under
12 the State TANF program have been im-
13 proved to assist individuals with barriers to
14 work and identifying ongoing efforts that
15 will be needed to maintain the improve-
16 ments made.

17 “(F) DEFINITIONS.—In this paragraph:

18 “(i) BARRIERS TO WORK.—The term
19 ‘barriers to work’ includes physical and
20 mental impairments (including learning
21 disabilities), domestic and sexual violence,
22 substance abuse, limited English pro-
23 ficiency, or low literacy levels. Such term
24 may include transportation, child care and
25 caring for a family member with a severe

1 disability if those issues create a functional
2 barrier to work for a recipient of assist-
3 ance under the State TANF program.

4 “(ii) STATE TANF PROGRAM.—The
5 term ‘State TANF program’ means the
6 State program funded under this part and
7 a program funded with qualified State ex-
8 penditures (as defined in section
9 409(a)(7)(B)(i)).

10 “(G) APPROPRIATIONS.—

11 “(i) IN GENERAL.—Out of any money
12 in the Treasury of the United States not
13 otherwise appropriated, there are appro-
14 priated to carry out this paragraph,
15 \$75,000,000 for the period of fiscal years
16 2003 through 2006.

17 “(ii) TECHNICAL ASSISTANCE.—Of
18 the amount appropriated under clause (i),
19 \$7,000,000 shall be used by the Secretary
20 to provide technical assistance on barriers
21 to work and related issues.”.

1 **SEC. 607. ENSURING A PROFESSIONAL TANF PROGRAM**

2 **STAFF.**

3 (a) STATE PLAN REQUIREMENT.—Section
4 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended by
5 adding at the end the following:

6 “(v) The document shall outline how
7 the State intends to ensure a professional
8 workforce with the resources, skills, and
9 expertise necessary to successfully carry
10 out the program, including an outline of
11 the State’s plans to provide program staff
12 with training on program information and
13 services and information on referral of re-
14 cipients to appropriate programs and serv-
15 ices for which recipients are eligible.”.

16 (b) GAO SURVEY, EVALUATION, AND REPORT.—

17 (1) IN GENERAL.—The Comptroller General of
18 the United States shall conduct a thorough survey
19 and evaluation of State activities on workforce devel-
20 opment for professional staff delivering benefits or
21 services under the temporary assistance to needy
22 families program under part A of title IV of the So-
23 cial Security Act (42 U.S.C. 601 et seq.) or services
24 or benefits related to that program.

1 (2) REQUIREMENTS.—The survey and evalua-
2 tion conducted under paragraph (1) shall be de-
3 signed to include the following information:

4 (A) Information on the qualifications, edu-
5 cation, and training for the staff described in
6 paragraph (1), and the amount of turnover
7 among such staff.

8 (B) An assessment of the range of case-
9 loads such staff is responsible for and the ef-
10 fects of caseloads on family outcomes and satis-
11 faction with the temporary assistance to needy
12 families program.

13 (2) REPORT.—Not later than 1 year after the
14 date of enactment of this Act, the Comptroller Gen-
15 eral shall submit a report to Congress on the survey
16 and evaluation conducted under paragraph (1).

17 **TITLE VII—EFFECTIVE DATE**

18 **SEC. 701. EFFECTIVE DATE.**

19 (a) IN GENERAL.—Except as otherwise provided in
20 this Act, the amendments made by this Act shall take ef-
21 fect on October 1, 2002, and shall apply to payments
22 under part A of title IV of the Social Security Act for
23 calendar quarters beginning on or after such date, without
24 regard to whether regulations to implement the amend-
25 ments are promulgated by such date.

1 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
2 QUIRED.—In the case of a State plan under section 402(a)
3 of the Social Security Act which the Secretary of Health
4 and Human Services determines requires State legislation
5 (other than legislation appropriating funds) in order for
6 the plan to meet the additional requirements imposed by
7 the amendments made by this Act, the State plan shall
8 not be regarded as failing to comply with the requirements
9 of such section 402(a) solely on the basis of the failure
10 of the plan to meet such additional requirements before
11 the 1st day of the 1st calendar quarter beginning after
12 the close of the 1st regular session of the State legislature
13 that begins after the date of enactment of this Act. For
14 purposes of the previous sentence, in the case of a State
15 that has a 2-year legislative session, each year of such ses-
16 sion shall be deemed to be a separate regular session of
17 the State legislature.

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